

INTRODUCTORY SECTION

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

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





CITY OF GLENDALE, CALIFORNIA

Finance

141 N. Glendale Ave., Suite 346
Glendale, CA 91206-4975
Tel. (818) 548-2085 Fax (818) 956-3286
glendaleca.gov

November 20, 2023

Honorable Mayor and Members of the City Council:

It is our pleasure to submit the Annual Comprehensive Financial Report of the City of Glendale (the City) for the fiscal year ended June 30, 2023.

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

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

The financial reporting entity includes all the funds of the primary government (The City of Glendale), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government. Accordingly, the Glendale Housing Authority and the Glendale Municipal Financing Authority are reported in the appropriate funds of the City's financial report.

Profile of the City of Glendale

The City of Glendale is located northeast of Los Angeles in the foothills of the San Gabriel Mountains. The City was incorporated on February 16, 1906 under the general laws of the state of California. The City Charter was adopted on March 29, 1921. The City provides the full range of municipal services. This includes police, fire, emergency medical services, streets, refuse collection, sewer, hazardous disposal, electric, water, parking, parks and recreation, library, public improvements, planning, zoning, housing, community development and administrative services.

Noted for its high quality of life and fiscal stability, Glendale is the fourth largest city in Los Angeles County, encompassing 30.6 square miles and serving over 191,000 residents. The City operates under a council-manager form of government, with a five-member council elected at large to four-year overlapping terms, in addition to an elected City Clerk and City Treasurer. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible for passing ordinances, adopting the budget, appointing various boards and commissions, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Factors Affecting the Glendale Economy

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

The Local Economy – Continued capital investment is seen throughout the City through business expansion and attraction to Glendale’s central location, public safety record, and robust business environment. Implementing the Glendale Tech Strategy continues to strengthen local tech firms such as Service Titan, Age of Learning, Legal Zoom, DISQO, Cisco Systems, Phonexa, dot818, and Beyond Limits. Also of note are Glendale’s regional shopping centers, the Glendale Galleria, Americana at Brand, and Brand Boulevard of Cars. The Glenmark Hotel and Residence Inn by Marriot Los Angeles joins top-performing hotels like Embassy Suites and Hilton. Hotels are supported by a solid corporate presence and the three local hospitals. Such investments by the business community indicate continued confidence in Glendale. Glendale’s economy is one of the most diverse within the Los Angeles region primarily due to a healthy mix of business and industry that operates within its borders.

Economic Development Highlights – The City focuses on collaborative strategies to create jobs, generate revenue, support entrepreneurs, and improve the quality of life for residents, businesses and visitors. Throughout the years, the City has encouraged economic development through proactive efforts to target and attract businesses, reduce Class A office vacancies, provide support to existing businesses through concierge services, support workforce development program via the Verdugo Jobs Center, promote City-wide branding and marketing efforts, and adopt strategic planning methods. Economic Development accomplishments for FY 2022-23 were focused on three main goals:

- 1. Asset Management** – Glendale actively employs ways to provide additional value of City assets through proactive, profitability-focused management practices. The priority was to achieve the highest and best use of City facilities through an effective asset management strategy. Accomplishments include:
 - Implemented a pop-up retail program in the Artsakh Retail Units at 117-131 N. Artsakh Avenue featuring:

Round 1 (August 2021 – January 2022) participants included:

 - Mkrtchyan Art Gallery – a fine arts gallery specializing in paintings from European and Russian artists
 - Glendale Cultural & Art Center – a gallery providing art instruction lessons and musical programming
 - The Glendale Room – a comedy/improv/podcast center by day and performance venue by night

- Naked Frankie – a beauty retailer specializing in natural products

Round 2 (February 2022 – March 2023) participants included:

- Chez Gagne – a gift shop showcasing one-of-a-kind products with a wry sense of humor
- Rock Photography Museum – a gallery showcasing the work of photographers covering the rock music scene over the decades
- The Glendale Room – a comedy/improv/podcast center by day and performance venue by night
- Rolling Robots Innovation Lab – a robotics academy specializing in programming for ages 5 to 17

Round 3 (April 2023 – Present) participants include:

- Union Jack’s Tea – a woman-owned business dedicated to selling loose tea, plants, and imported goods from the United Kingdom
- The Glendale Room – a comedy/improv/podcast center by day and performance venue by night
- Rolling Robots Innovation Lab – a robotics academy specializing in programs for ages 5 to 17
- Paperback Brewing Artsakh – a tap room.

2. Business Attraction – The City is committed to attracting business and investment to Glendale to create a diverse economy. This is done through Business Concierge services and fast-track permitting, broker relationships, site selection assistance, utility consultation, and connecting potential businesses with resource marketing campaigns and support. Accomplishments in business attraction include:

- Glendale Tech Week 2022 returned for its sixth year attracting over 800 local and regional attendees. Events featured a job fair, educational panels and signature events to network with stakeholders and community partners in the tech and innovation ecosystem as well as presented an opportunity to celebrate the innovation throughout the Los Angeles region.
- Economic Development continued to build on the 18-hour city concept by assisting new businesses to open their doors in Glendale: Yves Saint Laurent, eLABNEXT, Bath and Body Works, Epique, and more exciting retailers and restaurants are in the pipeline for 2023-2024.

3. Business Services – Recognizing that most job growth in any community is generated by the businesses already located there, Glendale focuses on services to businesses to propel economic growth. Accomplishments this past year continued to be centered around helping businesses remain open and prosper post COVID-19. Accomplishments include:

- Finalized the design concept to implement a permanent AI Fresco Program in the Downtown Glendale Association area to allow expansion of outdoor restaurant dining.
- Hosted the first ever Small Business Summit, attracting over 200 small businesses to showcase resources and opportunities that can help small businesses flourish in today's competitive economic climate.
- The City of Glendale contracted with the California Employers Association to provide a new free human resources hotline and series of trainings to assist local employers with human resources issues.

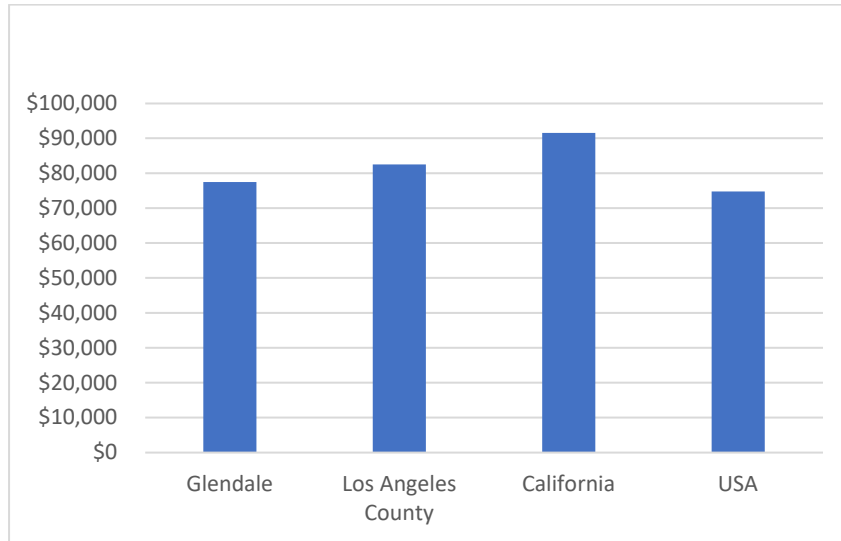
Employment – According to the data obtained from the California State Department of Finance Demographic Research Unit, the population for the City of Glendale as of January 1, 2023 is 191,284, representing a year over year decline of 0.95%. However, the City of Glendale remains the fourth largest city in the Los Angeles Basin and ranks 24 in California. As of August 2023, the Glendale labor force includes 101,700 residents (16 years of age or over), an increase of 800 workers from August 2022, as noted by the Employment Development Department Labor Market Information Division (EDD-LMID). Overall, the City of Glendale has lost 3,900 workers from its labor force since the beginning of the pandemic (March 2020), representing 3.9% of its labor force.

According to 2022 U.S. Census, American Consumer Survey (ACS) One-Year Estimates, occupational employment data shows the following results for residents of Glendale:

- 45,873 Glendale residents were employed in management, business, arts, or science occupations
- 18,556 were employed in sales and office occupations
- 15,624 were employed in service occupations
- 6,367 were employed in production and transportation
- 4,971 were employed in natural resources, construction, and maintenance occupations

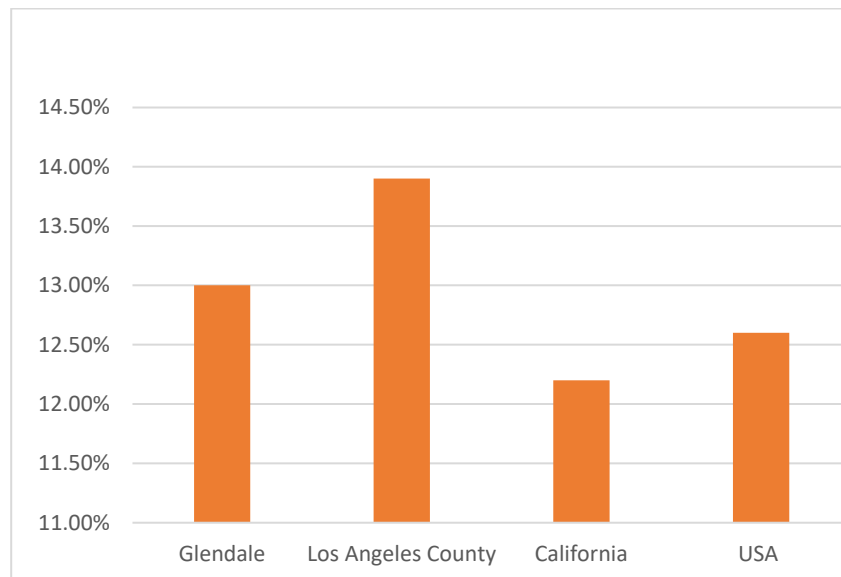
The median household income for Glendale residents recorded at \$77,483, and the poverty rate is at 13.0%, according to 2022 U.S. Census, American Consumer Survey One-Year Estimates. In comparison, Glendale holds a lower median income than Los Angeles County which records \$82,516 median income and lower than California at \$91,551 median income. Glendale's poverty rate is lower than Los Angeles County with a 13.9% poverty rate, but is higher than California's rate of 12.2% poverty rate.

Median Household Income Comparison



2022 U.S. Census ACS, One-Year Estimates

Poverty Rate Comparison



2022 U.S. Census ACS, One-Year Estimates

Unemployment Levels – Due to the economic impact of the COVID-19 pandemic that started in March 2020, Glendale’s unemployment peaked in May 2020 at 21.7%, which was double the peak rate during the Great Recession (December 2007 to June 2010). The unemployment rate declined to 10.2% in August 2021. Recovery from the impact of the pandemic continues and as of August 2023, the unemployment rate for Glendale was 5.8%. While much lower than the peak rate recoded in May 2020 of 21.7%, Glendale has yet to reach its pre-pandemic unemployment of 3.9%.

Glendale’s unemployment is at the same level as the Los Angeles County rate (5.8%) for August 2023; however, it is higher than California (5.1%) and the national rate of 3.8%. Furthermore, it is important to note that the decline in labor force has slowed the recovery from the COVID-19 pandemic.

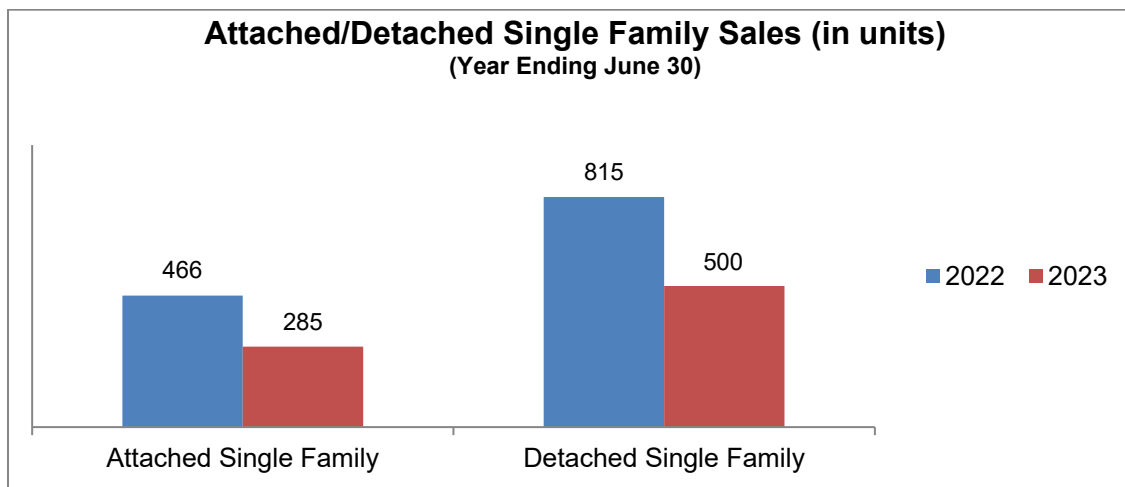
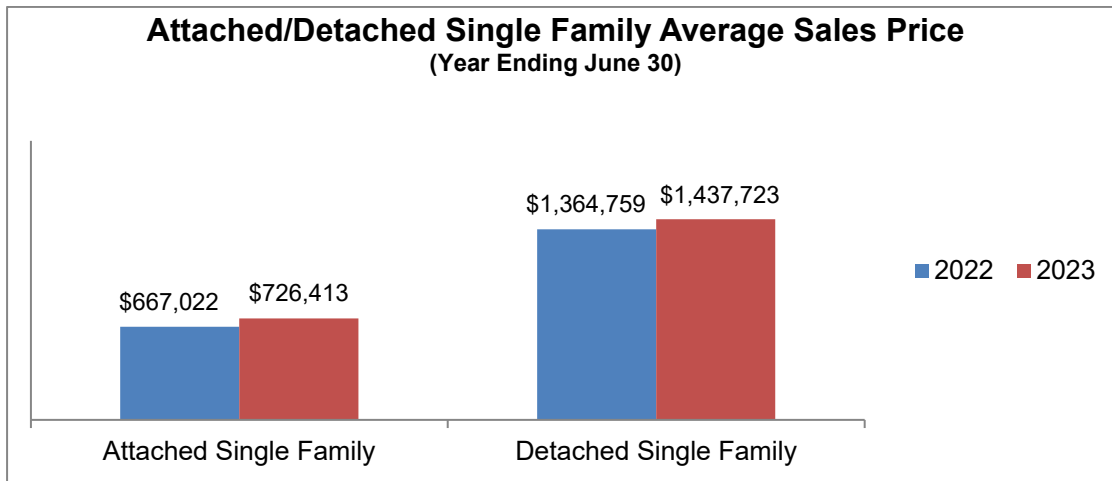
Industry Employment Status – According to Dunn & Bradstreet, the top industries by employment are identified for 2023. The top six Glendale industries are:

Industry	Employment	Median Annual Salary
1. Healthcare	21,280	\$52,010
2. Professional Services	12,840	\$113,950
3. Retail	11,080	\$42,690
4. Public Administration / Educational Service	10,440	\$78,320
5. Eating & Dining	8,320	\$25,700
6. Other Services	7,000	\$47,130

Fastest Growing Occupations – Current EDD-LMID projections delineate the 2020-2030 projections with the top 25 fastest growing occupations based on the highest percentage change in Los Angeles County. The table also delineates the numeric and percentage increase.

Occupational Title	Numeric Change	Percentage Change
1. Gaming Surveillance Officers and Gaming Investigators	120	100.0%
2. First-Line Supervisors of Gambling Services Workers	190	100.0%
3. Manicurists and Pedicurists	6,410	78.9%
4. Entertainment Attendants and Related Workers	8,400	78.7%
5. Cooks, Restaurant	26,330	78.6%
6. Bartenders	6,340	75.0%
7. Amusement and Recreation Attendants	4,170	70.9%
8. Ushers, Lobby Attendants, and Ticket Takers	1,080	70.1%
9. Fitness Trainers and Aerobics Instructors	4,730	69.2%
10. Massage Therapists	1,840	68.4%
11. Personal Appearance Workers	11,250	59.3%
12. Barbers	340	56.7%
13. Dining Room and Cafeteria Attendants and Bartender Helpers	5,040	55.9%
14. Nurse Practitioners	2,160	55.8%
15. Chefs and Head Cooks	2,260	55.5%
16. Food Preparation and Serving Related Workers, All Other	3,190	52.0%
17. Hairdressers, Hairstylists, and Cosmetologists	3,200	51.6%
18. Nonfarm Animal Caretakers	4,170	51.0%
19. Animal Care and Service Workers	4,430	50.7%
20. Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	3,390	49.9%
21. Other Food Preparation and Serving Related Workers	17,990	48.8%
22. Cooks, All Other	300	47.6%
23. Baggage Porters and Bellhops	280	47.5%
24. Athletes and Sports Competitors	60	46.2%
25. Supervisors of Food Preparation and Serving Workers	14,260	46.1%

Housing – Based on the “2023 Assessed Values Report” issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 4.3%, which was less than the increase experienced countywide at 5.9%. According to the City’s property tax consultant, HdL, Glendale’s attached single-family housing market showed a decrease in sales volume (number of units sold) and an increase in average price, from \$667,022 in FY 2021-22 to \$726,413 in FY 2022-23. The detached single-family sales also decreased in sales volume (number of units sold) but increased in average price, from \$1,364,759 in FY 2021-22 to \$1,437,723 in FY 2022-23.



Long-term Financial Planning and Major Initiatives

In March 2023, the City Council held a governance workshop to discuss best practices, governance norms, and review and establish a consensus on priorities for the FY 2023-24 budget year. The workplan that resulted from the workshop identifies various projects, programs, and initiatives beyond the regular workload, intended to execute the Council's four highest priority areas that were identified below:



**Economic
Development**



**Financial
Stability**



**Operational
Efficiency**



**Mobility, Traffic &
Pedestrian Safety**

As Glendale continues to streamline its operations and enhance its quality of service, the City must maintain balance by looking at long-term sustainability, closely monitoring cost-drivers, and adapting to changes. The City's continued goal is to restore, build, and maintain the programs, infrastructure, and services, and not to revert to traditional patterns and processes. With the City Council's vision and a team of high-quality, ethical professionals, the City will continue to provide exceptional customer service and uphold the quality of life that is unique to Glendale.

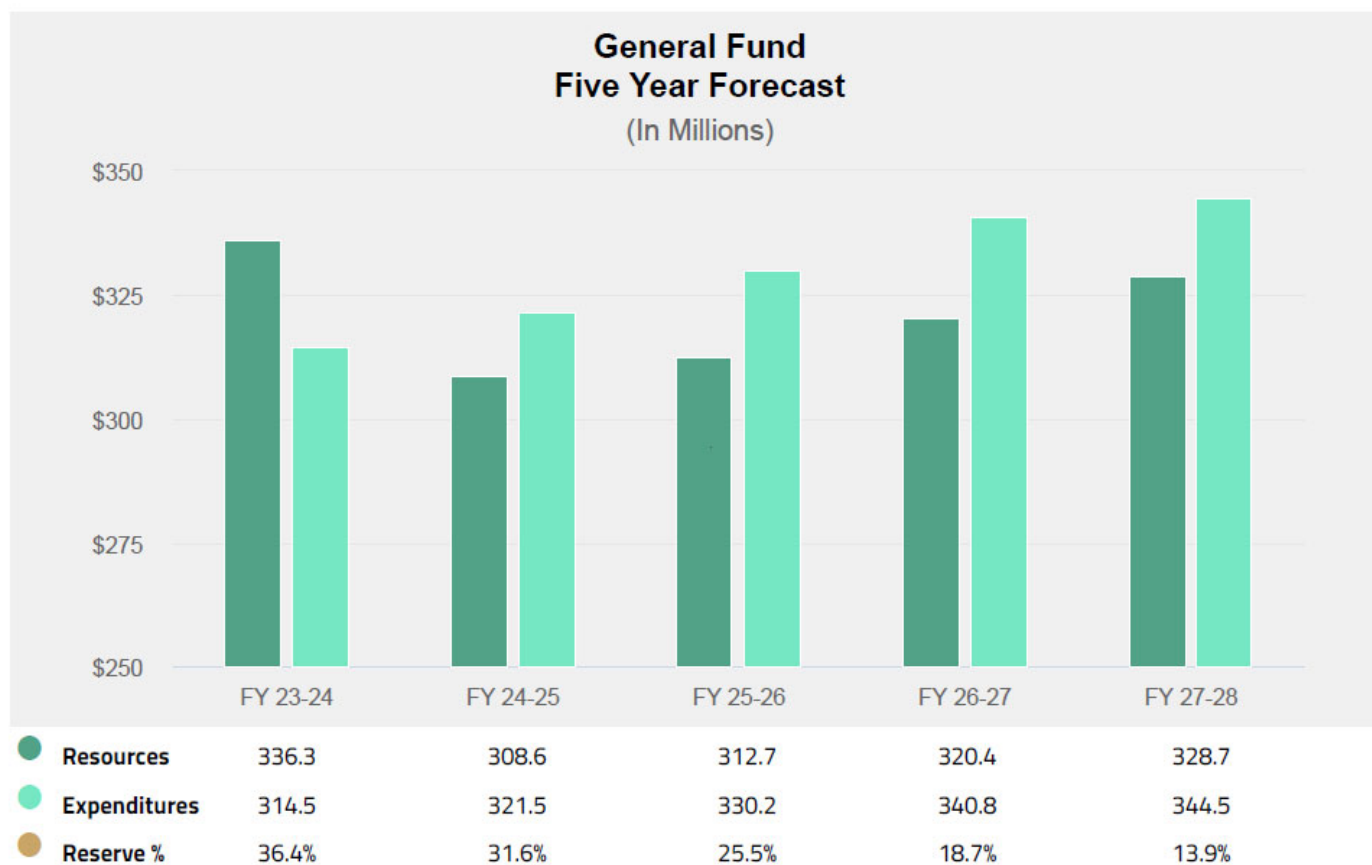
The City Council has also requested that the City continue making strategic capital investments in the community that align with the Council's priorities stated above. Some of these planned capital improvements include:

- Replastering the pool, renovating the deck as well as replacing the tables at the Pacific Community Pool
- Continue cleaning and inspecting Citywide sewer lines
- Major Glendale Water & Power projects in renewable power generation and transmission, solar, as well as water distribution and Fiber Network Backbone
- Renovation of the Fire Station 24 restrooms to be gender friendly as well as the addition of ambulance operator dorms at Fire Station 27
- Various pedestrian safety projects throughout the City to ensure the public has safe areas to access for leisure activities
- Upgrade the Beeline bus fleet with an overall integrated bus technology system
- Capital improvements for capturing and treating stormwater

These projects, in addition to regular maintenance of City-owned facilities, streets, parkway trees, sewers, parklands, and water and power equipment, are just a sample of the many City improvements planned in FY 2023-24 and echo the City Council's sense of responsible stewardship over community assets. In

Glendale, departments work together to achieve one main goal: a community that is safe, prosperous, and rich in cultural offerings. There is no one way to do it – but in Glendale, it means teamwork and effective communication between departments, a combination of people and skills, and community support.

In recent years, forecasting has taken a crucial role in Glendale’s budget planning, prompting the City to make appropriate budget adjustments during the year to successfully meet upcoming challenges. During the FY 2023-24 budget study sessions, a Five-Year General Fund Forecast was presented to the City Council. As always, many variables were taken into consideration including but not limited to historical trends, economic forecasts, and use of consultants for major revenue sources such as property and sales taxes. Based on this information, revenue estimates are conservative and assume no future voter-approved revenue increases or potential new tax revenue from new businesses relocating to Glendale. Expenditure estimates factored in increases for major cost drivers such as cost of living adjustments, PERS, medical benefits, capital improvement projects and internal services. Below is a graph that depicts the City’s most recently updated five-year forecast:



Independent Audit

The City’s financial statements have been audited by the firm of CliftonLarsonAllen LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide an opinion on whether the financial statements of the City of Glendale, California for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Glendale, California's basic financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Their unmodified opinion on the City's basic financial statements is included within this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and other financial reporting and compliance with legal requirements, and on compliance and internal control over compliance for each major federal program selected. These reports are available in the City's separately issued *Single Audit Report*.

Award

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its annual comprehensive financial report for the past twenty-eight fiscal years ended June 30, 1995 through June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such Annual Comprehensive Financial Report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. This award is valid for a period of one year. The City believes the current annual comprehensive financial report continues to meet the Certificate of Achievement for Excellence requirements and will be submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Finance Department, especially the Accounting section. Each member of the department has my sincere appreciation for their contribution in the preparation of this report.

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

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, reading "Jason Bradford". The signature is fluid and cursive, with the first name "Jason" and last name "Bradford" clearly distinguishable.

JASON BRADFORD, CPA
DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY

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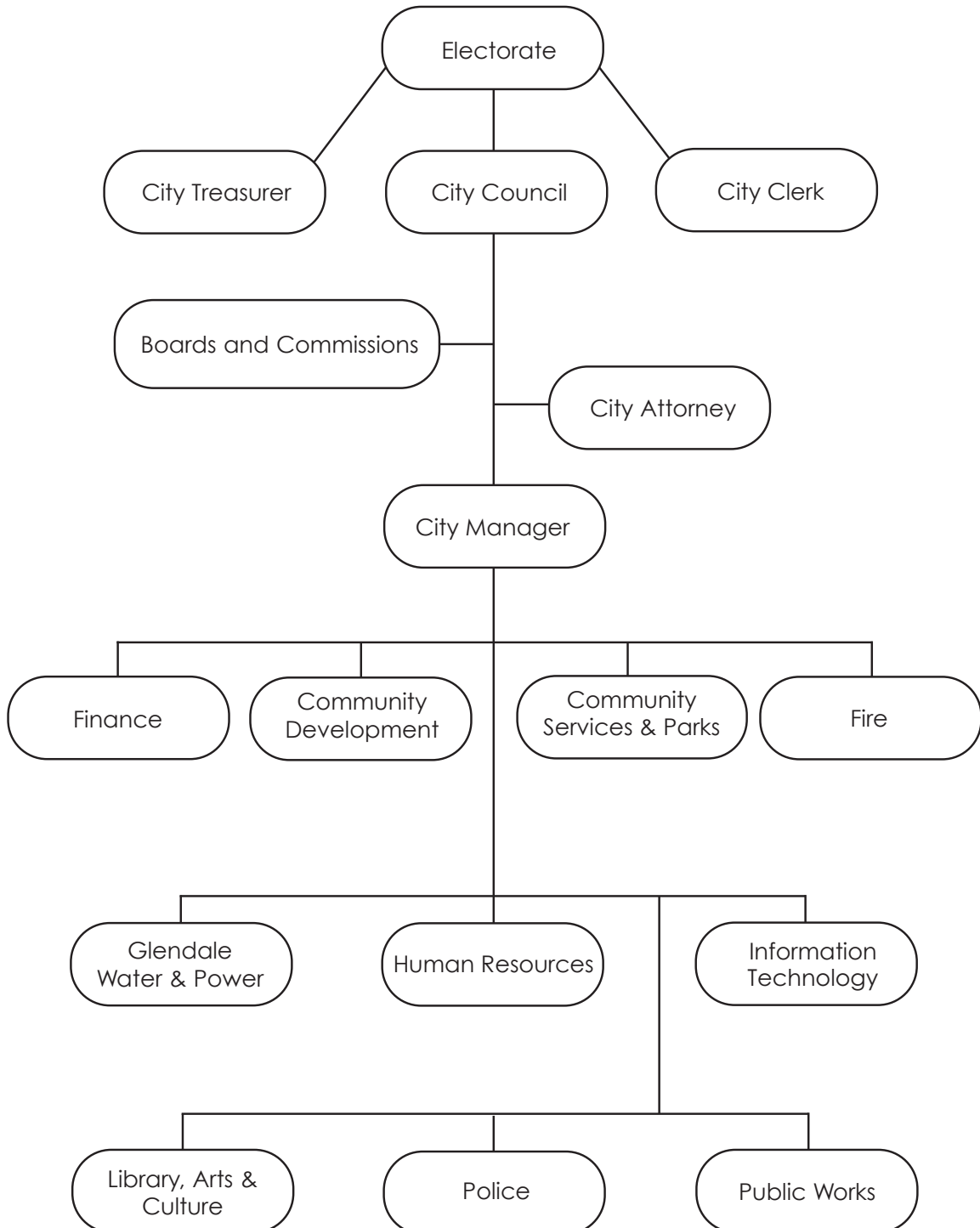
OFFICIALS OF THE CITY OF GLENDALE

Administration and Executive Management Team

City Manager	Roubik Golanian
Assistant City Manager	John Takhtalian
City Clerk	Suzie Abajian
Chief Human Resources Officer	Paula Adams
Chief Innovation Officer	Elena Bolbolian
Director of Finance & Information Technology	Jason Bradford, CPA
Director of Community Services & Parks	Onnig Bulanikian
Acting Director of Library, Arts & Culture	Onnig Bulanikian
Director of Community Development	Bradley Calvert
Police Chief	Manuel Cid
Director of Public Works	Yazdan Emrani
Fire Chief	Timothy Ernst
City Attorney	Michael J. Garcia
City Treasurer	Rafi Manoukian, CPA
General Manager of Glendale Water & Power	Mark Young

City of Glendale, California

ORGANIZATIONAL CHART



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glendale for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 28th consecutive year that the City of Glendale has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Glendale
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

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