Notes to the Basic Financial Statements

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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. 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 ten 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, (7) 2011 TABs Housing Fund, and three programs using local Measure S funds: (8) Monthly Housing Subsidy Program (MHSP), (9) Low Income Family Employment and Rental Assistance Program (LIFERAP) and (10) Low Income Student Rental Assistance Program (LISRAP). 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 General Fund and 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.

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 72 funds, which are comprised of the General Fund, 3 fiduciary funds, 37 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 two different types of fiduciary funds. Private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in the trust that meets certain criteria. The City uses private-purpose trust fund to account for its Glendale Successor Agency Fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City uses custodial funds to account for its ICI System Fund and Unclaimed Evidence 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.

In accordance with the provisions of the State of California AB X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the assets and liabilities of the former redevelopment agency are being reported in a Fiduciary Private-Purpose Trust Fund. The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The assets and liabilities of the former Redevelopment Agency (Agency) were transferred to the Successor Agency to the City of Glendale Redevelopment Agency on February 1, 2012, as a result of the dissolution of the Agency. The City is acting in a fiduciary capacity for the assets and liabilities.

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 $87,990 in restricted cash and investments as of June 30, 2021. $39,805 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 $48,185 in the Landfill Postclosure capital project fund is for the post-closure maintenance cost of Scholl Canyon landfill.

Electric Fund has $24,032 in restricted cash and investments as of June 30, 2021. $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 $17,444 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. $919 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, 2021, $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, 2021, $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 2020-21.

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. The Glendale Successor Agency has one loans receivable from Glendale Unified School District. 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, 2021, the General Fund recorded $18,102 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.
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:

(in thousands)

Assets	Years
Building and Improvements	
General Structure and Parking Lot Landscaping Improvements	10
Building and Parking Lot Improvements	20
Land Improvements	30
Buildings, Parks and Wastewater Capacity Upgrades	40
Transmission-Off System	50
Reservoir	65
Local Sewer System	80
Machinery and Equipment	
Copier, Computer Systems	3-5
Police Patrol Cars	3-4
SUV, Motorcycles, Passenger Cars	3-8
Trucks, Cargo Vans, Street Sweepers	6-8
Dump/Tractor Trucks	10-12
Helicopters	20
Trailer Trucks/Emergency Response Engines	10-20
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 $8,988 had been capitalized. As of June 30, 2021, the balance for Natural Gas Reserve Project, net of accumulated natural gas depletion was $8,396.

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. All pensions are liquidated out of each respective funds that the payroll time was allocated to during that payroll period. See Note 8 for more information.

Compensated Absences

The total compensated absences liability for the City is $33,893 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, 2021, the liability is $18,858, and the City has $19,268 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, 2021, the actuarial accrued liability is $15,035, and the City has $19,274 available in cash dedicated to this liability in the Fund. The actuarial accrued liability of June 30, 2021 is estimated based on most recent actuarial valuation report as of June 30, 2019, adjusted for actual benefit payments made in FY2019-20 and FY 2020-21, assuming no gains/losses and no changes in methods or assumptions.

Changes in the City's compensated absences liability as of June 30, 2021 were as follows:

Balance at June 30, 2020	Benefits earned	Usage	Balance at June 30, 2021	Due within One Year
$ 31,999	5,160	3,266	33,893	3,511

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. The General Fund, Electric Fund and Water Fund are generally used to liquidate the OPEB liability. 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, reduced by non-debt capital related liabilities, added or reduced any deferred outflows/inflows of resources that is capital debt related, and 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 $298,027 of restricted net position, of which $55,583 is restricted by enabling legislation. The City Charter Article XI Section 15 requires $35,869 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, $19,714 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, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a loss, it 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, 2021 is $95,283, which consists of $3,863 loss on refunding, $87,988 related to pensions, and $3,432 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. For current or advance refunding resulting in defeasance of debt, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a gain, it is reported as a deferred inflow 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 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. In the government-wide statement of net position, the City's deferred inflows of resources as of June 30, 2021 is $5,142, which consists of $905 gain on refunding, $2,206 related to pensions, and $2,031 related to OPEB. When a receivable is recorded in governmental fund financial statements but the revenue is not received within the availability period, the City reports a deferred inflow of resources until the revenue becomes available. The City has recorded deferred inflows of resources – unavailable revenues of $163 in the General Fund, $85 in the Housing Assistance Fund, and $14,079 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.

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

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

The following fund over expended its appropriation as of June 30, 2021:

Fund	Amounts Over Expended
Fire Mutual Aid Fund	$ 1,726

- In FY 2020-21, the City deployed higher than normal fire strike team outside of the City's jurisdiction to assist in various fire incidents.

(in thousands)

NOTE 3 – CASH AND INVESTMENTS

The City's cash and investments as of June 30, 2021 consist of the following:

Governmental and business-type activities:

Investments	$ 830,030
Cash and investments with fiscal agents	10,059
	840,089
Petty cash	13
Cash held in financial institutions	179,813
Total	$ 1,019,915

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

Pooled cash and investments	$ 762,434
Restricted cash and investments	112,022
Cash and investments with fiscal agents	10,059
Designated cash and investments	135,400
Total	$ 1,019,915

Fiduciary activities:

Cash and investments	$ 37,607
Cash and investments with fiscal agents	-
Total	$ 37,607

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

Cash and investments	$ 37,578
Restricted cash and investments	29
Cash and investments with fiscal agents	-
Total	$ 37,607

(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 ($75,000 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) as of June 30, 2021			
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Federal Agency Term Notes	$ 78,635	30,238	26,011	22,386	-
Federal Agency Callable Bonds	92,540	-	-	92,540	-
Medium Term Notes	179,997	39,641	81,374	58,982	-
Obligations of Other States	55,133	21,904	10,423	22,806	-
State and Municipal Bonds	51,963	11,109	17,898	22,956	-
State Investment Pool	144,427	144,427	-	-	-
Los Angeles County Pool	70,638	70,638	-	-	-
U.S. Treasury Notes	58,888	20,118	15,298	23,472	-
Money Market Accounts	50,000	50,000	-	-	-
Held by Other Financial Institutions:					
Federal Agency Term Notes	2,500	2,500	-	-	-
Medium Term Notes	1,948	1,948			
U.S. Treasury Notes	1,500	1,500	-	-	-
Money Market Accounts	2,056	2,056	-	-	-
Section 115 Trust Fund:					
Money Market Accounts	465	465	-	-	-
Money Market Mutual Funds	39,340	39,340	-	-	-
Held by Fiscal Agents:					
Money Market Accounts	7,661	7,661	-	-	-
Guaranteed Investment Contracts	2,398	-	-	-	2,398
	$ 840,089	443,545	151,004	243,142	2,398

Fiduciary activities:

		Remaining Maturity (in months) as of June 30, 2021
	Total	12 Months or Less
State Investment Pool	$ 27,213	27,213
Money Market Accounts	10,394	10,394
Held by Fiscal Agents:		
Money Market Accounts	-	-
	$ 37,607	37,607

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, 2021						
	Total	A1	A2	Aa1	Aa2	Aa3	Aaa	Unrated
Federal Agency Term Notes	$ 78,635	-	-	-	-	-	78,635	-
Federal Agency Callable Bonds	92,540	-	-	-	-	-	92,540	-
Medium Term Notes	179,997	18,644	4,288	20,518	60,296	21,286	54,965	-
Obligations of Other States	55,133	-	5,046	11,324	15,753	5,265	12,671	5,074
State and Municipal Bonds	51,963	-	-	4,356	23,717	5,339	490	18,061
State Investment Pool	144,427	-	-	-	-	-	-	144,427
Los Angeles County Pool	70,638	-	-	-	-	-	-	70,638
U.S. Treasury Notes	58,888	-	-	-	-	-	58,888	-
Money Market Accounts	50,000	-	-	-	-	-	50,000	-
Held by Other Financial Institutions:								
Federal Agency Term Notes	2,500	-	-	-	-	-	-	2,500
Medium Term Notes	1,948	-	-	-	-	-	-	1,948
U.S. Treasury Notes	1,500	-	-	-	-	-	-	1,500
Money Market Accounts	2,056	-	-	-	-	-	-	2,056
Section 115 Trust Fund:								
Money Market Accounts	465	-	-	-	-	-	-	465
Money Market Mutual Funds	39,340	-	-	-	-	-	-	39,340
Held by Fiscal Agents:								
Money Market Accounts	7,661	-	-	-	-	-	7,661	-
Guaranteed Investment Contracts	2,398	-	-	-	-	-	-	2,398
	$ 840,089	18,644	9,334	36,198	99,766	31,890	355,850	288,407

Fiduciary activities:

		Moody's Rating as of June 30, 2021	
	Total	Aaa	Unrated
State Investment Pool	$ 27,213	-	27,213
Money Market Accounts	10,394	10,394	-
Held by Fiscal Agents:			
Money Market Accounts	-	-	-
	$ 37,607	10,394	27,213

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated in the Authorized Investments.

Investments in any one issuer (other than U.S. Treasury notes, mutual funds, and external investment pools) that represent 5% or more of total City investments at June 30, 2021 are as follows:

Governmental and business-type activities:

Issuer	Investment Type	Reported Amount
FHLB	Federal Agency Callable Bonds	$ 92,540
	Federal Agency Term Notes	53,040
	Total	$ 145,580

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. In June 2021, 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 5% cash source, 50% equity and 45% 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. In May 2021, the City combined the initial and additional funding in the same account with moderate allocation investment strategy.

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, 2021 was $39,805 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, 2021. 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.

The City does not have any investments that are measured using Level 1 inputs.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use 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.

(in thousands)

As of June 30, 2021, the City has the following fair value measurements:

Governmental and business-type activities:

		Fair Value Measurements		
	Total	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:				
Federal Agency Term Notes	$ 78,635	-	78,635	-
Federal Agency Callable Bonds	92,540	-	92,540	-
Medium Term Notes	179,997	-	179,997	-
Obligations of Other States	55,133	-	55,133	-
State and Municipal Bonds	51,963	-	51,963	-
U.S. Treasury Notes	58,888	-	58,888	-
Money Market Mutual Funds	50,000	-	50,000	-
Held by Other Financial Institutions:				
Federal Agency Term Notes	2,500	-	2,500	-
Medium Term Notes	1,948	-	1,948	-
U.S. Treasury Notes	1,500	-	1,500	-
Section 115 Trust Fund:				
Money Market Mutual Funds	39,340	-	39,340	-
Total investments by fair value level	612,444	-	612,444	-
Investments measured at amortized costs or not subject to fair value hierarchy:				
Los Angeles County Pool	70,638			
State Investment Pool	144,427			
Held by Other Financial Institutions:				
Money Market Accounts	2,056			
Section 115 Trust Fund:				
Money Market Accounts	465			
Held by Fiscal Agents:				
Money Market Accounts	7,661			
Guaranteed Investment Contracts	2,398			
Total investments measured at amortized costs or not subject to fair value hierarchy	227,645			
	$ 840,089			

(in thousands)

Fiduciary activities:

		Fair Value Measurements		
	Total	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:				
Money Market Mutual Funds	$ 10,394	-	10,394	-
Total investments by fair value level	10,394	-	10,394	-
Investments measured at amortized costs or not subject to fair value hierarchy:				
State Investment Pool	27,213			
Total investments measured at amortized costs or not subject to fair value hierarchy	$ 37,607			

NOTE 4 – LOANS RECEIVABLE

Due from Successor Agency – General Fund

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, 2021, $6,568 was recorded as loan payment. The reinstated loan amount is $1,460, which includes $8 of interest accrued in FY 2020-21.

Due from Successor Agency - 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. $1,642 was recorded as loan payment in FY 2020-21 to the Low and

Moderate Income Housing Asset Fund. As of June 30, 2021, the reinstated loan amount is $365, which includes $2 of interest accrued in FY 2020-21.

Due from Glendale Unified School District – Glendale Successor Agency Private-Purpose Trust Fund

In November 2003, under the provisions of SB 211, the Successor Agency extended the time limit to incur debt for the Central Glendale Project Area. Due to this extension, under state law, the Glendale Unified School District (GUSD) is entitled to receive a portion of the Central Project Area tax increment. As a means to fund an artificial turf/all-weather track renovation project for Moyse Field at Glendale High School, a proposal was made to loan the GUSD the net present value of their share of the Central Project Area tax increment, or approximately $1,800. The increment that would have otherwise gone to the GUSD. As of June 30, 2021, the outstanding loan total is $565.

Housing Loans Receivable

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, 2021, $1,222 is outstanding and recorded as loans receivable: $94 is recorded in the CDBG Fund, $172 is recorded in the Home Grant Fund, and $956 is recorded in the Low & Moderate Income Housing Asset Fund.

- *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, 2021, the forgivable loan amount of $2,970 is outstanding, and is not recorded in the financial statements. As of June 30, 2021, 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, 2021, 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, 2021, the non-forgivable amount is $5,652 and is recorded as loans receivable in the BEGIN Affordable Homeownership Fund.

(in thousands)

- *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, 2021, the amount of forgivable or contingent loans is $106,787, which is not recorded on the financial statements.

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, 2021 consist of the following:

Due to General Fund from:		
Nonmajor governmental funds	$	7,076
Internal service funds		164
Total	$	7,240

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	$	17,503	Fund General Fund operations per Charter
Refuse Disposal Fund		1,150	Fund General Fund operations
		18,653	
Transfers to nonmajor governmental funds from:			
General Fund		85	Fund Nutritional Meals Grant matching
General Fund		1,500	Fund debt service payments
Capital Improvement Fund		4,877	Fund Scholl Canyon Landfill reserve
		6,462	
Total Interfund Transfers	$	25,115	

(in thousands)

NOTE 6 – CAPITAL ASSETS

Capital asset for Governmental activities for the year ended June 30, 2021 was as follows:

		Balance at July 1	Increases	Decreases	Reclass	Balance at June 30*
Capital assets, not being depreciated:						
Land	$	447,259	-	-	-	447,259
Construction in progress		48,031	16,627	(1,160)	(46,773)	16,725
Total assets not being depreciated		495,290	16,627	(1,160)	(46,773)	463,984
Depreciable capital assets:						
Building and improvements		423,943	1,878	-	32,948	458,769
Machinery and equipment		138,471	10,023	(1,738)	1,663	148,419
Infrastructure		344,782	1,562	-	11,982	358,326
Total other capital assets at cost		907,196	13,463	(1,738)	46,593	965,514
Amortizable intangible assets:						
Intangible assets		7,122	2	-	180	7,304
Less accumulated depreciation:						
Building and improvements		191,092	10,831	-	-	201,923
Machinery and equipment		95,028	8,321	(1,738)	-	101,611
Infrastructure		126,382	8,863	-	-	135,245
Total accumulated depreciation		412,502	28,015	(1,738)	-	438,779
Less amortization:						
Intangible assets		1,333	867	-	-	2,200
Total assets being depreciated and amortized, net		500,483	(15,417)	-	46,773	531,839
Governmental activities capital assets, net	$	995,773	1,210	(1,160)	-	995,823

*$78,122 of buildings, improvements, machinery, equipment, construction in progress and intangible assets from internal service funds are included in governmental activities. $39,574 of accumulated depreciation and amortization from internal service funds are included in governmental activities.

Depreciation and amortization expense was charged to functions of the City's governmental activities for the year ended June 30, 2021 as follows:

Depreciation and amortization		
General Government	$	3,271
Police		2,121
Fire		917
Public Works		17,281
Parks, Recreation and Community Services		2,978
Library		1,306
Housing, Health and Community Development		1,008
Total depreciation and amortization expense	$	28,882

(in thousands)

Capital asset for Business-type activities for the year ended June 30, 2021 was as follows:

		Balance at July 1	Increases	Decreases	Reclass	Balance at June 30
Capital assets, not being depreciated:						
Land	$	9,557	-	-	-	9,557
Construction in progress		32,244	15,123	-	(34,360)	13,007
Total assets not being depreciated		41,801	15,123	-	(34,360)	22,564
Depreciable capital assets:						
Building and improvements		309,751	2,247	-	5,945	317,943
Machinery and equipment		584,113	4,277	(12,768)	17,902	593,524
Infrastructure		162,341	886	-	10,513	173,740
Total other capital assets at cost		1,056,205	7,410	(12,768)	34,360	1,085,207
Depletable capital assets:						
Natural gas reserve		22,163	3	-	-	22,166
Amortizable intangible assets:						
Intangible assets		112,761	2,450	-	-	115,211
Less accumulated depreciation:						
Building and improvements		117,592	6,547	-	-	124,139
Machinery and equipment		380,581	25,508	(12,768)	-	393,321
Infrastructure		62,881	3,585	-	-	66,466
Total accumulated depreciation		561,054	35,640	(12,768)	-	583,926
Less accumulated natural gas depletion:						
Natural gas reserve		12,978	792	-	-	13,770
Less amortization:						
Intangible assets		55,224	3,152	-	-	58,376
Total assets being depreciated, depleted, and amortized, net		561,873	(29,721)	-	34,360	566,512
Business-type activities capital assets, net	$	603,674	(14,598)	-	-	589,076

Depreciation, depletion and amortization expense was charged to functions of the City's Business-type activities for the year ended June 30, 2021 as follows:

Depreciation		
Sewer	$	3,508
Electric		23,797
Water		6,728
Refuse Disposal		1,466
Fire Communication		141
Total depreciation expense		35,640
Depletion - Electric		792
Amortization - Electric, Water & Sewer		3,152
Total depreciation, depletion, and amortization expense	$	39,584

(in thousands)

Capital asset for Fiduciary Fund for the year ended June 30, 2021 was as follows:

	Balance at July 1	Increases	Decreases	Reclass	Balance at June 30
Capital assets, not being depreciated:					
Land	$ -	33	-	-	33
Intangible assets	2,795	-	-	-	2,795
Total assets not being depreciated	2,795	33	-	-	2,828
Depreciable capital assets:					
Machinery and equipment	356	-	-	-	356
Total other capital assets at cost	356	-	-	-	356
Less accumulated depreciation:					
Machinery and equipment	148	26	-	-	174
Total accumulated depreciation	148	26	-	-	174
Total assets being depreciated, net	208	(26)	-	-	182
Fiduciary fund capital assets, net	$ 3,003	7	-	-	3,010

Depreciation expense was charged to functions of the City's fiduciary fund for the year ended June 30, 2021 as follows:

Depreciation	
ICI System	$ 26

(in thousands)

NOTE 7 – LONG-TERM DEBT

The City's long-term debt as of June 30, 2021 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	474	-	474	-	-
Bonds payable:							
GMFA 2019 lease revenue refunding bonds		24,925	23,095	-	1,835	21,260	1,930
GMFA 2019 lease revenue bonds premium		-	4,842	-	524	4,318	484
Total Governmental activities	$	**26,925**	**28,411**	**-**	**2,833**	**25,578**	**2,414**

		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	16,690	-	1,055	15,635	1,095
Electric revenue bonds, 2013 series		60,000	53,745	-	1,300	52,445	1,360
Electric revenue bonds, 2016 refunding series		72,615	64,180	-	3,105	61,075	3,255
Electric revenue bonds premium		-	19,473	-	1,132	18,341	1,131
Water revenue bonds, 2008 series		50,000	39,500	-	39,500	-	-
Water revenue bonds, 2012 series		35,000	33,675	-	515	33,160	550
Water revenue bonds, 2020 refunding series		36,625	-	36,625	1,585	35,040	1,635
Water revenue bonds premium		-	1,603	3,480	1,339	3,744	221
Total Business-type activities	$	**274,750**	**228,866**	**40,105**	**49,531**	**219,440**	**9,247**

		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	28,585	-	28,585	-	-
2013 GSA tax allocation bonds refunding		44,985	12,610	-	6,155	6,455	6,455
2016 GSA tax allocation bonds refunding		20,810	20,810	-	-	20,810	-
GRA/GSA tax allocation bonds discount/premium		-	2,093	-	331	1,762	676
Loans payable to the City		40,133	10,022	13	8,210	1,825	1,825
Total Fiduciary Activities	$	**155,928**	**74,120**	**13**	**43,281**	**30,852**	**8,956**

Governmental Activities:

The City has outstanding long-term debt for governmental activities of $25,578, of which has no direct borrowing and no direct placements related to governmental activities as of June 30, 2021. The City also has no outstanding or unused line of credit related to long-term debt of governmental activities as of June 30, 2021. The governmental activities 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 Municipal Financing Authority

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. Interest rates are 5.00% and paid semiannually on December 1 and June 1. Principal payments are made annually on June 1. The bonds will mature in regularly increasing amounts ranging from $1,930 to $2,850 annually from FY 2021-22 to FY 2029-30. Outstanding principal balance at June 30, 2021 was $21,260.

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 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. As of June 30, 2021, the loan matured and was fully paid.

Business-type Activities:

The City has outstanding long-term debt for business activities of $219,440, has no direct borrowings, and no direct placements related to business-type activities as of June 30, 2021. The City also has no outstanding or unused line of credit related to long-term debt of business-type activities as of June 30, 2021. 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 contains 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.

Enterprise Fund – Electric utility

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 $196,373 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. The Electric revenue bonds are secured with amounts on deposit in account established under the indenture, including the reserve account. As of June 30, 2021, the parity reserve fund has a balance of $4,936 held by the Trustee. Total debt service paid and total net available revenues for debt service coverage for FY 2020-21 were $12,071 and $43,414, respectively.

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 (2003 Bonds) and pay cost of issuance. The bond proceeds were deposited in an escrow account and were used to refund the Refunded Bonds through a legal defeasance. Such proceeds were made available to pay on April 22, 2013 (Redemption Date) all of the outstanding principal amount of the 2003 Bonds at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date. The 2003 Bonds is no longer considered outstanding.

The refunding resulted in the recognition of a deferred loss on refunding of $87 as of June 30, 2021, 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.

Interest rates range from 4.00% to 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2013 Refunding Bonds will mature in regularly increasing amounts ranging from $1,095 to $1,805 annually from FY 2021-22 to FY 2031-32. Outstanding principal balance at June 30, 2021 was $15,635.

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, make a deposit to the Parity Reserve Fund and pay the cost of issuance.

Interest rates range from 3.00% to 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2013 Bonds will mature in regularly increasing amounts ranging from $1,360 to $3,795 annually from FY 2021-22 to FY 2042-43. Outstanding principal balance at June 30, 2021 was $52,445.

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 (2006 Bonds), a portion of the City's outstanding Electric Revenue Bonds, 2008 Series (2008 Bonds), to finance the costs of acquisition and construction of certain improvements to the City's electric public utility 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 2006 Bonds and 2008 Bonds were redeemed on June 3, 2016 and February 1, 2018, respectively both at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Both 2006 Bonds and 2008 Bonds are no longer considered outstanding.

The refunding resulted in the recognition of a deferred loss on refunding of $3,776 as of June 30, 2021, 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.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2016 Refunding Bonds will mature in regularly increasing amounts ranging from $2,700 to $4,715 annually from FY 2021-22 to FY 2037-38. Outstanding principal balance at June 30, 2021 was $61,075.

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.

Enterprise Fund – Water utility

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 $94,241 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. The Water revenue bonds are secured with amounts on deposit in account established under the indenture, including the reserve account. As of June 30, 2021, the parity reserve fund has a balance of $5,123 held by the Trustee. Total debt service paid and total net available revenues for debt service coverage for FY 2020-21 were $4,288 and $11,898, respectively.

Water Revenue Bonds, 2008 Series

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

The Water Revenue Bonds, 2008 Series were refunded in August 2020 with Water Revenue Bonds, 2020 Refunding Series. Accordingly, the liability for the refunding of 2008 Bonds has been removed from the long-term debt of the City. As of June 30, 2021, the remaining $39,500 aggregate principal amount was fully refunded and redeemed on

September 5, 2020 at a redemption price of 100% of the principal amount plus accrued interest through an Escrow Fund established pursuant to an Escrow Agreement dated August 1, 2020.

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, make a deposit to the Parity Reserve Fund and pay the cost of issuance.

Interest rates range from 2.75% to 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The bonds will mature in regularly increasing amounts ranging from $550 to $4,945 annually from FY 2021-22 to FY 2041-42. Outstanding principal balance as of June 30, 2021 was $33,160.

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.

Water Revenue Bonds, 2020 Refunding Series

The Water utility of Glendale Water & Power issued $36,625 in revenue bonds in August 2020 to provide moneys for refunding the City's outstanding Water Revenue Bonds, 2008 Series (2008 Bonds), making a deposit to the Parity Reserve Fund, and paying the costs of issuance of the 2020 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the 2008 Bonds. The 2008 Bonds was redeemed on September 5, 2020 at a redemption price of 100% of the principal amount plus accrued and unpaid interest to such redemption date. The 2008 Bonds is no longer considered outstanding.

The refunding resulted in the recognition of a deferred gain on refunding of $905 as of June 30, 2021, and is being amortized through FY 2037-38. The refunding also resulted in cash flow savings of $12,031 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.

Interest rates range from 2.00% to 4.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2020 Refunding Bonds will mature in regularly increasing amounts ranging from $1,635 to $2,475 annually from FY 2021-22 to FY 2037-38. Outstanding principal balance at June 30, 2021 was $35,040.

The 2020 Refunding Bonds have an optional redemption on and after August 1, 2030.

Fiduciary Activities:

The Successor Agency has outstanding long-term debt of $29,027, and has direct borrowing of $1,825 with the City, and no direct placements related to fiduciary activities as of June 30, 2021. The Successor Agency also has no outstanding or unused line of credit related to long-term debt of fiduciary activities as of June 30, 2021. 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, and 2013 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, 2021, the bond proceeds were deposited in an escrow account and were used to refund the Subordinate Taxable Tax Allocation Bonds, 2011 Series through a legal defeasance.

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.

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, 2021 for $109 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, 2021, the principal balance is $6,455. The 2013 Bonds will mature in principal amount of $6,455 in 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, 2021 for $603 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, 2021, the principal balance is $20,810. The 2016 Bonds will 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.

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 $8,210 via the ROPS process in FY 2020-21.

Furthermore, 20% of any loan repayment is required to be deducted and recorded to the City's Low and Moderate Income Housing Asset Fund. $1,642 was recorded as loan payment in FY 2020-21 to the Low and Moderate Income Housing Asset Fund. As of June 30, 2021, the reinstated loan amount is $1,825 which includes $10 of accrued interest for FY 2020-21.

Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed 15% of the net assessed value of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2021, the City's net assessed value of taxable property was $28,260,684 and the legal debt margin is calculated to be $4,239,103. The City's outstanding debt is not at risk of exceeding this limit.

(in thousands)

Annual Debt Service Requirement Schedule

The City's annual debt service requirement schedules as of June 30, 2021 are as follows:

Governmental and business-type activities:

		GMFA 2019 Lease Revenue Refunding Bonds	
Fiscal Year		Interest	Principal
2022	$	1,063	1,930
2023		967	2,025
2024		865	2,125
2025		759	2,230
2026		648	2,345
2027-2030		1,358	10,605
	$	5,660	21,260

		Electric Revenue Bonds		Water Revenue Bonds	
Fiscal Year		Interest	Principal	Interest	Principal
2022	$	6,458	5,710	2,091	2,185
2023		6,172	5,995	2,015	2,260
2024		5,873	6,300	1,935	2,340
2025		5,558	6,600	1,853	2,415
2026		5,228	6,930	1,785	2,485
2027-2031		20,588	37,785	7,653	13,870
2032-2036		11,957	29,525	5,447	16,570
2037-2041		4,824	22,900	3,089	21,130
2042-2044		560	7,410	173	4,945
	$	67,218	129,155	26,041	68,200

(in thousands)

		Total Governmental Activities		Total Business-type Activities		
Fiscal Year		Interest	Principal	Interest	Principal	Total Debt Service
2022	$	1,063	1,930	8,549	7,895	19,437
2023		967	2,025	8,187	8,255	19,434
2024		865	2,125	7,808	8,640	19,438
2025		759	2,230	7,411	9,015	19,415
2026		648	2,345	7,013	9,415	19,421
2027-2031		1,358	10,605	28,241	51,655	91,859
2032-2036		-	-	17,404	46,095	63,499
2037-2041		-	-	7,913	44,030	51,943
2042-2044		-	-	733	12,355	13,088
	$	5,660	21,260	93,259	197,355	317,534

Fiduciary activities:

		GSA Tax Allocation Bonds		Loans Payable		Total Fiduciary Activities		
Fiscal Year		Interest	Principal	Interest	Principal	Interest	Principal	Total Debt Service
2022	$	1,066	6,455	-	1,825	1,066	8,280	9,346
2023		771	6,665	-	-	771	6,665	7,436
2024		499	6,935	-	-	499	6,935	7,434
2025		180	7,210	-	-	180	7,210	7,390
	$	2,516	27,265	-	1,825	2,516	29,090	31,606

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 retirement 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. Members may be eligible for disability retirement benefits after a minimum of 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 (must have been married/registered for at least one year prior to retirement) 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, 2020, are summarized as follows, which remain the same for FY 2020-21.

	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, 2020, the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,797	626
Inactive employees entitled to but not yet receiving benefits	1,964	103
Active employees	1,405	382
Total	5,166	1,111

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. Since 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, 2021, for the Miscellaneous Plan, the normal cost rate is 10.217%, the amount for the unfunded liability is $26,465, and the prepayment amount for the unfunded liability is $25,585. The City chose the prepayment option to pay the $25,585 in July 2020, instead of paying 1/12th of $26,465 on a monthly basis. For FY 2020-21, the City calculates the rate for the unfunded liability to be 25.766%.

The City's Miscellaneous Plan member contribution rates and employer contribution rates for FY 2020-21, 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%	32.983%	35.983%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	32.983%	35.983%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	3.00%	32.983%	35.983%
Executive	Classic (1st Tier)	2.5% @ 55	8.00%	4.00%	31.983%	35.983%
	Classic (2nd Tier)	2.0% @ 55	7.00%	4.00%	31.983%	35.983%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	4.00%	31.983%	35.983%
GCEA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%*	31.983%	31.983%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%*	31.983%	31.983%
	PEPRA (3rd Tier)	2.0% @ 62	10.50%	0.00%*	31.983%	31.983%
IBEW	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	32.983%	35.983%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	32.983%	35.983%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	3.00%	32.983%	35.983%
GMA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%**	31.983%	31.983%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%**	31.983%	31.983%
	PEPRA (3rd Tier)	2.0% @ 62	10.50%	0.00%**	31.983%	31.983%

GCEA - Glendale City Employee Association

IBEW - International Brotherhood of Electrical Workers

GMA - Glendale Management Association

*Since May 2013, GCEA members' cost sharing rate (3%-4%) became part of their member contribution rate.
In FY 2020-21, the cost sharing rate is 4%.

**Since November 2018, GMA members' cost sharing rate (4%) became part of their member contribution rate.
In FY 2020-21, the cost sharing rate is 4%.

(in thousands)

At the measurement date ended June 30, 2021, for the Safety Plan, the normal cost rate is 21.526%, the amount for the unfunded liability is $20,365, and the prepayment amount for the unfunded liability is $19,688. The City chose the prepayment option to pay the $19,688 in July 2020, instead of paying 1/12th of $20,365 on a monthly basis. For FY 2020-21, the City calculates the rate for the unfunded liability to be 38.659%.

The City's Safety Plan member contribution rates and employer contribution rates for FY 2020-21, 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%	56.185%	60.185%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	56.185%	60.185%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	4.00%	56.185%	60.185%
Executive - Police	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	56.185%	60.185%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	56.185%	60.185%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	4.00%	56.185%	60.185%
GMA - Fire	Classic (1st Tier)	3.0% @ 50	13.00%	0.00%*	56.185%	56.185%
	Classic (2nd Tier)	3.0% @ 55	13.00%	0.00%*	56.185%	56.185%
	PEPRA (3rd Tier)	2.7% @ 57	15.50%	0.00%*	56.185%	56.185%
GMA - Police	Classic (1st Tier)	3.0% @ 50	12.50%	0.00%*	56.685%	56.685%
	Classic (2nd Tier)	3.0% @ 55	12.50%	0.00%*	56.685%	56.685%
	PEPRA (3rd Tier)	2.7% @ 57	15.00%	0.00%*	56.685%	56.685%
GFFA	Classic (1st Tier)	3.0% @ 50	9.00%	4.50%	55.685%	60.185%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.50%	55.685%	60.185%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	3.50%	56.685%	60.185%
GPOA	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	56.685%	60.185%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	56.685%	60.185%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	1.75%	58.435%	60.185%

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 FY 2020-21, the cost sharing rate for GMA – Fire is 4%.
In FY 2020-21, the cost sharing rate for GMA – Police is 3.5%.

(in thousands)

At the measurement date ended June 30, 2021, 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: $3,416 for the Miscellaneous Plan, and $174 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	$	35,724	31,862	3,862
Safety				
Police		18,124	17,151	973
Fire		13,083	12,132	951
Total Safety		31,207	29,283	1,924
Total	$	66,931	61,145	5,786

Net Pension Liability

The City's net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures.

Actuarial Assumptions

The June 30, 2019 valuation was rolled forward to measure the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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

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:

(in thousands)

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 Comprehensive Annual Financial Report, 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, 2020 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, 2020	$ 1,180,522	873,763	306,759
Changes in the year:			
Service cost	16,683	-	16,683
Interest on the total pension liability	83,093	-	83,093
Changes of assumptions	-	-	-
Differences between actual and expected experience	3,355	-	3,355
Net plan to plan resource movement	-	(8)	8
Contribution from the employer	-	29,257	(29,257)
Contribution from the employees	-	11,249	(11,249)
Net investment income	-	43,263	(43,263)
Benefit payments, including refunds of employee contributions	(60,158)	(60,158)	-
Administrative expense	-	(1,232)	1,232
Other miscellaneous income/(expense)	-	-	-
Net changes	42,973	22,371	20,602
Balance at June 30, 2021	$ 1,223,495	896,134	327,361

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at June 30, 2020	$ 890,395	598,955	291,440
Changes in the year:			
Service cost	15,682	-	15,682
Interest on the total pension liability	62,988	-	62,988
Changes of assumptions	-	-	-
Differences between actual and expected experience	5,391	-	5,391
Net plan to plan resource movement	-	8	(8)
Contribution from the employer	-	28,464	(28,464)
Contribution from the employees	-	5,116	(5,116)
Net investment income	-	29,762	(29,762)
Benefit payments, including refunds of employee contributions	(45,366)	(45,366)	-
Administrative expense	-	(844)	844
Other miscellaneous income/(expense)	-	-	-
Net changes	38,695	17,140	21,555
Balance at June 30, 2021	929,090	616,095	312,995
Total for both plans at June 30, 2021	$ 2,152,585	1,512,229	640,356

(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	$ 488,526	439,366	927,892
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 327,361	312,995	640,356
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 194,281	209,254	403,535

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

As of June 30, 2021, 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	$ 211,171	29,482	133	24,313
Safety plan	312,995	42,523	1,999	47,532
Total Governmental activities	524,166	72,005	2,132	71,845
Business-type activities:				
Miscellaneous plan	116,190	15,983	74	13,546
Total	$ 640,356	87,988	2,206	85,391

Miscellaneous Plan:

At June 30, 2021, 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	$ 32,308	-
Changes of assumptions	-	207
Differences between expected and actual experience	6,276	-
Net differences between projected and actual earnings on plan investments	6,881	-
Total	$ 45,465	207

(in thousands)

The amount of $32,308 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, 2022.

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
2022	$	457
2023		4,046
2024		4,770
2025		3,677
Total	$	12,950

Safety Plan:

At June 30, 2021, 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	$	31,033	-
Changes of assumptions		-	941
Differences between expected and actual experience		6,553	1,058
Net differences between projected and actual earnings on plan investments		4,937	-
Total	$	42,523	1,999

The amount of $31,033 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, 2022.

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
2022	$	(1,612)
2023		3,996
2024		4,587
2025		2,520
Total	$	9,491

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, 2021, there are five 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 2020-21, PARS payments were $61 and $13 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, 2021 were $372.

Employees Covered by Benefit Terms

At June 30, 2020, the most recent measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	66
Inactive employees entitled to but not yet receiving benefit payments	169
Active employees	1,376
Total	1,611

Total OPEB Liability

The City's total OPEB liability of $18,221 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. 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, 2020
Discount rate	2.21%
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, 2020 is as follows:

		Total OPEB Liability
Balance at June 30, 2019	$	15,135
Changes in the year:		
Service cost		38
Interest		524
Assumption changes		2,947
Benefit payments		(423)
Net changes		3,086
Balance at June 30, 2020	$	18,221

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:

		1.21%	2.21%	3.21%
Total OPEB Liability	$	21,151	18,221	15,868

(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	$	18,056	18,221	18,414

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, 2021, the City recognized OPEB expense of $589. At June 30, 2021, 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	$	372	-
Changes of assumptions		3,060	1,423
Differences between expected and actual experience		-	608
Total	$	3,432	2,031

The amount of $372 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, 2022.

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

Year ending June 30,		Amounts
2022	$	27
2023		27
2024		27
2025		27
2025		27
Thereafter		894
Total	$	1,029

Change in Assumption

Discount rate was changed from 3.50% to 2.21%.

(in thousands)

NOTE 10 – NET DEFICITS OF INDIVIDUAL FUNDS

As of June 30, 2021, the following funds have negative fund balances or net position:

Governmental funds:		
Special revenue funds:		
CDBG Fund	$	13
Continuum of Care Grant Fund		622
Emergency Solutions Grant Fund		503
Grant Fund		565
Measure M Subregional Fund		219
Measure H Fund		244
PW Special Grants Fund		36
Measure R Regional Return Fund		1,184
Police Special Grants Fund		259
Fire Grant Fund		73
Capital projects funds:		
CIP Reimbursement Fund	$	2,911
Proprietary funds:		
Internal service funds:		
Unemployment Insurance Fund	$	175
Compensation Insurance Fund		4,720

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

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

Compensation Insurance Fund – The City will continue to increase the future charges to other funds 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, law enforcement liability, 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 2020-21 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
Law Enforcement Liability		3,000	$2,000 per occurrence
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, 2021 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
2019-20	$	58,348	52,930	44,041	67,237	16,299
2020-21	$	67,237	56,573	48,345	75,465	15,455

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.

Claims payable is primarily liquidated by the respective internal service funds.

NOTE 12 – CONTINGENT LIABILITIES AND COMMITMENTS

Power Purchase Agreements

Since 1937, the City has held capacity and energy rights to the hydropower generation from the Hoover Power Plant through contracts with the U.S. Bureau of Reclamation (Bureau) and the U. S. Department of Energy Western Area Power Administration (Western). As a contractual partner with the Bureau and Western, The City has the right to a share of the power generated by the Hoover Power Plant.

The City's long-term contract for Hoover Power, last renewed in 1987, expired on September 30, 2017. However, as approved by the City Council on August 23, 2016, they were replaced by a new Electric Services Contract with the United States Department of Energy Western Area Power Administration ("Western") and an Amended and Restated Implementation Services Agreement with Western, the United States Bureau of Reclamation, and the Boulder Canyon Project contractors, for the purchase of energy and capacity from the Boulder Canyon Project (commonly known as Hoover Dam). The current Electric Services Contract allows the City continued ownership share in the Hoover Power Plant and the continued right to purchase power and capacity from the Hoover Power Plant, for a term of fifty years beginning on October 1, 2017 through September 30, 2067. The City is entitled to 33 MW.

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 16-year 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 L.P. for the purchase of 50 megawatts of firmed solar-generated electric power generated from a solar facility within Western Electricity Coordinating Council (WECC) designated by Skylar, with a guarantee by the seller that at least fifty percent of 50 MW/hour to qualify as Portfolio Content Category 1 (PCC1) renewable energy on an annual basis. In November 2015, the transaction was bifurcated into 2 separate agreements. The first agreement was a four-year contract with Morgan Stanley Capital Group, Inc. (MSCG) from December 1, 2015 through December 31, 2019. The second agreement was a 21-year contract with Skylar from January 1, 2020 through November 30, 2040. In October 2017 the existing power purchase agreement was terminated and replaced with a 21-year Western Systems Power Pool (WSPP) Power Purchase Agreement (PPA) to increase renewable and carbon-free energy deliveries from 50% to 75%.

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 fall 2021.

In December 2019, the City Council authorized a 25-year Power Sales Agreement (PSA) with the Southern California Public Power Authority (SCPPA) for the purchase of 12.5% renewable solar energy, battery energy storage system (BESS), and environmental attributes of the Eland 1 Solar and Storage Center.

Upon execution of the Agreement, the City's entitlement share was 25 MW of solar energy and 12.5MW/50MWh of BESS. In January 2020, the project participants exercised the option to increase the BESS to 150 MW/600 MWh, augmenting the City's share of the BESS to 18.75MW/75MWh. The facility is located in Kern County, California, with point of delivery at Barren Ridge. In April 2021, Glendale submitted a Transmission Service Request (TSR) application on LADWP Open Access Same-Time Information System (OASIS) for a Long-Term Firm Point-to-Point Transmission Service for reserved capacity of 25 MW. In July 2021, LADWP notified the City that it had completed its review of the request and that it had determined that it would have sufficient capacity to provide the requested transmission service.

The anticipated commercial operation date is in 2023. In the event the facility generates energy prior to January 1, 2023, the City will lay-off the output to LADWP at contract cost under a WSPP Agreement.

<u>Landfill Postclosure Care</u>

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, 2020 was 12.69 million tons. The permitted capacity filled between July 11, 2020 and July 10, 2021 was 0.45 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 1.61 million tons unfilled capacity remaining. Using an inflation factor from the Sanitation Districts of 1.012, the total estimated care postclosure cost is $62,222. Using the data above, the amount of $55,430 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 $6,792. 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, 2021, the City has set aside $48,185 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.

<u>General Fund Transfer and Electric Rates Litigation</u>

<u>Background</u>

The City is nearing completion of a lawsuit challenging its 2013 electric rate plan and the transfer of revenues from the Glendale Water & Power (GWP) Electric Fund to the General Fund. In 2014, Juan Saavedra and I.B.E.W. Local 18 filed a lawsuit in Los Angeles Superior Court (the "2014 IBEW Lawsuit") challenging the 2013 electric rate plan and the City's general fund transfer ("GFT"). The Glendale Coalition for a Better Government ("Coalition") also filed a lawsuit in 2014 challenging the 2013 electric rate plan and GFT ("2014 Coalition Lawsuit"). The 2014 IBEW Lawsuit and 2014 Coalition lawsuit were consolidated for purposes of trial (and are sometimes referred to herein collectively as the "2014 Lawsuits"). In October 2020, the City received a favorable ruling in the remand trial of the 2014 Lawsuits, resulting in a determination that the City will not have to make any refunds of electric rate revenues or general fund transfers. That decision has been appealed by IBEW.

In addition, the Coalition filed a petition for writ of mandate in July 2018 challenging the City's 2018 electric rates on similar grounds as the 2014 Lawsuit ("2018 Coalition Lawsuit"). The 2018 Coalition Lawsuit was dismissed without prejudice and the statute of limitations tolled until there was a final non-appealable judgment in the 2014 Coalition Lawsuit.

Trial in 2014 Lawsuits

The 2014 Lawsuits challenged GWP's 2013 electric rate plan which included GFTs. The City Charter provides that the City shall transfer 25% of electric operating revenues to the General Reserve Fund, which may be then transferred to the General Fund, unless the City Council chooses to transfer a lesser percentage to insure the sound financial position of GWP. The City has made the GFT under the authority of its City Charter since it was approved in 1921, although for many years, if not decades, it has chosen to transfer less than 25%.

The 2013 electric rates were challenged primarily on the grounds they violated Proposition 26, in that they constituted a "tax" since they exceeded the cost of providing electric service by including the GFT. In 2016, the trial court concluded that the 2013 electric rates violated Proposition 26 because of the GFT and ordered the City to credit ratepayers in the cumulative amount of the GFTs beginning with FY 2013-14, plus interest. The trial court ordered that credits for any subsequent years would accrue. The trial court 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 approved the "tax" in the rates.

Appeal in 2014 Lawsuit

The City appealed the trial court's 2016 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, regardless of transfers, rates do not violate Proposition 26 if total projected rate revenue does not exceed all permissible service costs the utility could charge or if non-rate revenue, such as wholesale revenue, rental income or interest, is sufficient to cover the GFT.

In 2018, the 2nd District Court of Appeal reversed the trial court decision 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" prior to Propositions 26's adoption in 2010, it could continue to maintain said "tax" at the same rate going forward. In other words, any tax that existed in the City's rates in 2010 was grandfathered. 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 2014 Lawsuit to the trial court to make certain factual determinations regarding the amount of the tax, if any, and consideration of the impacts of non-rate and other revenues to fund the transfer.

Remand Trial

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 what was grandfathered in 2006 (when the Council approved the last rate plan prior to the adoption of Proposition 26) and therefore no monetary refunds are warranted. First, the court found that the grandfathered tax implicit in the 2006 electric rates was 9.42%. 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 (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. Additionally, there is no longer any order in effect requiring the City to cease making GFTs or requiring voter approval to make such transfers. The trial court entered in the remand trial on November 20, 2020.

Settlement of 2014 Coalition Lawsuit and 2018 Coalition Lawsuit

On January 22, 2021, the City and the Coalition entered a settlement agreement that resolved the 2014 Coalition Lawsuit and the 2018 Coalition Lawsuit. In exchange for payment of Coalition's attorneys' fees and costs in the amount of $200,000, the Coalition agreed to forego an appeal of the judgment in the 2014 Coalition Lawsuit and not to re-file a lawsuit for its claims made in the 2018 Coalition Lawsuit. The settlement resolves any legal challenges to the 2018 rates.

Status of IBEW Appeal

The Saavedra/IBEW petitioners appealed the judgment in the remand trial in the 2014 IBEW Lawsuit. The only remaining legal challenge is the appeal of the trial court's judgment denying IBEW's request for monetary credits or rebates in the 2014 IBEW Lawsuit, which is only a challenge to the rates in effect from 2013-2018. If IBEW is successful on appeal, GWP could be required to credit ratepayers in the amount the court determines that rate revenues exceed lawful expenses, and have the City General Fund credit an equal amount of General Fund revenues back to GWP.

However, while the City cannot predict the outcome of appeal with certainty, it is the City's assessment at this time that the City has a strong chance of having the trial court's decision upheld since the trial court's determinations, which were based on the Court of Appeal's direction in the first appeal and consisted of mainly factual determinations based on an evidentiary record, should be entitled to deference before the Court of Appeal.

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

Joint Powers Agreement for Interagency Communications Interoperability System Authority

The Interagency Communications Interoperability System Authority (ICI System) was created through a Joint Powers 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 70 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 based 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 Powers Authority - 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 $100,000,000 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 annual incomes ranging from $44K (1-person household at 60% AMI) to $135K (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 are capped at no more than 35% of the applicable percentage of AMI (i.e. 60%, 80%, 100% and 120%). Additionally, annual rent increases are 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.

The City of Glendale has the option of acquiring the property from the JPA beginning in year 15 for the amount of the outstanding debt. The City can also wait until the bonds are paid off, typically in year 30, and assume ownership of the asset at no expense other than transactional costs.

To date, CalCHA has acquired two market-rate projects in Glendale. These projects include Next on Lex with 494 apartment units and Brio Apartments with 205 units, for a total of 699 rental apartment units.

Joint Powers Authority – California Statewide Communities Development Authority – Community Improvement Authority

The California Statewide Communities Development Authority – Community Improvement Authority (CSDCA-CIA) is a joint power agency created in October 2020 to provide housing for low and moderate income households. Like CalCHA, CSCDA-CIA also issues tax-exempt government bonds to acquire existing market-rate apartment complexes, targeting Class A properties valued at $100,000,000 or greater. Once owned by CSCDA-CIA, 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 similarly to CalCHA because of their tax-exempt status and below market-rate financing costs.

In Glendale, CSCDA-CIA's program targets households with annual incomes ranging from $44K (1-person household at 60% AMI) to $135K (5-person household at 120% AMI). Under the 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 are capped at no more than 35% of the applicable percentage of AMI (i.e. 60%, 80%, 100% and 120%). Additionally, annual rent increases are 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.

The City of Glendale has the option of acquiring the property from the JPA beginning in year 15 for the amount of the outstanding debt. The City can also wait until the bonds are paid off, typically in year 30, and assume ownership of the asset at no expense other than transactional costs.

To date, CSCDA-CIA has acquired two market-rate projects in Glendale. These projects include Altana with 507 apartment units and the Link Apartments with 143 units, for a total of 650 rental apartment units.

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.

<u>Joint Power Agreement for Verdugo Consortium</u>

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 an approved entity 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.

<u>"Take or Pay" Contracts</u>

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 2020-21. 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, 2021, Glendale's excess entitlement share is 0.50%. 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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%

*IPP debt service share

(in thousands)

A summary of the City's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2021:

Fiscal Year *		IPP	STS	MPP	NGPP	LIN	THP	WP	MIL2	Total
2022	$	2,344	2,096	2,411	5,245	934	1,387	1,868	143	16,428
2023		2,297	1,585	3,897	5,309	934	1,386	1,867	495	17,770
2024		239	1,594	3,335	5,537	933	1,382	1,866	495	15,381
2025		-	730	3,363	5,760	4,379	1,383	13,002	495	29,112
2026 - 2030		-	729	3,388	6,043	246	2,130	286	495	13,317
2031 - 2035		-	1,456	17,402	32,815	1,230	6,153	7,009	2,465	68,530
2036 - 2040		-	-	18,285	30,919	4,789	6,131	-	491	60,615
2041 - 2041		-	-	6,533	-	-	6,114	-	-	12,647
Total	$	4,880	8,190	58,614	91,628	13,445	26,066	25,898	5,079	233,800

* Debt service for Mead-Adelanto Project and Mead-Phoenix Project ended in July 2020

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 2021 and 2020 are as follows:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2021	$9,115	2,458	952	46	285	245	5,959	2,047	-	1,975	-	-	23,082
2020	$8,385	2,862	1,239	9	350	213	5,013	1,902	-	2,160	-	-	22,133

NOTE 14 – 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. 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. 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 paragraphs 13 and 14 are 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.

NOTE 15 – IMPLEMENTATION OF PRONOUNCEMENTS

The City has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2021:

- 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.

  Effective July 1, 2020, due to the implementation of GASB 84, the activities of the ICI system and unclaimed evidence are recorded in the Fiduciary Custodial Funds. The City is acting in a fiduciary capacity for the assets and liabilities.

- 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.

(in thousands)

NOTE 16 – RESTATEMENT

Governmental Activities

A prior period adjustment of $3,138 was made to increase the beginning net position of the governmental activities. In prior years, the OPEB liability was only recorded in the governmental activities, because of the immateriality of the allocated liability to the enterprise funds. In FY 2020-21, due to the decrease in the discount rate, the OPEB liability increased and it became a material liability in the Electric Fund and Water Fund.

The restatement of beginning net position for the governmental activities is summarized as follows:

		June 30, 2020 Previously Stated	Restatement	July 1, 2020 Restated
OPEB liability	$	15,135	(3,138)	11,997
Net position	$	941,649	3,138	944,787

Electric Fund, Water Fund and Business-type Activities

A prior period adjustment of $2,398 was made to decrease the beginning net position of the Electric Fund, $740 was made to decrease the beginning net position of the Water Fund, and $3,138 was made to decrease the beginning net position of the business-type activities. In prior years, the OPEB liability was only recorded in the governmental activities, because of the immateriality of the allocated liability to the enterprise funds. In FY 2020-21, due to the decrease in the discount rate, the OPEB liability increased and it became a material liability in the Electric and Water Fund.

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

		June 30, 2020 Previously Stated	Restatement	July 1, 2020 Restated
OPEB liability	$	-	2,398	2,398
Net position	$	348,688	(2,398)	346,290

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

		June 30, 2020 Previously Stated	Restatement	July 1, 2020 Restated
OPEB liability	$	-	740	740
Net position	$	126,107	(740)	125,367

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

		June 30, 2020 Previously Stated	Restatement	July 1, 2021 Restated
OPEB liability	$	-	3,138	3,138
Net position	$	727,906	(3,138)	724,768

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			
	2021	2020	2019	2018
Total pension liability				
Service cost	$ 16,683	16,372	15,956	15,513
Interest on the total pension liability	83,093	80,133	76,746	74,508
Differences between expected and actual experience	3,355	10,478	1,240	(11,313)
Changes of assumptions	-	-	(6,403)	62,163
Benefit payments, including refunds of employee contributions	(60,158)	(57,071)	(54,969)	(52,599)
Net change in total pension liability	42,973	49,912	32,570	88,272
Total pension liability - beginning	1,180,522	1,130,610	1,098,040	1,009,768
Total pension liability - ending (A)	1,223,495	1,180,522	1,130,610	1,098,040
Plan fiduciary net position				
Plan to plan resource movement	(8)	-	(2)	2
Contributions from the employer	29,257	24,992	22,006	18,558
Contributions from employees	11,249	10,176	8,996	8,518
Net investment income	43,263	54,849	67,307	82,439
Benefit payments, including refunds of employee contributions	(60,158)	(57,071)	(54,969)	(52,599)
Administrative expense	(1,232)	(600)	(1,249)	(1,101)
Other miscellaneous income/(expense)	-	2	(2,372)	-
Net change in fiduciary net position	22,371	32,348	39,717	55,817
Plan fiduciary net position - beginning	873,763	841,415	801,698	745,881
Plan fiduciary net position - ending (B)	896,134	873,763	841,415	801,698
Net pension liability - ending (A) - (B)	$ 327,361	306,759	289,195	296,342
Plan fiduciary net position as a percentage of the total pension liability	73.24%	74.01%	74.42%	73.01%
Covered payroll	$ 99,009	95,277	92,799	90,627
Net pension liability as a percentage of covered payroll	330.64%	321.97%	311.64%	326.99%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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 seven 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			
	2021	2020	2019	2018
Total pension liability				
Service cost	$ 15,682	15,196	14,872	14,641
Interest on the total pension liability	62,988	60,331	57,734	56,003
Differences between expected and actual experience	5,391	4,900	(3,943)	(7,654)
Changes of assumptions	-	-	(3,509)	47,703
Benefit payments, including refunds of employee contributions	(45,366)	(42,663)	(40,017)	(38,186)
Net change in total pension liability	38,695	37,764	25,137	72,507
Total pension liability - beginning	890,395	852,631	827,494	754,987
Total pension liability - ending (A)	929,090	890,395	852,631	827,494
Plan fiduciary net position				
Plan to plan resource movement	8	-	(1)	(2)
Contributions from the employer	28,464	25,371	22,548	19,843
Contributions from employees	5,116	5,008	4,602	4,305
Net investment income	29,762	37,580	45,731	55,289
Benefit payments, including refunds of employee contributions	(45,366)	(42,663)	(40,017)	(38,186)
Administrative expense	(844)	(410)	(847)	(743)
Other miscellaneous income/(expense)	-	1	(1,609)	-
Net change in fiduciary net position	17,140	24,887	30,407	40,506
Plan fiduciary net position - beginning	598,955	574,068	543,661	503,155
Plan fiduciary net position - ending (B)	616,095	598,955	574,068	543,661
Net pension liability - ending (A) - (B)	$ 312,995	291,440	278,563	283,833
Plan fiduciary net position as a percentage of the total pension liability	66.31%	67.27%	67.33%	65.70%
Covered payroll	$ 53,105	51,155	49,624	48,322
Net pension liability as a percentage of covered payroll	589.39%	569.72%	561.35%	587.38%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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 seven 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 2021	2020	2019	2018
Actuarially determined contributions	$ 32,308	29,240	27,791	23,741
Contributions in relation to the actuarially determined contribution	(32,308)	(29,240)	(27,791)	(23,741)
Contribution deficiency (excess)	-	-	-	-
Covered payroll	$ 99,295	99,009	95,277	92,799
Contributions as a percentage of covered payroll	32.537%	29.533%	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% (net of investment and administrative expenses)
Projected salary increases	0.40% to 8.50%, depending on age, service, and type of employment.
Inflation	2.5%
Payroll growth	2.75%
Retirement age	59

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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% (net of investment and administrative expenses)
Projected salary increases	0.40% to 8.50%, depending on age, service, and type of employment.
Inflation	2.5%
Payroll growth	2.75%
Retirement age	59

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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			
		2021	2020	2019	2018
Actuarially determined contributions	$	31,033	28,471	25,487	22,470
Contributions in relation to the actuarially determined contribution		(31,033)	(28,471)	(25,487)	(22,470)
Contribution deficiency (excess)		-	-	-	-
Covered payroll	$	50,926	53,105	51,155	49,624
Contributions as a percentage of covered payroll		60.937%	53.613%	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% (net of investment and administrative expenses)
Projected salary increases	0.97% to 17.00%, depending on age, service, and type of employment.
Inflation	2.5%
Payroll growth	2.75%
Retirement age	54

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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	Fiscal Year 2016	Fiscal Year 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 used.
Discount rate	7% (net of investment and administrative expenses)
Projected salary increases	0.97% to 17.00%, depending on age, service, and type of employment.
Inflation	2.5%
Payroll growth	2.75%
Retirement age	54

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only seven 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			
	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 38	44	46	57
Interest on the total OPEB liability	524	582	556	493
Changes of assumptions	2,947	543	(619)	(1,790)
Actual vs. expected experience	-	(772)	-	-
Benefit payments	(423)	(476)	(507)	(487)
Net change in total OPEB liability	3,086	(79)	(524)	(1,727)
Total OPEB liability - beginning	15,135	15,214	15,738	17,465
Total OPEB liability - ending	18,221	15,135	15,214	15,738
Covered-employee payroll	$ 165,230	160,653	156,117	150,107
Total OPEB liability as a percentage of covered employee payroll	11.03%	9.42%	9.75%	10.48%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note:

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