

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



CITY OF GLENDALE, CALIFORNIA



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Glossary of Accounting Terms

Appropriation

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

Assets

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

Deferred Outflows of Resources

Consumption of net position applicable to future reporting periods.

Liabilities

Debt or obligations that the City must pay.

Deferred Inflows of Resources

Acquisition of net position applicable to future reporting periods.

Net Investment in Capital Assets

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

Net Position

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

Charges for Services

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

Operating/Capital Grants and Contributions

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

General Revenues

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

ORGANIZATIONAL STRUCTURE

City of Glendale Form of Government

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

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

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

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

City Council (November 2022)



Ardy Kassakhian
Mayor



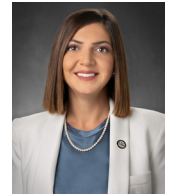
Ara Najarian
Councilmember



Paula Devine
Councilmember



Daniel Brotman
Councilmember



Elen Asatryan
Councilmember

Executive Management Team (November 2022)

Roubik Golanian
City Manager

Jason Bradford, CPA
Director of Finance & Information Technology

Michael J. Garcia
City Attorney

John Takhtalian
Assistant City Manager

Onnig Bulanikian
Director of Community Services & Parks

Andrew Jenks
Acting Police Chief

Suzie Abajian
City Clerk

Bradley Calvert
Director of Community Development

Rafi Manoukian, CPA
City Treasurer

Paula Adams
Chief Human Resources Officer

Yazdan Emrani
Director of Public Works

Gary Shaffer
Director of Library, Arts & Culture

Elena Bolbolian
Chief Innovation Officer

Timothy Ernst
Fire Chief

Mark Young
General Manager of Glendale Water & Power

INTRODUCTION & CITY BY THE NUMBERS

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2022 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City, and most of the information is drawn from the City's 2022 Annual Comprehensive Financial Report (ACFR). Both reports are available for public viewing at the Finance department and online at <http://www.glendaleca.gov/government/departments/finance/accounting>. It is important to note that the financial data in this report is unaudited and presented on a GAAP (Generally Accepted Accounting Principles) basis with selected funds.

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

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



CITY BY THE NUMBERS

Property Tax Rate	1.088%	Net Position	\$1.7 billion
Unemployment Rate	9.0%	Population	193,116
Current Ratio	6.3 times	Median Age	41.6
Debt Ratio	33.3%	School Enrollment	38,312
Total Assets	\$2.8 billion	Percent High School Graduate or Higher	88.0%
Deferred Outflows of Resources	\$86.5 million	Per Capita Personal Income	\$40,350
Total Liabilities	\$936.4 million	Total Personal Income	\$7.8 billion
Deferred Inflows of Resources	\$229.7 million	Adopted Annual Budget	\$972.6 million
City Website	www.glendaleca.gov	City Address	613 E Broadway Glendale, CA 91206

ECONOMIC OUTLOOK & FINANCIAL HIGHLIGHTS

The Local Government Finance

The past year, the region has experienced an upward economic recovery trend to pre-pandemic levels across various sectors. Since COVID-19 restrictions were lifted, the City experienced healthy sales tax growth in categories such as general consumer goods, restaurants, fuel and auto-transportation. There is, however, a level of economic uncertainty that has begun to rise, such as supply chain disruption and record high inflation leading to high interest rates. Considering for these challenges, future revenue growth has been tempered for FY 2022-23 and beyond.

Employment

In December 2019, the Glendale unemployment rate measured 3.9%. Due to economic impact of the COVID-19 pandemic that started in March 2020, Glendale’s unemployment peaked in May 2020, recording a 21.7% unemployment rate. The unemployment rate has declined since the peak and recorded 4.9% in July 2022. As of July 2022, the Glendale labor force includes 100,900 residents (16 years of age or over), a decline of 1,700 workers from August 2021.

Top six Glendale industries	Employment
1. Healthcare	20,400
2. Professional Services	11,620
3. Retail	10,560
4. Public Administration / Educational Service	10,360
5. Eating & Dining	8,210
6. Other Services	6,440

Housing

Based on the “2021 Annual Report” issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 3%. According to the City’s property tax consultant, HdL, Glendale’s attached single-family housing market showed a decrease in sales volume (number of units sold) and an increase in average price, rising from \$599,664 in FY 2020-21 to \$667,022 in FY 2021-22. The detached single-family sales also decreased in sales volume (number of units sold) but increased in average price, from \$1,208,971 in FY 2020-21 to \$1,364,875 in FY 2021-22.

FINANCIAL HIGHLIGHTS

(In Thousands)

The City’s net position or net worth as of June 2022 is \$1,732,133. The largest portion of the City’s net position is net investment in capital assets in the amount of \$1,325,508. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position As of June 30,			
	2022	2021	2020
Current and other assets	\$ 1,256,232	1,145,775	1,091,088
Capital assets	1,555,513	1,584,899	1,599,447
Deferred outflows of resources	86,485	95,283	85,992
Total assets and deferred outflows of resources	2,898,230	2,825,957	2,776,527
Current liabilities	143,395	114,655	97,379
Noncurrent liabilities	793,031	1,037,756	991,897
Deferred inflows of resources	229,671	5,142	17,696
Total liabilities and deferred inflows of resources	1,166,097	1,157,553	1,106,972
Net investment in capital assets	1,325,508	1,345,030	1,355,534
Restricted	322,259	297,769	264,089
Unrestricted	84,366	25,605	49,932
Total net position	\$ 1,732,133	1,668,404	1,669,555

FINANCIAL HIGHLIGHTS (CONTINUED)

(In Thousands)

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. As of FY 2021-22, the City's total net position increased by \$66,729, primarily due to the positive investment return on the City's pension assets, which resulted in a decrease in the City's net pension liability.

***A prior period adjustment of \$3,000 was made to decrease the beginning net position of the Sewer Fund and business-type activities in FY 2021-22.**

Statement of Activities For the Year Ended June 30				
	2022	2021	2020	
Revenues:				
Charges for services	\$ 427,766	394,529	391,185	
Operating and capital grant and contributions	123,766	112,746	101,373	
Taxes	206,031	184,704	171,850	
Investment income and other	(17,693)	25,856	38,416	
Total Revenues	<u>739,870</u>	<u>717,835</u>	<u>702,824</u>	
Expenses:				
Governmental	346,042	383,940	376,415	
Business-type	327,099	335,046	314,279	
Total Expenses	<u>673,141</u>	<u>718,986</u>	<u>690,694</u>	
Changes in net position	66,729	(1,151)	12,130	
Net position, July 1*	<u>1,665,404</u>	<u>1,669,555</u>	<u>1,657,425</u>	
Total net position, June 30	\$ <u>1,732,133</u>	<u>1,668,404</u>	<u>1,669,555</u>	

GENERAL FUND AVAILABLE RESOURCES

(In Thousands)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund expenditures exceeded its revenues by \$2,818.

At the end of FY 2021-22, City Charter Article XI Section 15 general reserve of \$35,770, and unassigned fund balance of \$55,106 for the General Fund totaled \$90,876, representing about 34.4% of the revised

FY 2021-22 budget of \$264,311. The minimum General Fund reserve level is 25.0% of the annual operating budget, and the targeted General Fund reserve level is at 35.0% of the annual operating budget.

General Fund Reserve Ratio				
General Fund	FY2022	FY2021	FY2020	
Nonspendable	\$ 704	2,071	8,451	
Restricted:				
City Charter - Article XI Sec. 15 gen. reserve (A)	35,770	35,869	32,584	
Pension Stabilization	34,512	39,805	35,145	
Assigned Fund Balance	19,063	20,162	6,988	
Unassigned Fund Balance (B)	<u>55,106</u>	<u>50,066</u>	<u>49,325</u>	
Total Fund Balance	<u>145,155</u>	<u>147,973</u>	<u>132,493</u>	
Sum of Charter and Unassigned Fund Balance (A + B)	90,876	85,935	81,909	
Original/Revised Budget* (C)	\$ 264,311	250,480	243,316	
Reserve Ratio ((A + B) ÷ C)	34.4%	34.3%	33.7%	

***Original budget are used for FY2020 and FY2021, and revised budget is used for FY2022.**

GENERAL FUND REVENUES

(In Thousands)

Compared to prior fiscal year, the City's General Fund Revenues increased \$2,268 during the current fiscal year, primarily due to increases in charges for services as the City fully re-opened its facilities to the public post-pandemic.

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

Revenue by Source	FY2022	FY2021	FY2020
Property Taxes	\$ 72,115	71,738	65,169
Sales Tax	63,116	65,361	44,771
Utility Users Tax	26,943	26,114	26,455
Other Taxes	17,997	12,274	14,172
Revenue from Other Agencies	6,059	3,451	429
Licenses and Permits	10,566	8,249	8,808
Fines and Forfeitures	3,110	2,982	3,215
Charges for Services	20,559	14,322	17,572
Use of Money and Property	(10,861)	5,373	4,834
Interfund Revenue	18,833	18,102	19,310
Miscellaneous Revenue	808	1,034	1,758
Transfers In	20,676	18,653	20,503
Total Revenues	\$ 249,921	247,653	226,996

1% Property Tax Breakdown



0.36 Los Angeles County

0.20 School District

0.16 Educational Augmentation Fund Impound

0.14 Tax District #1 (City Share)

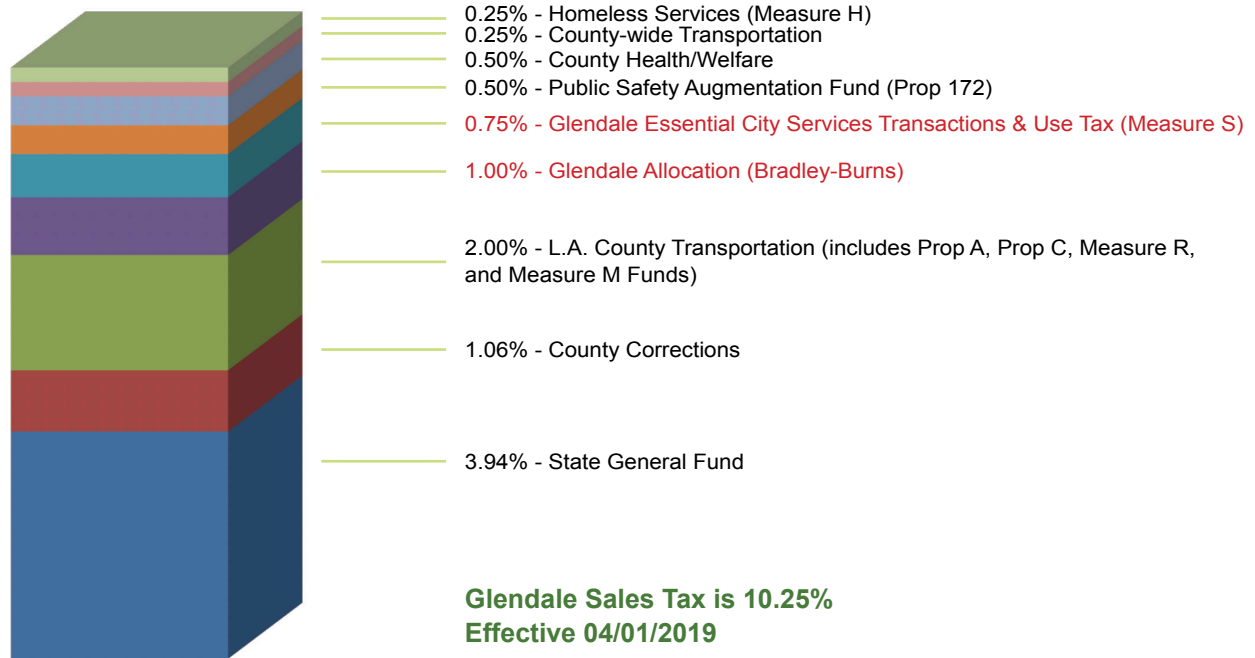
0.07 Educational Revenue Augmentation Fund

0.04 Community College District

0.03 Other

GENERAL FUND REVENUES (CONTINUED)

Sales Tax Breakdown



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

Utility Users Tax Breakdown

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

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

GENERAL FUND EXPENDITURES & MEASURE S

(In Thousands)

Overall, General Fund expenditures increased by \$20,566 in FY 2022 compared to the prior year mainly driven by cost of living adjustments, workers' compensation rates, and the required PERS employer contribution.



General Fund Expenditures			
Expenditures by Function	FY2022	FY2021	FY2020
General government	\$ 22,745	20,517	21,800
Police	97,674	91,507	87,920
Fire	65,064	59,829	59,419
Public works	14,643	13,903	14,629
Housing, health and community development	20,227	18,874	16,068
Parks, recreation and community services	18,002	15,220	16,132
Library	11,218	10,546	10,582
Debt service	51	-	-
Capital	1,137	192	376
Transfers to other funds	1,978	1,585	3,695
Total Expenditures	\$ 252,739	232,173	230,621

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

The Measure S balance as of July 1, 2021 was \$36,451. With the FY 2021-22 revenues received in the amount of \$33,560 and appropriations recorded in the amount of \$11,358, there is a surplus of \$22,202, bringing the ending balance to \$58,653 as of June 30, 2022. Accounting for the \$41,140 in carryovers into FY 2022-23, brings the total adjusted ending balance to \$17,513.

Measure S Resources and Appropriations			
	Adopted FY 2022	Revised FY 2022*	Actuals FY 2022
Revenues	\$ 24,781	29,428	33,560
Appropriations:			
Housing	11,920	28,778	6,118
Infrastructure	6,475	10,491	831
Economic Vibrancy	-	755	-
Economic Recovery	-	1,216	927
Quality of Life	8,660	10,720	1,973
Safety & Security	1,700	1,700	1,509
Total Appropriations	\$ 28,755	53,660	11,358

*The Revised FY 2021-22 amounts include carryovers from FY 2020-21.



Measure S Balance	
Beginning Balance, 07/01/2021	\$ 36,451
FY 2021-22 Surplus	22,202
Ending Balance, 06/30/2022	58,653
Carryovers into FY 2022-23	(41,140)
Adjusted Ending Balance 06/30/2022	\$ 17,513

ENTERPRISE FUNDS

(In Thousands)



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

At the end of the year, net position was composed of \$220,848 for the Sewer Fund, \$341,559 for the Electric Fund, \$136,380 for the Water Fund, and \$35,952 for the nonmajor enterprise funds. Operating revenues increased during the current fiscal year mainly due to increase in water and electric retail sales. Conversely, the City experienced a net of nonoperating expenses during the current fiscal year as a result of decrease in the fair value of investments (GASB 31).

Statement of Revenues, Expenses and Changes in Net Position

	FY2022	FY2021	FY2020
Operating revenues	\$ 355,114	345,174	328,015
Operating expenses	311,588	317,170	302,549
Operating income (loss)	43,526	28,004	25,466
Nonoperating revenues (expenses)	(15,091)	(7,046)	8,343
Income before capital grants and contributions and transfers	28,435	20,958	33,809
Transfer In	-	-	1,000
Transfer out	(20,672)	(18,653)	(20,503)
Change in net position	7,763	2,305	14,306
Net position, July 1*	726,976	727,671	716,503
Net position, June 30	\$ 734,739	729,976	730,809

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

*A prior period adjustment of \$3,000 was made to decrease the beginning net position of the Sewer Fund and business-type activities in FY 2021-22.

Statement of Net Position

	FY2022	FY2021	FY2020
Current and other assets	\$ 503,603	490,466	475,736
Capital assets	569,733	589,076	603,674
Deferred outflows of resources	18,986	20,495	17,227
Total assets and deferred outflows of resources	1,092,322	1,100,037	1,096,637
Current liabilities	50,731	38,872	34,393
Noncurrent liabilities	267,687	329,826	328,978
Deferred inflows of resources	39,165	1,363	2,457
Total liabilities and deferred outflows of resources	357,583	370,061	365,828
Net investment in capital assets	367,455	378,683	387,699
Restricted	41,417	24,031	14,375
Unrestricted	325,867	327,262	328,735
Total net position	\$ 734,739	729,976	730,809

CAPITAL ASSET & CASH & DEBT

(In Thousands)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$1,553,887. This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress.

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

- The following construction in progress projects contributing to the capital assets increase in government wide: \$2,296 for Maintenance District 6 Pavement Rehabilitation, \$897 for Colorado Street and Columbus Avenue Rehabilitation, and \$2,408 for Traffic Signal Improvement.
- The following projects contributed to the increase in the buildings and improvements and intangible assets in the Sewer Fund: \$1,729 for Hyperion Wastewater System. The City is upgrading Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates.
- Governmental and business-type activities retired the following machinery and equipment, of which \$4,773 was sold in auction, and \$32,262 was fully depreciated.

	Governmental Activities		Business-type Activities		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Land	\$ 447,292	447,259	9,557	9,557	456,849	456,816
Natural gas reserve	-	-	22,171	22,166	22,171	22,166
Buildings and improvements	465,134	458,769	320,498	317,943	785,632	776,712
Machinery and equipment	131,259	148,419	591,113	593,524	722,372	741,943
Infrastructure	370,930	358,326	177,980	173,740	548,910	532,066
Construction in progress	14,103	16,725	11,589	13,007	25,692	29,732
Intangible assets	7,304	7,304	116,940	115,211	124,244	122,515
Total capital assets	1,436,022	1,436,802	1,249,848	1,245,148	2,685,870	2,681,950
Less: Accumulated depreciation	(448,876)	(438,779)	(604,049)	(583,926)	(1,052,925)	(1,022,705)
Less: Accumulated gas depletion	-	-	(14,481)	(13,770)	(14,481)	(13,770)
Less: Accumulated amortization	(2,992)	(2,200)	(61,585)	(58,376)	(64,577)	(60,576)
Net of depreciation, depletion, and amortization	\$ 984,154	995,823	569,733	589,076	1,553,887	1,584,899

CASH MANAGEMENT (In Thousands)

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

City's Investments (as of June 30, 2022)

Total	Remaining Maturity			
	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
\$ 986,600	381,325	107,588	495,289	2,398
100%	38.7%	10.9%	50.2%	0.2%

LONG-TERM DEBT (In Thousands)

At June 30, 2022, the City's total outstanding long-term debt is \$234,966 a decrease of \$10,052 or 4.1%. The decrease was mainly due to regular annual debt retirements.

Long-Term Debt

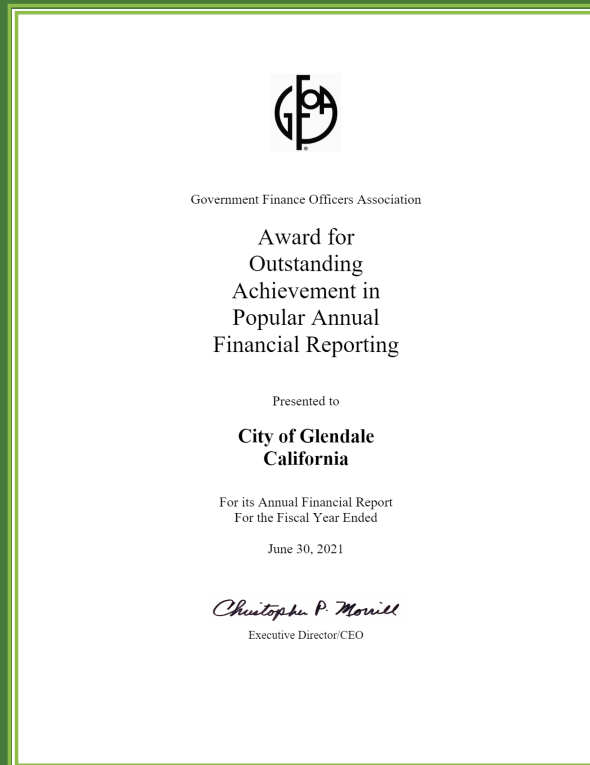
	FY2022	FY2021
Revenue bonds	\$ 233,357	245,018
Leases payable	1,609	-
Total long-term debt	\$ 234,966	245,018

OUTSTANDING ACHIEVEMENT AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Popular Annual Financial Report
www.Glendaleca.gov

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