City of Glendale, California

Popular Annual Financial Report

Fiscal Year Ended June 30, 2019

City of Glendale, California
City Council

Ara Najarian
MAYOR

Paula Devine
COUNCILMEMBER

Vartan Gharpetian
COUNCILMEMBER

Vrej Agajanian
COUNCILMEMBER

Frank Quintero
COUNCILMEMBER

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Introduction

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2019 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 2019 Comprehensive Annual Financial Report (CAFR). 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.

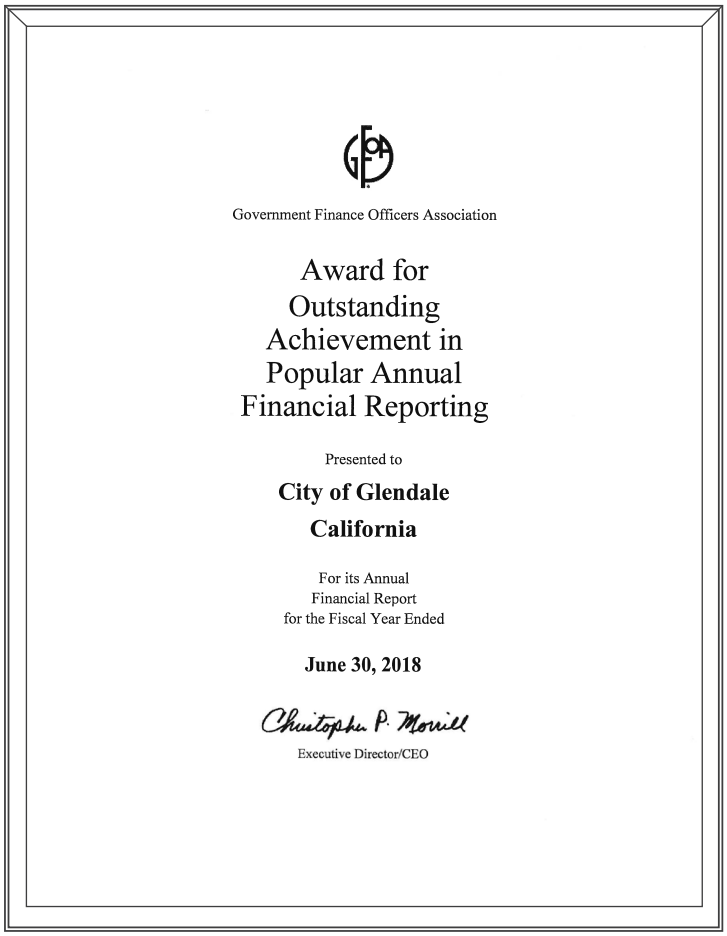
We hope you enjoy reading this report and invite you to access our audited CAFR referenced above for more detailed information. Questions concerning either CAFR or PAFR can be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

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, 2018. 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 eight 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.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Glendale
California

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill
Executive Director/CEO

History

This area, originally consisting of 36,400 acres of woodland and grassland, was inhabited by the Native American Tongva people, and attracted the attention of Corporal Jose Maria Verdugo of the San Diego Company of the Spanish army. In 1784, Corporal Verdugo, a native of Baja California, received permission from his army commander to settle and graze this land. In 1798, he retired from the army to become a full-time rancher. His ranch, Rancho San Rafael, supported herds of cattle, horses, sheep, mules, watermelons, corn, beans, peppers, and fruit. Señor Verdugo's route to and from Los Angeles, via San Fernando Road at his property's southern edge, came to be known as Verdugo Road. The next half-century brought many changes, with California being ceded to the United States in 1848, being admitted as a state in 1850, and the railroads being built to link Glendale to Los Angeles and destinations beyond.

In the years that followed, the Great Partition paved the way for more American settlers, who cleared the cactus and sagebrush for the purpose of establishing fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo Road to discuss the possible names for the town. Ultimately, a young female painter from Chicago offered the two-word name "Glen Dale." By 1887, Glendale, having an established name and consisting of approximately 150 acres, was officially surveyed and recorded as a town and by the turn of the century, Glendale was rapidly becoming urbanized.

In 1902, the Glendale Improvement Society, under the leadership of Mr. Edgar D. Goode and Dr. D.W. Hunt, embarked on a campaign to advertise Glendale, develop new business, attract residents, and above all to bring the Los Angeles Interurban railroad to Glendale from Los Angeles. The tracks were laid in 1904 through a strip of land owned by Leslie C. Brand -- a location well to the west of the then main thoroughfare, Glendale Avenue. The railway (by then called the Pacific Electric) eventually helped shift the business center of Glendale to Brand Boulevard, and also sparked the desired population growth. Two short years later, Glendale was officially incorporated in 1906.

The City of Glendale consists of neighborhoods which are delineated by streets, washes, and mountain ridges. Each neighborhood has a unique history and character and as these neighborhoods have developed, they have combined to form the City of Glendale as we know it today. Glendale is noted for its high quality of life and fiscal stability, and it is the 4th largest city in Los Angeles County.

Source: Glendale Historical Society & City of Glendale
www.glendalehistorical.org | www.glendaleca.gov

Area

- Total 30.60 sq. mi (79.25 km^2)

Elevation 522 ft. (159 m)

Population (January 1, 2019)
Dept. of Finance

- Total 206,283
- Density 6,741/sq. mi

Zip Codes 91201-91210, 91214, 91221,91222, 91224-91226

Area Code 818, 747

Website www.glendaleca.gov

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. On June 5, 2018, voters approved Measure P which amended the City Charter and moved Glendale's municipal election date from April of odd-number years to March of even-number years to comply with State law and to consolidate with Statewide Primary elections. Beginning March of 2020, elections will take place every other year during even numbered years on the first Tuesday of March. The Mayor's position is filled by one of the Councilmembers, who vote each year to decide who will hold this honor. Other elected officials include the City Clerk and City Treasurer. The City Manager and City Attorney are appointed by the City Council.

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.

Executive Management Team

As of June 30, 2019

Yasmin K. Beers
City Manager

Roubik Golanian
Assistant City Manager

John Takhtalian
Deputy City Manager

Elena Bolbolian
Director of Innovation, Performance & Audit

Jason Bradford
Chief Information Officer

Onnig Bulanikian
Director of Community Services & Parks

Matthew Doyle
Director of Human Resources

Yazdan Emrani
Director of Public Works

Michele Flynn, CPA, CIA, CGAP
Director of Finance

Michael J. Garcia
City Attorney

Ardashes Kassakhian
City Clerk

Philip Lanzafame
Director of Community Development

Silvio Lanzas
Fire Chief

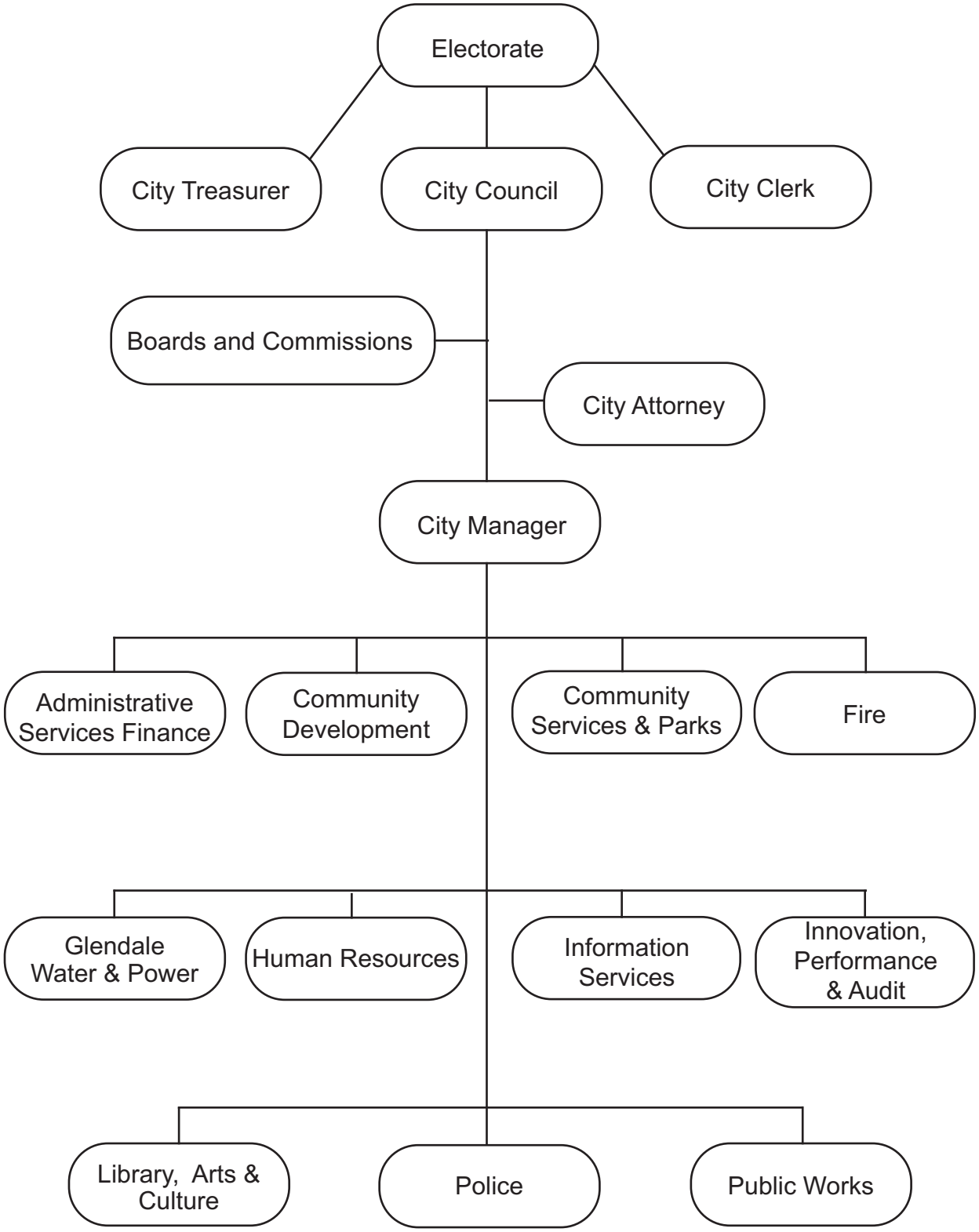
Rafi Manoukian, CPA
City Treasurer

Carl Povilaitis
Police Chief

Gary Shaffer
Director of Library, Arts & Culture

Stephen Zurn
General Manager of Glendale Water & Power

Organizational Chart



Economic Outlook

The Local Economy: Continued capital investment is seen throughout the City in the form of business expansion as well as business attraction to Glendale's central location, public safety record, and robust business environment. Of particular note is the entertainment industry, which remains rooted in Southern California, with the Verdugo Region (Glendale/Burbank) particularly known for production, animation, visual effects, and digital distribution. Glendale continues to benefit from growth in this sector through companies co-locating with powerhouses Disney and DreamWorks, and hundreds of ancillary production and equipment firms. The implementation of the Glendale Tech Strategy continues to strengthen local tech firms such as Service Titan, Legal Zoom, and Beyond Limits. It was announced this year that Service Titan would be opening a second location in Glendale, occupying the former Nestle space. Also of note are Glendale's regional shopping centers, the Glendale Galleria, Americana at Brand and Brand Boulevard of Cars. Several large development projects either recently completed or underway in Glendale will provide approximately 3,500 new residential units and thousands of square feet of commercial development. Hotel development and tourism are also on the rise. The Hyatt Place, Hampton Inn, Tribute Hotel and Hotel Louise join top performing hotels like Embassy Suites and Hilton. Such investments by the business community indicate a continued confidence in Glendale. Overall, Glendale's economy is one of the most diverse within the Los Angeles region largely due to a healthy mix of business and industry that operates within its borders.

Employment: According to Census data, occupational employment data shows the following results based on 2013-2017 American Consumer Survey (ACS) Five-Year Estimates: 42,405 people in Glendale were employed in management, business, arts, or science occupations (the single largest group) with median annual earnings of $66,475; 24,289 were employed in sales and office occupations (2nd largest) with median annual earnings of $43,780; and 15,767 were employed in service occupations (3rd largest) with median annual earnings of $28,738. Median household income for Glendale residents recorded at $58,657, and the poverty rate was 15.6%, according to ACS. As of June 2019, Glendale's unemployment rate is 4.4%.

Top 10 Principal Employers

Employer	*Number of Employees*
Glendale Unified School District	2,629
Glendale Adventist Med Center	2,610
City of Glendale	2,051
Dream Works Animation Skg Inc. /NBC Universal	1,868
Glendale Community College	1,619
Glenair Inc.	1,600
Dignity Health – Glendale Memorial Hospital	1,075
USC Verdugo Hills Hospital	850
Age of Learning	650
Service Titan	430

Local Government Finance: In November 2018, Glendale voters approved the Quality of Life and Essential Services Protection Measure (Measure S), which took effect on April 1, 2019, and added 0.75% to the sales tax rate in the City. This additional sales tax rate revenue is estimated to generate $30.0 million in FY 2019-20, of which $6.5 million will be received in the General Fund and $23.5 million in the Capital Improvement Fund to fund various new affordable housing developments and infrastructure needs.

Housing: Based on the "2018 Annual Report" issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 4.8%. According to the City's property tax consultant, HdL, Glendale's single-family housing market fell in sales volume and showed an increase in an average home price of $1,007,802 in FY 2018-19. The condominium sales also showed a decline in sales volume and an increase in average price $542,810 for FY 2018-19.

Financial Highlights

(In Thousands)

The City's net position or net worth as of June 2019 is $1,654,226. The largest portion of the City's net position is net investment in capital assets in the amount of $1,319,231. 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. The City's net position in the amount of $181,423 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $153,572 may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Net Position as of June 30,

		2019	2018	2017	2016	2015
Current and other assets	$	1,054,641	946,304	898,443	844,620	687,552
Capital assets		1,582,381	1,600,571	1,612,025	1,580,777	1,566,955
Deferred outflows of resources		107,026	147,012	112,500	39,819	31,287
Total assets and deferred outflows of resources		2,744,048	2,693,887	2,622,968	2,465,216	2,285,794
Current liabilities		108,012	95,216	120,472	98,177	72,688
Noncurrent liabilities		960,782	977,145	910,325	826,231	879,767
Deferred inflows of resources		21,028	26,447	29,735	44,164	89,228
Total liabilities and deferred inflows of resources		1,089,822	1,098,808	1,060,532	968,572	1,041,683
Net investment in capital assets		1,319,231	1,327,367	1,331,785	1,311,654	1,319,866
Restricted		181,423	174,225	130,160	115,950	80,082
Unrestricted		153,572	93,487	100,491	69,040	(155,837)
Total net position	$	1,654,226	1,595,079	1,562,436	1,496,644	1,244,111

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

Deferred outflows of resources are the consumption of net assets applicable to future reporting periods.

Liabilities are debt or obligations that the City must pay.

Deferred inflows of resources are the acquisition of net assets applicable to future reporting periods.

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

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

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 2018-19, the City's total net position increased by $59,147. The increase is primarily due to the following reasons: increase in charges for services, investment income and one-time transfer of 2011 Tax Allocation Bond proceeds from Glendale Successor Agency to fund the City's low and moderate income housing projects and capital improvement projects.

Statement of Activities
As of June 30,

		2019	2018	2017	2016	2015
Revenues:						
Charges for services	$	391,053	383,312	372,704	369,367	367,146
Operating and capital grant and contributions		76,246	64,979	65,361	64,840	64,810
Taxes		170,233	170,192	145,916	147,400	132,284
Investment income and other		54,275	28,571	34,057	47,045	34,835
Reinstatement of loans		323	328	206	28,029	-
Special item		10,667	2,744	15,117	88,976	22,087
Extraordinary gain		-	-	-	26,490	-
Total Revenues		702,797	650,126	633,361	772,147	621,162
Expenses:						
Governmental		344,368	326,786	297,853	267,956	290,033
Business-type		299,282	282,384	269,716	251,658	283,634
Total Expenses		643,650	609,170	567,569	519,614	573,667
Changes in net position		59,147	40,956	65,792	252,533	47,495
Net position, July 1		1,595,079	1,554,123[2]	1,496,644	1,244,111	1,196,616[1]
Total net position, June 30	$	1,654,226	1,595,079	1,562,436	1,496,644	1,244,111

[1]FY2015 Beginning net position was restated because of the implementation of GASB 68.

[2]FY2018 Beginning net position was restated because of the implementation of GASB 75.

Charges for services are 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 represent grants and contributions received from other governments, organizations and individuals that are restricted in some manner.

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

General Fund Available Resources

(In Thousands)

General Fund Reserve Ratio

General Fund		FY2019	FY2018
Nonspendable	$	293	305
Restricted:			
City Charter - Article XI Sec. 15 gen. reserve		30,769	28,115
Pension stabilization		29,426	27,605
Assigned Fund Balance		7,252	3,627
Unassigned Fund Balance		57,534	47,418
Total Fund Balance		125,274	107,070
Sum of Charter and Unassigned Fund Balance		88,303	75,533
Original Adopted Budget	$	227,784	215,043
Reserve Ratio		38.8%	35.1%

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund revenues exceeded its expenditures by $18,204. The fund balance increased to $125,274 from $107,070 in prior year.

General Fund Revenues

(In Thousands)

Compared to prior fiscal year, the revenues of the City's General Fund increased $13,647 during the current fiscal year. This increase is primarily due to the following reasons:

- Compared to prior fiscal year, property tax revenue increased by $3,878 (6.6%) mainly due to the increase in home values and the strong real estate market in the City.

- Compared to prior fiscal year, sales tax revenue decreased by $4,401 (7.6%) mainly due to the California Department of Tax and Fee Administration (CDTFA) sales tax audit which resulted in the City closing its liability account and recognizing $9,000 one-time adjustment revenues in the General Fund in FY2017-18. On the other hand, the City received the 1st quarter (April to June 2019) Measure S sales tax revenue in the amount of $5,184, when Glendale's total sales tax rate increased from 9.5% to 10.25%, effective April 1, 2019.

- Compared to prior fiscal year, use of money and property revenue increased by $7,492 (82.1%) mainly due to increase in the fair market value of investments.

Revenue by Source		FY2019	FY2018
Property Taxes	$	62,323	58,445
Sales Tax		53,302	57,703
Utility Users Tax		26,655	27,805
Other Taxes		15,849	14,660
Revenue from Other Agencies		890	694
Licenses and Permits		10,768	10,914
Fines and Forfeitures		2,559	2,548
Charges for Services		11,198	10,575
Use of Money and Property		16,618	9,126
Interfund Revenue		19,448	17,410
Miscellaneous Revenue		1,528	1,801
Transfers In		25,502	21,312
Total Revenues	$	246,640	232,993

General Fund Revenues (continued)

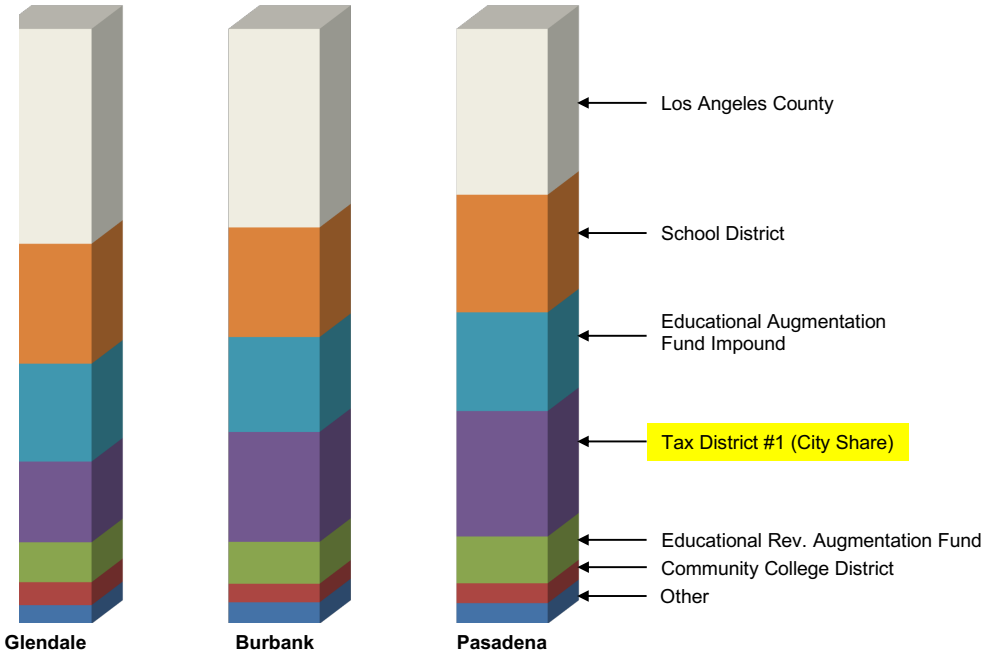
Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena

Prior to Proposition 13, the City endeavored to levy as small a property tax on Glendale taxpayers as possible. The City's strategy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property.

Proposition 13 set real estate property assessed values for tax purposes at the full 1975–1976 market value, limited real estate taxes to 1% of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2%, unless a property was sold or improvements were added. Upon the sale of a property, the assessed value is based on the sale price. 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. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax rate is 13.57%. This share is considerably less than the property tax shares received by the neighboring cities of Burbank and Pasadena. The amount Glendale Water and Power transferred from the electric utility to the General Fund was $19.0 million in 2019. This represents 10% of Electric operating revenues, and is equal to 7.7% of the City's General Fund revenues for the year. The City Charter allows up to 25% to be transferred to General Fund for each fiscal year.

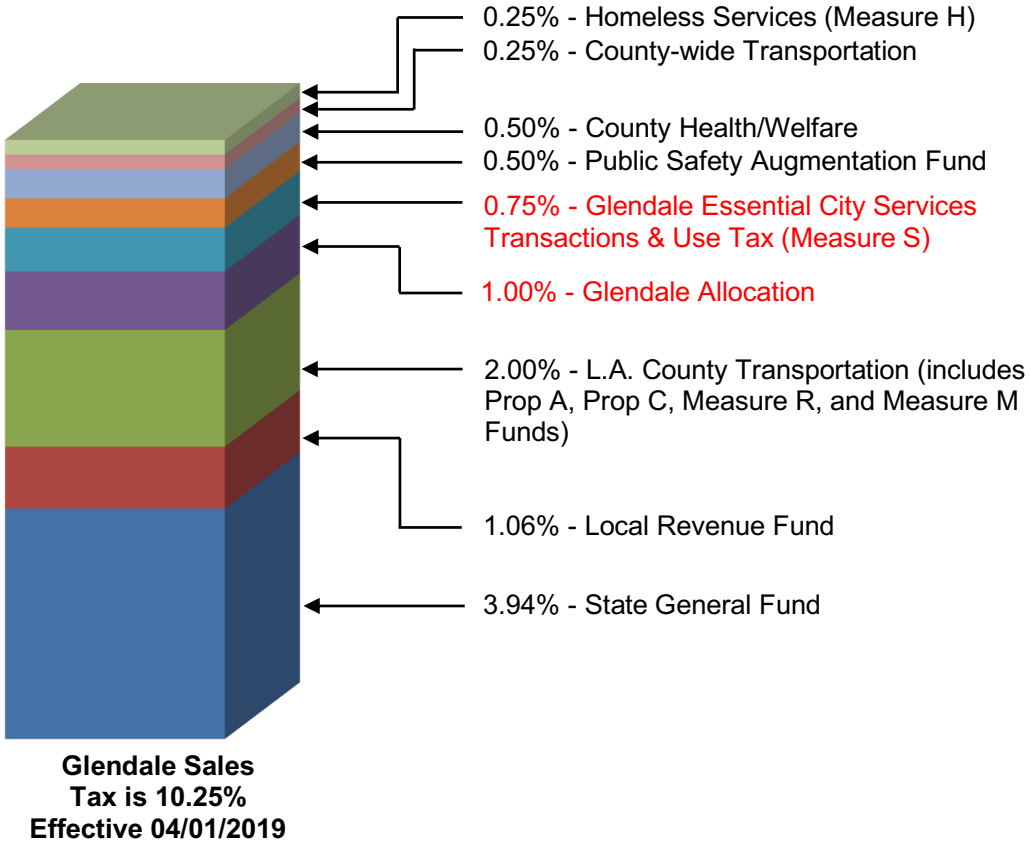
The City has complied with the provisions of Article XI, Section 22 of the Charter of the City of Glendale, California, as it relates to the required Charter transfer from the Electric Enterprise Fund to the City's General Fund.

1% Property Tax Breakdown	Glendale	Burbank	Pasadena
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Augmentation Fund Impound	0.1645	0.1596	0.1659
Tax District #1 (City Share)	0.1357	0.1847	0.2109
Educational Revenue Augmentation Fund	0.0671	0.0704	0.0787
Community College District	0.0386	0.0312	0.0333
Other	0.0313	0.0361	0.0347
Total	1.0000	1.0000	1.0000



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			
	Glendale[1]	**Burbank**	**Pasadena**
Telecommunication	6.50%	7.00%	8.28%
Prepaid Wireless[2]	6.50%	6.50%	7.50%
Video (Cable)	6.50%	-	9.40%
Electricity	7.00%	7.00%	7.67%
Water	7.00%	-	7.67%
Gas	7.00%	7.00%	7.90%

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

[2] Prepaid Wireless percentages are set per the Revenue and Taxation Code 42100 et seq. effective January 01, 2016. Further information may be obtained at http://uutinfor.org.

General Fund Expenses

(In Thousands)

Expenditures by Function		FY2019	FY2018
General government	$	18,980	28,282
Police		86,265	80,531
Fire		58,665	56,976
Public works		14,481	13,849
Housing, health and community development		16,874	3,910
Parks, recreation and community services		12,157	12,348
Library		10,587	10,161
Capital		808	669
Transfers to other funds		9,619	12,066
Total Expenses	$	228,436	218,792

Overall, General Fund Expenses increased by $9,644 in FY 2019 compared to the prior year. Here are some of the key elements for the increase:

- Police and fire expenses increased by $5,734 and $1,689, respectively, during the current fiscal year, which is mainly due to cost of living adjustments, higher workers' compensation and retirement benefit expenses.
- In FY2018-19, various sections of Housing, Health and Community Development were reclassified from General Government to Housing, Health and Community Development to better align with the appropriate function.

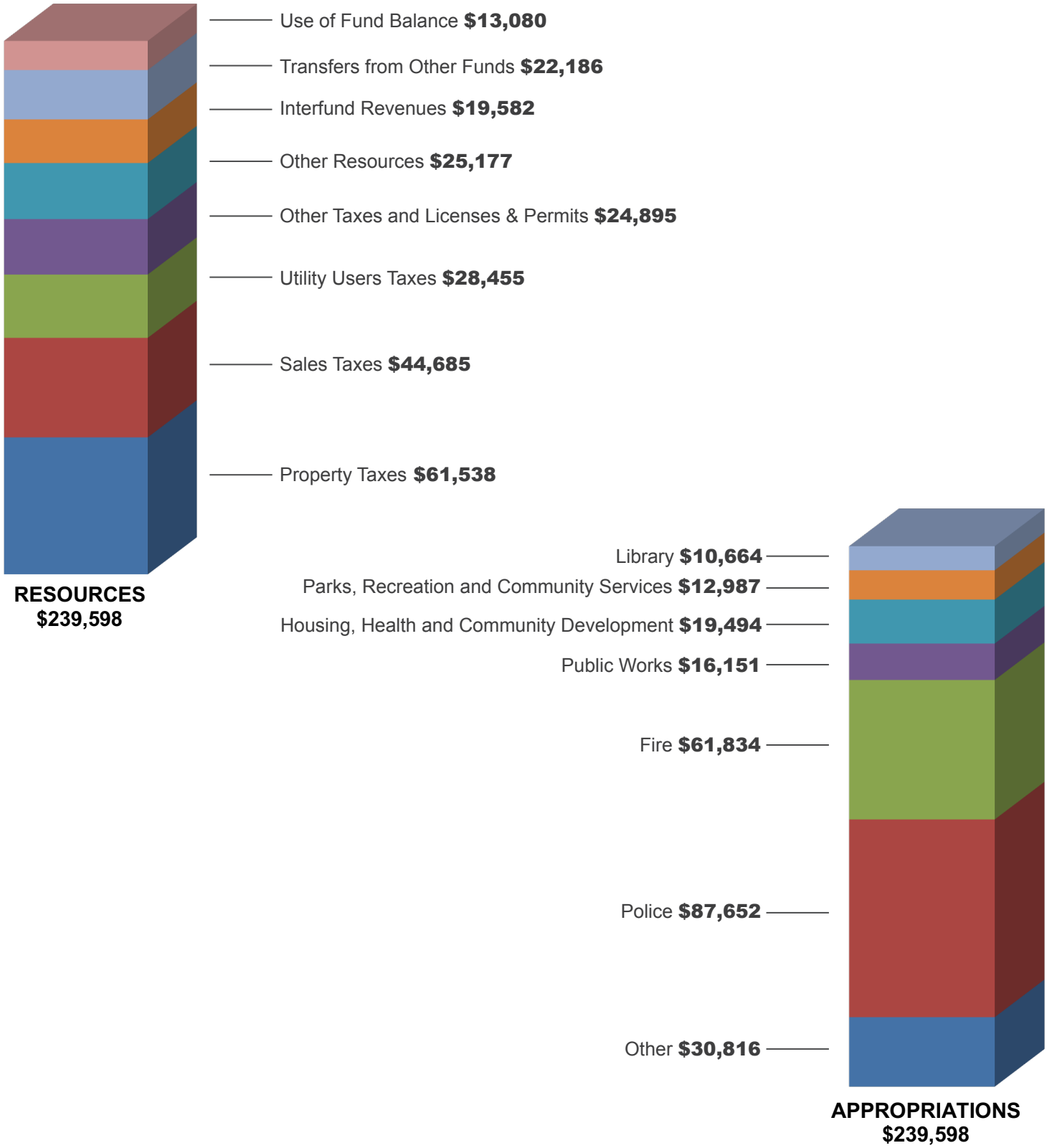
As we continue to cut costs, Glendale is still facing many challenges including:

- The City is continuing to litigate two cases regarding the City's 2013 electric rates and transfer from the Electric Fund to the General Fund.
- Expected increases in pension costs primarily due to changes in the PERS actuarial assumptions.
- Eliminating the deficit in the Worker's Compensation Fund and maintaining a healthy fund balance.
- A stable funding source for General Fund Capital Improvement Projects to rebuild and fix aging infrastructure.

General Fund Resources vs. Appropriations

(In Thousands)

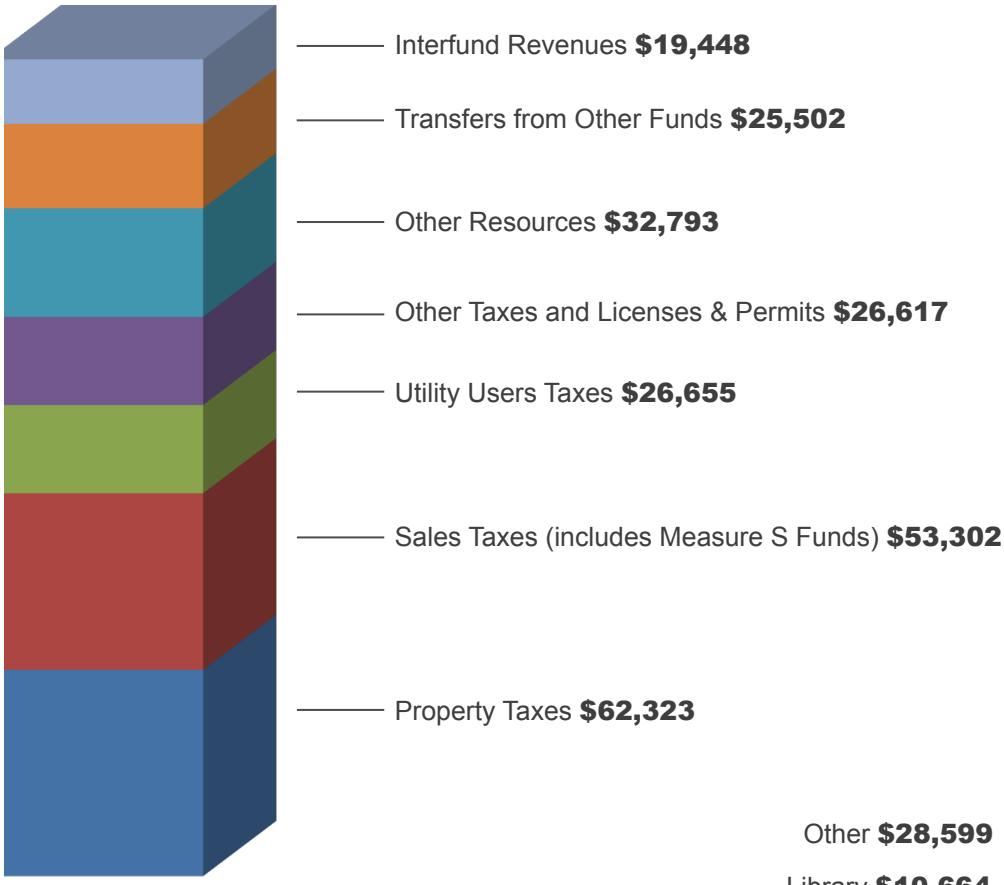
Final Budget



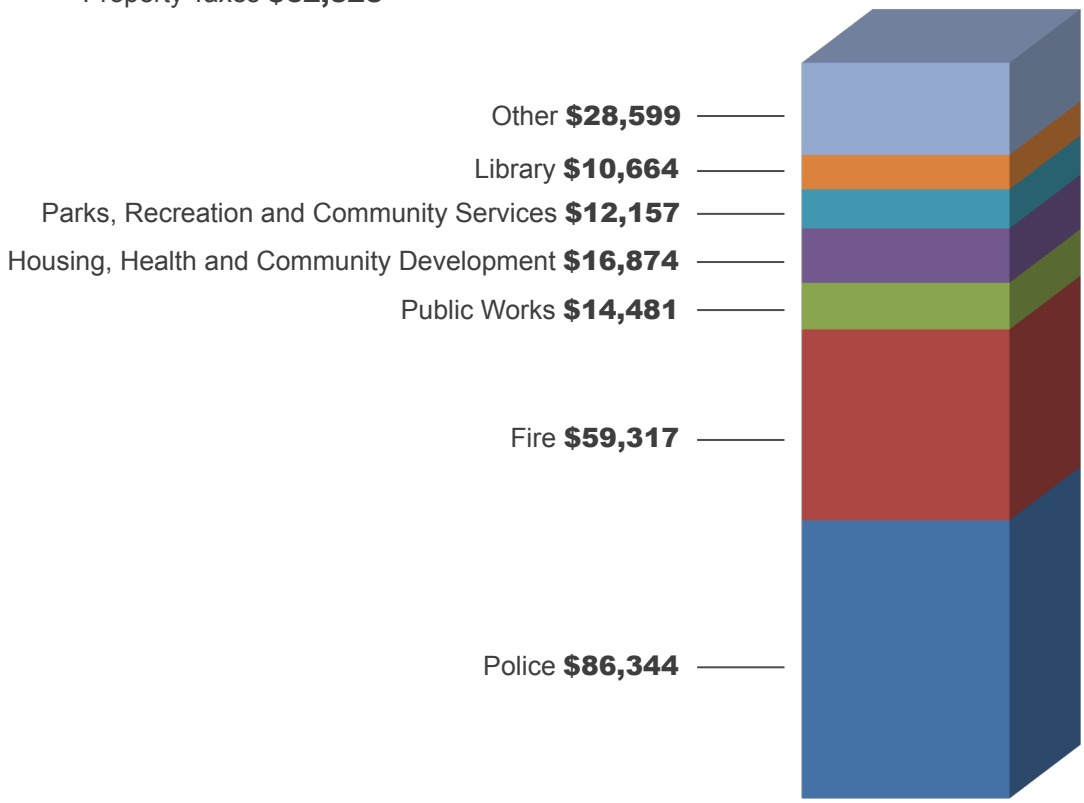
General Fund Revenues vs. Expenses

(In Thousands)

Actuals



REVENUES
$246,640



EXPENSES
$228,436

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, sewer, and electric and water utility operations.

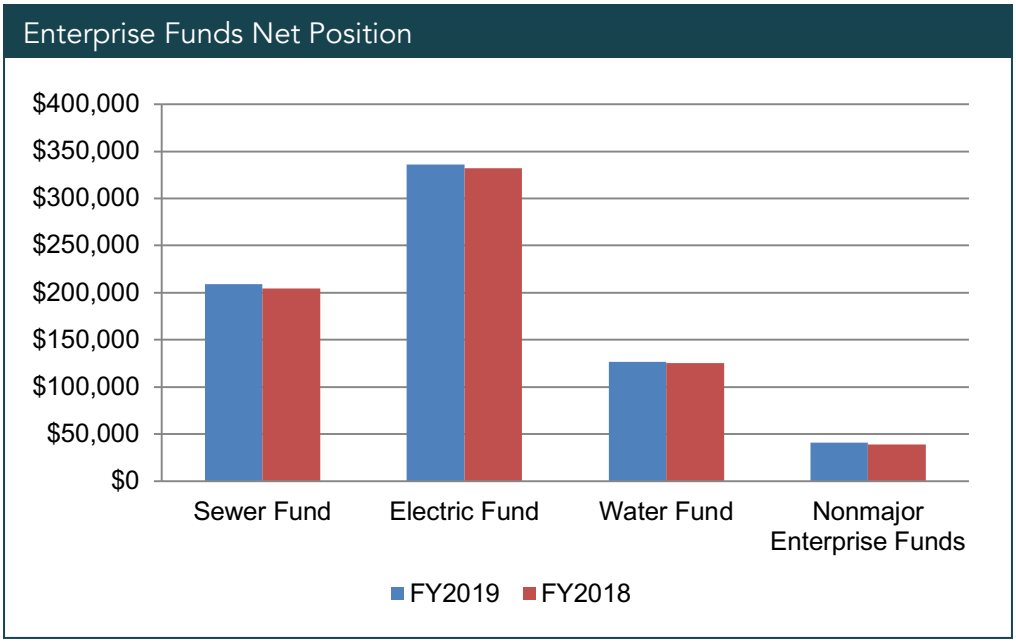
Enterprise Funds Activities Highlights

Statement of Revenues, Expenses and Changes in Net Position		FY2019	FY2018
Operating revenues	$	321,016	319,451
Operating expenses		295,338	275,297
Operating income (loss)		25,678	44,154
Nonoperating revenues (expenses)		6,967	(8,214)
Income before capital grants and contributions and transfers		32,645	35,940
Capital grants and contributions		8	12
Transfer out		(20,172)	(21,312)
Change in net position		12,481	14,640
Net position, July 1		700,823	686,183
Net position, July 30	$	713,304	700,823

Statement of Net Position		FY2019	FY2018
Current and other assets	$	449,746	412,956
Capital assets		619,941	641,740
Deferred outflows of resources		22,788	32,598
Total assets and deferred outflows of resources		1,092,475	1,087,294
Current liabilities		44,607	39,356
Noncurrent liabilities		331,704	342,624
Deferred inflows of resources		2,860	4,491
Total liabilities and deferred outflows of resources		379,171	386,471
Net investment in capital assets		387,043	401,010
Restricted		5,669	5,669
Unrestricted		320,592	294,144
Total net position	$	713,304	700,823

Enterprise Funds (continued)

(In Thousands)



At the end of the year, net position was composed of $209,001 for the Sewer Fund, $336,158 for the Electric Fund, $126,969 for the Water Fund, and $41,176 for the nonmajor enterprise funds. Enterprise Funds net position increased by $12,481. Key elements of this increase are as follows:

- The net position of the Sewer Fund increased by $4,328 during the current fiscal year. The increase was mainly attributable to new higher wastewater rates effective in July 2018, which were approved after conducting a Cost of Service Analysis (COSA) and rate study. The operating expenses are generally on par with the prior fiscal year level.

- The net position of the Electric Fund increased by $4,371 during the current fiscal year. The increase in net position was mainly attributable to the net increase in the electric sales and fair market value of investments. On the other hand, there was an increase in the production expense due to higher cost of energy and natural gas.

- The net position of the Water Fund increased by $1,694 during the current fiscal year. The increase in net position was due to relatively stable water retail sales which were mainly on par compared to prior fiscal year. The operating expenses slightly increased compared to the prior fiscal year level due to increase in transmission, distribution and customer services activities.

- The net position of nonmajor enterprise funds increased by $2,088 during the current fiscal year. The increase was mainly attributable to the recognition of the unclaimed Refuse Disposal Fund deposits and the increase in the fair market value of investments. The operating expenses were on par with the prior year level as a result of stable operations of Refuse Disposal Fund in providing residents refuse collection and disposal services, as well as Fire Communication Fund in providing residents of its member cities an emergency coordinated assistance services.

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.

The City manages its pooled idle cash and investments under a formal investment policy that follows the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council. 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 in excess of normal operating needs. Funds must request large outlays in advance in order for the City Treasurer to have the funding available.

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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations as of June 30, 2019 is provided by the following table that shows the distribution of the City's investment by maturity:

		Remaining Maturity (In Months)				
		Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	$	27,776	27,776	-	-	-
Federal Agency Term Notes		130,634	24,729	27,984	77,921	-
Federal Agency Callable Bonds		38,573	-	9,965	28,608	-
Medium Term Notes		222,951	23,551	51,108	148,292	-
Obligations of Other States		74,330	11,586	11,526	51,218	-
State and Municipal Bonds		59,387	22,202	9,414	27,771	-
State Investment Pool		128,219	128,219	-	-	-
Los Angeles County Pool		31,029	31,029	-	-	-
U.S. Treasury Notes		75,280	4,983	26,921	43,376	-
Held by Other Financial Institutions:						
Money Market Accounts		50,172	50,172	-	-	-
Section 115 Trust Fund:						
Money Market Accounts		970	970	-	-	-
Money Market Mutual Funds		28,457	28,457	-	-	-
Held by Fiscal Agents:						
Money Market Accounts		6,498	6,498	-	-	-
Guaranteed Investment Contracts		2,398	-	-	-	2,398
	$	876,674	360,172	136,918	377,186	2,398

Capital Assets

(In Thousands)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to $1,582,381 (net of $935,184 accumulated depreciation, $12,039 accumulated gas depletion and $52,678 accumulated amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress.

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

- In FY 2018-19, the Fleet/Equipment Management Fund added $4,962 of mobile equipment to its inventory: $788 for fire equipment, $542 for motorcycles, $1,097 for SUVs and $1,294 for trucks.
- The ISD Wireless Fund purchased $1,756 of equipment that would enhance City's regional interoperable communication system. This equipment was funded by Homeland Security grants.
- City purchased Glendale Successor Agency's land and building property, which is located at 117-131 Artsakh Avenue, in the amount of $1,530.
- The following capital improvement projects contributing to the capital assets increased in government wide: $2,215 for Pennsylvania Avenue and Kenneth Road Rehabilitation, $1,129 for Street Reconstruction and Resurfacing Program, $800 for Jail Security System Upgrade and Fire Department Building Upgrade.
- The following projects contributed to the increase in the intangible assets in the Sewer Fund: $1,360 for Los Angeles-Glendale Water Reclamation Plant and $3,769 for Hyperion Wastewater System. The City is upgrading the Los Angeles –Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates.
- The increase in the Electric Fund capital assets is mostly driven by capital improvement projects, such as $337 Perkins Building Renovation, $664 Grayson Power Plant, $578 Feeder Tropico and $826 Electric Vault and Cable Replacements.

		Governmental Activities		Business-type Activities		Total	
		FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Land	$	422,904	421,820	9,557	9,557	432,461	431,377
Natural gas reserve		-	-	22,161	22,150	22,161	22,150
Buildings and improvements		419,110	413,513	278,290	276,064	697,400	689,577
Machinery and equipment		132,839	127,426	586,228	583,019	719,067	710,445
Infrastructure		327,433	325,498	158,445	156,433	485,878	481,931
Construction in progress		44,342	36,617	64,258	60,827	108,600	97,444
Intangible assets		6,979	1,001	109,736	105,661	116,715	106,662
Total capital assets		1,353,607	1,325,875	1,228,675	1,213,711	2,582,282	2,539,586
Less: Accumulated depreciation		(390,759)	(367,014)	(544,425)	(511,450)	(935,184)	(878,464)
Less: Accumulated gas depletion		-	-	(12,039)	(11,025)	(12,039)	(11,025)
Less: Accumulated amortization		(408)	(30)	(52,270)	(49,496)	(52,678)	(49,526)
Net of depreciation, depletion, and amortization	$	962,440	958,831	619,941	641,740	1,582,381	1,600,571

Long-Term Debt

(In Thousands)

At June 30, 2019, the City had total long-term debt outstanding of $268,181, a decrease of $10,502 or 3.8%. The decrease was mainly due to the regular annual debt retirements. The COPs were refunded on June 25, 2019 with Glendale Municipal Financing Authority 2019 Lease Revenue Refunding Bonds.

Long-Term Debt

		FY2019	FY2018
Certificates of Participation (COPs)	$	-	31,880
Other		696	1,502
Revenue Bonds		267,485	245,301
Total long-term debt and liabilities	$	268,181	278,683

The City continues to maintain strong credit ratings on all of its debt issues. The table below shows the latest ratings as determined by the three national rating agencies, Moody's, Standard & Poor's, and Fitch Ratings' as of June 30, 2019.

Debt Issue	Moody's	Standard & Poor's (S&P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
2019 Lease revenue refunding bonds	-	AA	AA
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2013 series	Aa3	AA-	A+
Electric revenue bonds, 2016 refunding series	-	AA-	A+
Water revenue bonds, 2008 series	A1	AA-	A+
Water revenue bonds, 2012 series	A1	AA-	A+

Financial Ratios

(In Thousands)

Liquidity Ratios

The current ratio and quick ratio indicate the City's ability to pay its obligations. The current ratio represents the number of times the City's current assets could cover current liabilities. The quick ratio is the conservative version of the current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the ratios illustrate the City's ability to pay its current liabilities 7.65 times in FY 2018-19, compared to 7.50 times in FY 2017-18.

Liquidity Ratios:		FY2019	FY2018
Total Current Assets (A)	$	826,387	714,304
Total Current Liabilities (B)	$	108,012	95,216
Total Inventories (C)	$	7,248	7,351
Current Ratio (A ÷ B)		7.65	7.50
Quick Ratio ((A – C) ÷ B)		7.58	7.42

Debt Ratios

The debt ratio and debt-to-equity ratio measure the City's financial leverage. The debt ratio measures the City's obligations against its assets, while the debt-to-equity ratio measures the City's obligations against its net position. Between FY 2017-18 and FY 2018-19, the City of Glendale's debt ratio has decreased from 42% to 41% and the debt-to-equity ratio has decreased from 67% to 65%.

Debt Ratios:		FY2019	FY2018
Total Assets (A)	$	2,637,022	2,546,875
Total Liabilities (B)	$	1,068,794	1,072,361
Total Net Position (C)*	$	1,654,226	1,595,079
Debt Ratio (B ÷ A)		41%	42%
Debt to Equity Ratio (B ÷ C)		65%	67%

* Total net position is equal to total assets and deferred outflows of resources – total liabilities and deferred inflows of resources.

Window To The Future

Active in Downtown Glendale

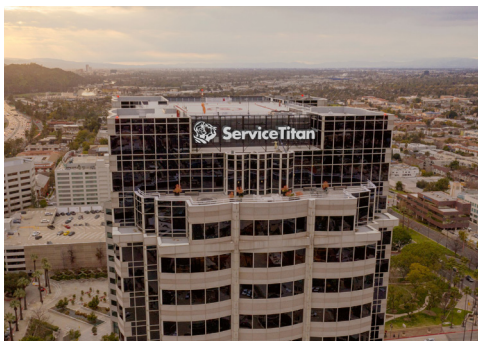
Glendale is a booming cosmopolitan city with a diverse business community, a range of urban living options, and an amenity rich downtown. Glendale's vertical trajectory –with ground-up development as well as increases in occupancy rates and sales tax numbers – continues to demonstrate the City's strong position as a premier place to live, work, study, and play.

Hotel Development

The City's bustling downtown is a destination in its own right, attracting a steady stream of travelers year-round. With close proximity to Hollywood Burbank Airport, travel for both business and pleasure is easy and convenient. First-rate hotels now include Hilton, Embassy Suites, Hyatt Place and Hampton Inn. Coming soon to the Glendale market are Tribute, AC Hotel, and Hotel Louise, with more on the horizon. In 2019, plans were submitted for a 25-story luxury hotel, an 800+ room hotel, and a boutique hotel in North Glendale at the historic Rockhaven Sanitarium.

Start-Up Ecosystem

Glendale's dynamic ecosystem of technology and innovation consists of a wide range of established companies to young start-ups. The recent addition of Industrious and WeWork, high-end co-working spaces, is a testament of our growing tech community. In 2019, the City continued its efforts to support this growth through programing such as monthly Tech on Tap Meetups and by hosting its largest Glendale Tech Week to date, which attracted over 5,500 attendees to more than 50 events held Citywide. This ecosystem got an additional boost with the receipt of a $1 million State grant to develop a Start-Up Accelerator, set to launch in 2020.



Class A Office Space

Glendale is home to major corporations such as DineEquity, Avery Dennison, CBRE L.A. North Industrial Team, the Walt Disney Company and Animation Studios, DreamWorks Studios, KABC-7, Public Storage, LegalZoom, Univision Communications, and Whole Foods Market Western Regional offices. In 2019, a home grown start-up, Service Titan, announced its expansion to a second location in Glendale. Other expansions and additions include Age of Learning, DISQO, PickTrace, and Beyond Limits.

Asset Management

The City continues to explore the highest and best use of its assets, including parks, parking lots, retail units, and underutilized sites, such as the Rockhaven Sanitarium. Progress was made in several placemaking projects, including the reimagining the Arts & Entertainment District and the redesign of the Central Park Block. Looking ahead to 2020, the City will continue to advance efforts to support the construction of the Armenian-American Museum and Cultural Center, and to improve the Arts & Entertainment District through infrastructure, landscaping and public art improvements.

City By The Numbers

Property Tax Rate	1.0864%
Unemployment Rate	4.4%
Standard & Poor's Bond Rating	AA+, AA & AA-
Moody's Bond Rating	Aa2, Aa3 & A1
Fitch Bond Rating	AA+, AA & A+
Current Ratio	7.65 times
Debt Ratio	41%
Total Assets	$2.6 billion
Deferred Outflows of Resources	$107 million
Total Liabilities	$1.1 billion
Deferred Inflows of Resources	$21 million
Net Position	$1.7 billion
Population	206,283
School Enrollment	44,112
Percent High School Graduate or Higher	85.9%
Per Capita Personal Income	$31,919
Total Personal Income	$6.6 billion
Median Age	41.2
Adopted Annual Budget FY 2018-19	$887 Million
City Website	http://www.glendaleca.gov
City Address	613 E. Broadway, Glendale, CA 91206
City Phone	(818) 548-4844

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