

# INTRODUCTORY SECTION

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

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





## CITY OF GLENDALE, CALIFORNIA

Finance

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November 18, 2022

Honorable Mayor and Members of the City Council:

It is our pleasure to submit the Annual Comprehensive Financial Report of the City of Glendale (the City) for the fiscal year ended June 30, 2022.

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

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

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

### **Profile of the City of Glendale**

The City of Glendale is located northeast of Los Angeles in the foothills of the San Gabriel Mountains. The City was incorporated on February 16, 1906 under the general laws of the state of California. The City Charter was adopted on March 29, 1921. The City provides the full range of municipal services. This includes public safety (police, fire and paramedic), streets and 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.

Noted for its high quality of life and fiscal stability, Glendale is the fourth largest city in Los Angeles County, encompassing 30.6 square miles and serving over 193,000 residents. The City operates under a council-manager form of government, with a five-member council elected at large to four-year overlapping terms, in addition to an elected City Clerk and City Treasurer. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible for passing ordinances, adopting the budget, appointing various boards and commissions, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

## **Factors Affecting the Glendale Economy**

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

**The Local Economy** – Continued capital investment is seen throughout the City in the form of business expansion as well as business attraction due to Glendale’s central location, public safety record, and robust business environment. The implementation of the Glendale Tech Strategy continues to strengthen local tech firms such as Service Titan, Age of Learning, Legal Zoom, DISQO, Cisco Systems, and Avery Dennison, in addition to media tech companies such as the Walt Disney Company, Loop Media, Fuse, Revry, ABC7, and Benztown. Also of note, are Glendale’s regional shopping centers, the Glendale Galleria, Americana at Brand, and Brand Boulevard of Cars. Several recently completed development projects provide approximately 3,500 new residential units and thousands of square feet of commercial development. Hotel development, and the budding return of tourism following Covid-19, are also on the rise. The city’s hotel supply is slowly refreshing with the recent new additions of the Glenmark Hotel and Residence Inn by Marriot Los Angeles who has joined other major brands like Embassy Suites and Hilton. Hotels are supported by strong corporate presence and the three local hospitals. Such investments by the business community indicate 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.

**Economic Development Highlights** – The City focuses on collaborative strategies to create jobs, generate revenue, support entrepreneurs, and improve the quality of life for residents, the business community, and visitors of Glendale. Throughout the years, the City has encouraged economic development through proactive efforts to target and attract businesses, reduce Class A office vacancies, provide support to existing businesses through concierge services, support the workforce development program that is operated by the Verdugo Jobs Center; promote City-wide branding and marketing efforts, and adopt strategic planning methods. Economic Development accomplishments for FY 2021-22 were focused around three main goals:

- 1. Asset Management** – Glendale actively employs ways to provide additional value of City assets through proactive, profitability-focused management practices. The priority was to achieve the highest and best use of City facilities through an effective asset management strategy. Accomplishments include:
  - Advanced the imagination of the Arts & Entertainment District by working with urban design firm Studio111 to provide placemaking, landscape and urban design services. Construction is set to begin in Spring 2023 and complete in Fall 2023.
  - Implemented a pop-up retail program in the Artsakh Retail Units at 117-131 N. Artsakh Avenue featuring:

Round 1 participants included:

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

Round 2 participants included:

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

**2. Business Attraction** – The City is committed to attracting business and investment to Glendale in an effort to create a diverse economy. This is done through Business Concierge services and fast-track permitting, broker relationships, site selection assistance, utility consultation, and connecting potential businesses with resource marketing campaigns and support. The priorities were to establish an 18-hour city and the furtherance of the Tech Strategic Plan. Accomplishments in business attraction include:

- Advanced the Glendale Tech Strategy by fostering an ecosystem of entrepreneurial growth in the city with the launch of the Children’s Hospital Los Angeles KidsX Accelerator and the Hero House Gateway to Glendale Accelerator. Both operators successfully completed their cohort year with success stories from the participating companies.
- Glendale Tech Week celebrated its fifth year with hybrid events attracting over 200 attendees virtually and in-person.
- Despite the COVID-19 Pandemic, Economic Development continued to build on the 18-hour city concept by assisting new businesses to open their doors in Glendale: Amazon Style, Gus & Andys, Caramom, Toasted Café, Glenwood Smokehouse, Tacos Los Develados, District Pub. More exciting retailers and restaurants are in the pipeline for 2022-2023.

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

- Implemented a permanent AI Fresco Program in the Montrose Shopping Park District to allow expansion of outdoor restaurant dining.
- Finalized the design concept to implement a permanent AI Fresco Program in the Downtown Glendale Association area to allow expansion of outdoor restaurant dining.
- Provided \$5,000 Small Business Recovery Grants to assist with business operation costs. A total of \$655,000 was distributed to 131 small businesses from July 1, 2021 - December 31, 2021.

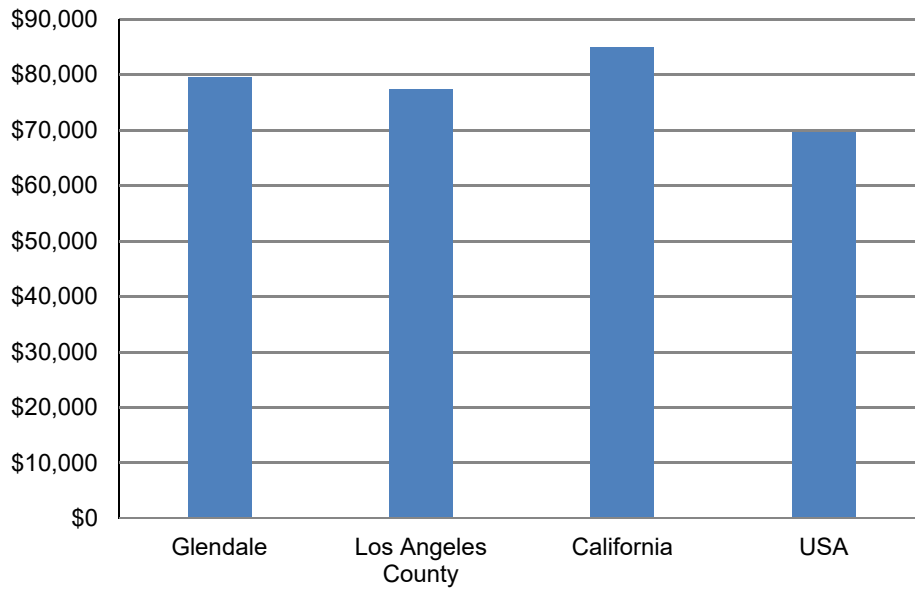
**Employment** – According to the data obtained from the California State Department of Finance Demographic Research Unit, the population for the City of Glendale as of January 1, 2022 is 193,116, representing a year over year decline of 0.77%. However, the City of Glendale remains the fourth largest city in the Los Angeles Basin and ranks 24 in California, according to the same report. 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 the 102,600 recorded in August 2021, according to the Employment Development Department Labor Market Information Division (EDD-LMID). Overall, the City of Glendale has lost 4,700 workers from its labor force since the beginning of the pandemic, representing 4.5% of its labor force.

According to 2020 U.S. Census, American Consumer Survey (ACS) Five-Year Estimates, occupational employment data shows the following results for residents of Glendale:

- 46,315 Glendale residents were employed in management, business, arts, or science occupations;
- 21,832 were employed in sales and office occupations;
- 14,396 were employed in service occupations;
- 8,390 were employed in production and transportation; and
- 5,380 were employed in natural resources, construction, and maintenance occupations.

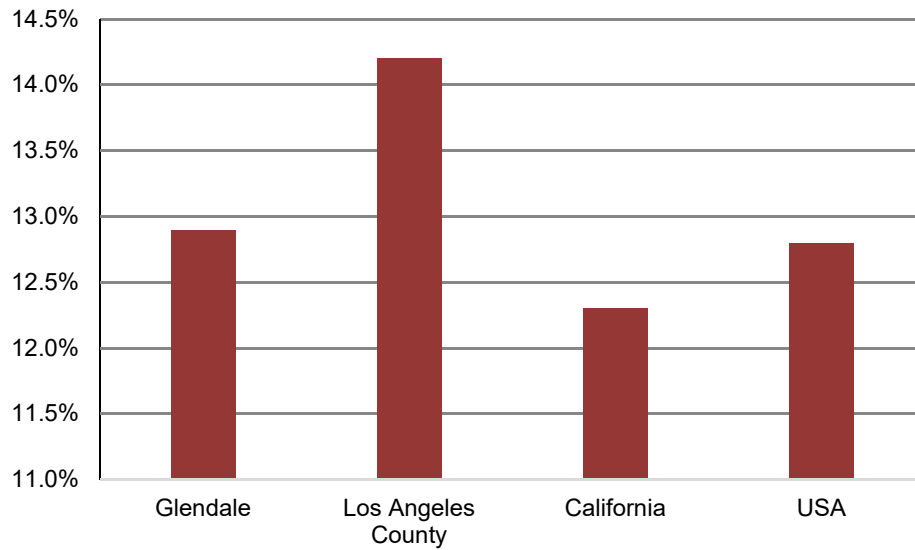
The median household income for Glendale residents recorded at \$79,633, and the poverty rate was at 12.9%, according to 2021 U.S. Census, American Consumer Survey (ACS) One-Year Estimates. In comparison, Glendale holds a higher median income than Los Angeles County and nationwide, but lower than California. Glendale's poverty rate is lower than Los Angeles County, but is slightly higher than California's rate and the national rate.

### Median Household Income Comparison



2021 U.S. Census ACS, One-Year Estimates

### Poverty Rate Comparison



2021 U.S. Census ACS, One-Year Estimates

**Unemployment Levels** – In December 2007, at the start of the Great Recession, the Glendale unemployment rate was 4.8%; by the (reported) end of the Recession in June 2010, the rate had peaked to 10.1% and declined to 8.1% in June 2013, demonstrating the recovery period following the Recession. The Glendale unemployment rate again measured 4.8% in June 2018, equaling its pre-recession level and as of December 2019, the unemployment rate recorded at 3.9%. Due to the 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, double the peak rate during the Great Recession. The unemployment rate declined to 10.2% in August 2021. Recovery from the impact of the pandemic continues and nearly a year later, in July 2022, Glendale recorded an unemployment rate of 4.9%.

Glendale’s unemployment is just below the Los Angeles County (5.0%) for July, however it is higher than California (3.9%) and the national rate of 3.5%. Furthermore, it is important to note that the decline in labor force, reflecting the number of residents who have left the labor force, also impacts the slow recovery resulting from the COVID-19 pandemic.

**Industry Employment Status** – According to Dunn & Bradstreet, the top industries by employment are identified for 2022. The top six Glendale industries are:

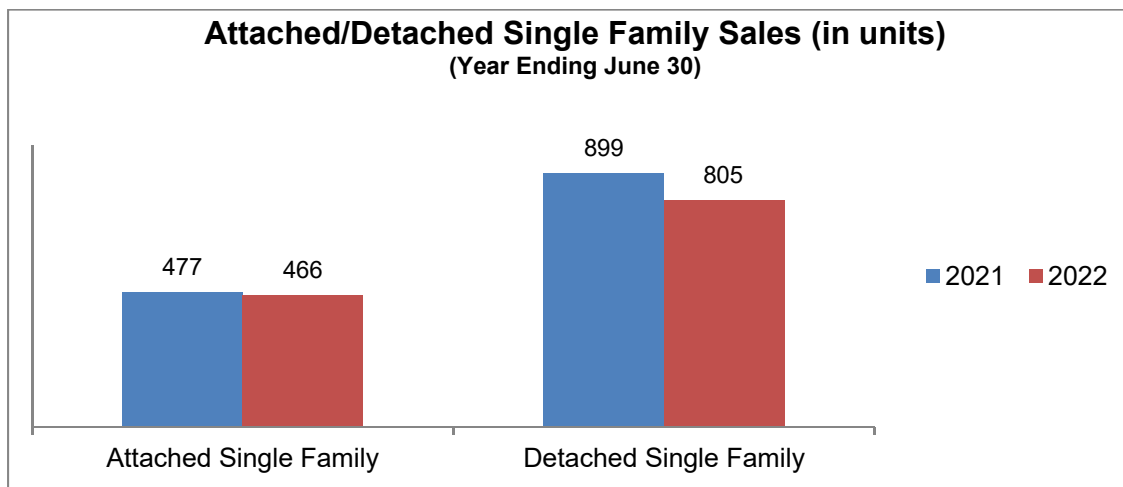
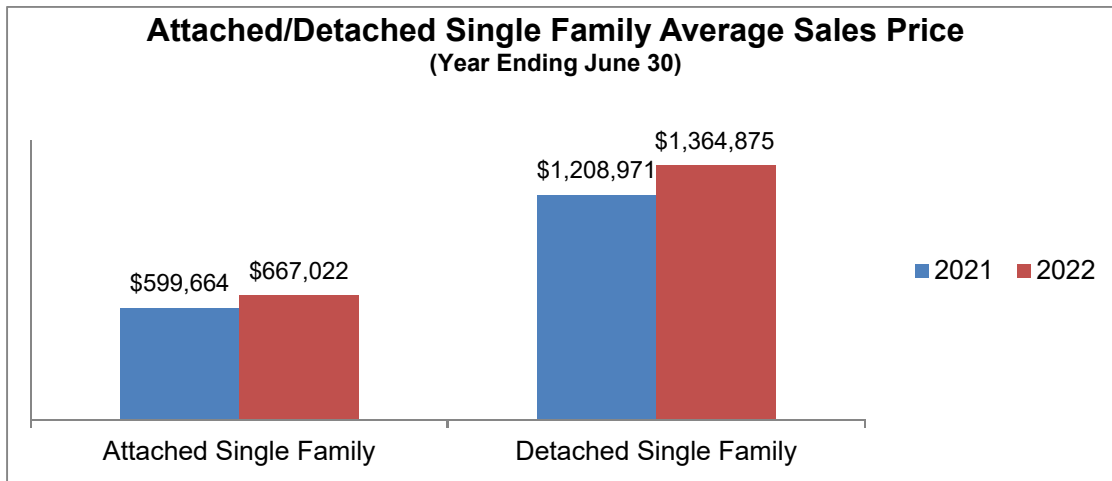
Industry	Employment	Median Annual Salary
1. Healthcare	20,400	\$52,010
2. Professional Services	11,620	\$113,950
3. Retail	10,560	\$42,690
4. Public Administration / Educational Service	10,360	\$78,320
5. Eating & Dining	8,210	\$25,700
6. Other Services	6,440	\$47,130

**Fastest Growing Occupations** – Current EDD-LMID projections delineate the 2018-2028 projections with the top 25 fastest growing occupations in Los Angeles County, along with the numeric and percentage increase:

Occupational Title	Numeric Change	Percentage Change
1. Personal Care Aides	94,090	46.3%
2. Rail Transportation Workers, All Other	40	40.0%
3. Other Personal Care and Service Workers	98,990	37.9%
4. Statisticians	400	37.4%
5. Physician Assistants	680	33.5%
6. Occupational Therapy Assistants	130	32.5%
7. Personal Care and Service Occupations	110,430	32.1%
8. Nursing Instructors and Teachers, Postsecondary	420	32.1%
9. Health Specialties Teachers, Postsecondary	1,160	31.8%
10. Nurse Practitioners	1,040	31.6%
11. Mathematical Science Occupations	1,210	30.0%
12. Speech-Language Pathologists	1,140	29.8%
13. Athletic Trainers	160	29.6%
14. Actuaries	120	28.6%
15. Marriage and Family Therapists	2,260	28.5%
16. Cooks, Restaurant	12,900	27.8%
17. Physical Therapist Assistants	370	27.8%
18. Operations Research Analysts	670	27.5%
19. Floor Layers, except Carpet, Wood, and Hard Tiles	300	27.3%
20. Substance Abuse, Behavioral Disorder, and Mental Health Counselors	2,640	27.1%
21. Software Developers, Applications	5,380	27.0%
22. Information Security Analysts	500	26.9%
23. Psychologists, All Other	160	26.2%
24. Sociologists	60	26.1%
25. Tile and Marble Setters	610	26.1%



**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 3.0%, which was less than the increase experienced countywide at 3.7%. 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.



## Local Government Finance

This 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. With loosened restrictions and increasing personal and business travel, hotel services have seen significant recovery over the past year as well. Consequently, Transient Occupancy Tax (TOT) revenues, which are received by hotels at the time of booking, have seen month-over-month growth in recent quarters. There is, however, a level of economic uncertainty that has begun to rise, such as supply chain disruption and record high inflation, leading to rising interest rates. Although the property tax receipts are estimated to increase due to an increase in the number of home sales in calendar year 2021 compared to 2020, the City’s projection factors in rising interest rates and expect the home sales to slow. Considering for these challenges, future revenue growth has been tempered for FY 2022-23 and beyond.

The total adopted budget for FY 2022-23, has reached \$1.1 billion for the first time in its history, which includes all City funds, departments, and programs. The General Fund's total budget is \$280.5 million, from which the City pays for services commonly associated with local government, such as police and fire services, libraries, parks, public works, housing, and economic development. This year's budget preparation focus remains on developing a balanced and fiscally responsible financial plan that best serves the needs of our community.

The American Rescue Plan Act (ARPA) signed into law on March 11, 2021 guarantees direct financial relief to local governments. The total City of Glendale allocation is \$43.5 million, which can be used for revenue loss replacement, infrastructure projects pertaining to water, sewer, and broadband, COVID assistance programs, as well as premium pay for essential employees up to \$13.00 per hour in addition to the compensation employees already receive, without exceeding \$25,000 per eligible worker. All funds received must be committed by December 31, 2024. In order to adopt a balanced General Fund budget, the City is projecting to use approximately \$18.0 million in ARPA funding in FY 2022-23.

### **Long-term Financial Planning**

**Financial Challenges** – It is no surprise that one of the largest expense obligations for the City is the cost for PERS, in particular the growing unfunded actuarial liability (UAL), which is continuing to be a cause of concern for the City. To mitigate rising PERS costs, the City Council took a proactive step by voting to establish a Section 115 Pension Rate Stabilization Trust at the time of the FY 2017-18 budget adoption. Since the establishment of the Trust, the City Council authorized the initial deposit of \$26.5 million in FY 2017-18 and an additional deposit of \$5.5 million in FY 2019-20, for a total deposit of \$32 million of one-time surplus revenues. The total ending balance as of June 30, 2022, is \$34.5 million which provides a 2.1% average annual rate of return. The Section 115 Trust allows the Council to determine when these funds will be used to offset future pension increases. It is anticipated that these funds will be used within the next three to five years, as determined by future budget forecasts.

The City's beginning General Fund unassigned & charter reserve fund balance as of July 1, 2022 is \$90.9 million, a reserve of 32.4% of the FY 2022-23 adopted appropriation of \$280.5 million. The adopted General Fund revenues in the amount of \$262.0 million and appropriations in the amount of \$280.5 million, along with the projected use of Economic assigned fund balance and anticipated use of approximately \$18.0 million in ARPA Funds, present a balanced budget for FY 2022-23, keeping the reserve and corresponding reserve percentage unchanged for the period. While the City's General Fund is balanced with a healthy reserve until FY 2023-24, primarily due to the projected use of ARPA funds, beginning with FY 2024-25 the City is projecting to dip into its reserves in order to cover the gap between the anticipated resources and expenditures for the outer years.

In recent years, forecasting has taken a vital role in Glendale's budget planning, prompting us to make appropriate budget adjustments during the year to successfully meet upcoming challenges. As Glendale continues to streamline its operations and enhance its quality of service, the organization must maintain balance by looking at long-term sustainability, closely monitoring cost-drivers, and adapting to changes. Our goal is to restore, build, and maintain our programs, infrastructure, and services, and not to revert to traditional patterns and processes. With the City Council's vision and a team of high-quality, ethical professionals, we will continue to provide exceptional customer service and uphold the quality of life that is unique to Glendale.

**Cash Management** – 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.

The following table presents a comparison of the City's cash and investments (fair value) for previous four fiscal years.

	Fiscal year ended June 30,			
	2022	2021	2020	2019
Cash and investments	\$ 1,071,465,000	1,019,915,000	961,455,000	923,902,000

**Risk Management** – The City is self-insured up to \$5 million for claims filed under the comprehensive general liability and \$2 million for workers' compensation insurance programs. The City purchases excess liability insurance policies for general liability claims to cover losses up to \$27 million, and an amount up to statutory limits for the workers' compensation program. The City also purchases errors & omissions employment practices, law enforcement liability property, aviation, employee dishonesty, cyber security, and other smaller insurance policies for specific activities. Insurance coverage and the associated premiums are reviewed annually to ensure the City is properly covered.

The City's risk management program is comprised of insurance services and employee safety. The primary goal of insurance services is to effectively address potential risk factors that affect both the City and its employees. The safety section works with city departments to evaluate and mitigate workplace hazards, assist in providing safety training, conduct accident investigations, and ensure compliance with Cal/OSHA regulations.

Risk management staff, in conjunction with the finance department, annually reviews internal funding levels to address claims costs. Internal insurance costs are charged to each department and based on analysis of recent claims costs, as well as the outstanding reserves. Input from an actuarial study, performed annually, is considered in assessing the charges.

## Independent Audit

The City's financial statements have been audited by the firm of CliftonLarsonAllen LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide an opinion on whether the financial statements of the City of Glendale, California for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Glendale, California's basic financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Their unmodified opinion on the City's basic financial statements is included within this report.

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

## **Award**

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its annual comprehensive financial report for the past twenty-seven fiscal years ended June 30, 1995 through June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

## **Acknowledgments**

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

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

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, reading "Jason Bradford". The signature is written in a cursive, flowing style.

JASON BRADFORD, CPA  
DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY

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# OFFICIALS OF THE CITY OF GLENDALE

## Administration and Executive Management Team

City Manager

Roubik Golanian

Assistant City Manager

John Takhtalian

City Clerk

Suzie Abajian

Chief Human Resources Officer

Paula Adams

Chief Innovation Officer

Elena Bolbolian

Director of Finance & Information Technology

Jason Bradford, CPA

Director of Community Services & Parks

Onnig Bulanikian

Director of Community Development

Bradley Calvert

Director of Public Works

Yazdan Emrani

Fire Chief

Timothy Ernst

City Attorney

Michael J. Garcia

Acting Police Chief

Andrew Jenks

City Treasurer

Rafi Manoukian, CPA

Director of Library, Arts & Culture

Gary Shaffer

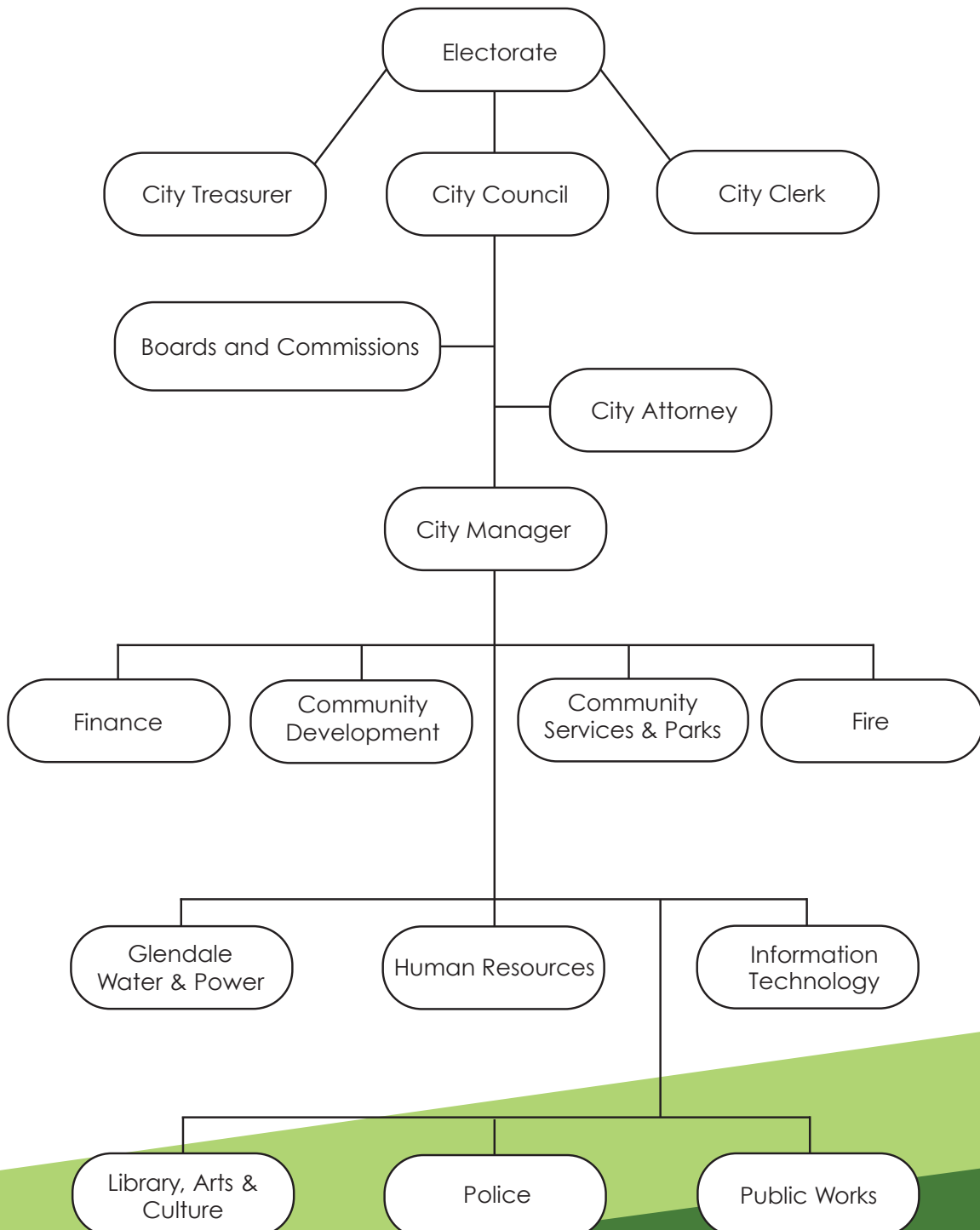
General Manager of Glendale Water & Power

Mark Young

CITY OF GLENDALE, CALIFORNIA  
NOVEMBER 2022

# City of Glendale, California

## ORGANIZATIONAL CHART



# CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glendale for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the 27th consecutive year that the City of Glendale has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Glendale  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



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