

NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements present the financial results of the City of Glendale, California (the City) and its component units as required by generally accepted accounting principles in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has two component units: the Glendale Housing Authority (the Housing Authority) and the Glendale Municipal Financing Authority (the Municipal Financing Authority). The City Council serves as the Board of the Housing Authority and the Municipal Financing Authority. Management of the City has operational responsibility for the Housing Authority and the Municipal Financing Authority as these component units are essentially managed in the same manner as other City departments. Also, the Municipal Financing Authority provide financial services entirely to the City. Therefore, these entities are reported as blended component units within the City's annual comprehensive financial report. Both the City and its blended component units have a June 30 year-end.

Component Units

The Housing Authority was established by the Glendale City Council in 1975. The Housing Authority administers nine affordable housing program funds on behalf of the City, including (1) the Department of Housing and Urban Development (HUD) Housing Assistance Fund (often called "Section 8"), (2) the HUD HOME Grant Fund, (3) the HUD Continuum of Care Grant Fund, (4) the Affordable Housing Trust Fund that receives density bonus, inclusionary and other local affordable housing funds, (5) the state funded BEGIN Affordable Homeownership Fund, (6) the Low and Moderate Income Housing Asset Fund, (7) 2011 TABs Housing Fund, and (8) the Housing Development Impact Fee Fund, and (9) the Permanent Local Housing Allocation Fund. The Housing Authority's mission is to provide decent, safe, and sanitary dwellings for low to moderate income families, to preserve existing affordable housing, and to increase the supply and quality of new affordable housing. The Housing Authority's financial data and transactions are included within special revenue funds and capital project fund, and no separate financial report is issued for the Authority.

The Municipal Financing Authority was established on April 9, 2019, by a joint powers authority between the City of Glendale and the Housing Authority. The stated purpose was to assist in refinancing the 2000 Variable Rate Demand Certificates of Participation under the Financing Authority. On June 25, 2019, the Municipal Financing Authority issued \$24,925 fixed-rate bonds to refinance the 2000 Variable Rate Demand Certificates of Participation. The Municipal Financing Authority's financial data and transactions are included within the Police Building 2019 Lease Revenue Refunding Bonds Fund, and no separate financial report is issued for the Municipal Financing Authority.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except for the fiduciary fund. The effect of interfund activity has been removed from these statements except for the interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and the fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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The accounts of the City are organized by funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses, as appropriate. The City reports a total of 75 funds, which are comprised of the General Fund, 4 fiduciary funds, 37 special revenue funds, 1 debt service fund, 11 capital project funds, 6 enterprise funds and 15 internal service funds.

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used, current liabilities are assigned to the fund from which they are paid, and the difference between governmental fund assets and deferred outflows, and liabilities and deferred inflows is the fund balance.

The following comprise the City's major governmental funds:

- General Fund: Used to account for all financial resources, except those required to be accounted for in another fund.
- Housing Assistance - Special Revenue Fund: Used to account for monies received and expended by the City under Section 8 of the Federal Housing and Urban Development Act for housing assistance to low and moderate income families.
- Capital Improvement - Capital Project Fund: Used to account for financial resources used for major capital projects of the general government operations. The City has categorized the capital improvement fund as a major fund for public interest reasons. The City believes that this judgmentally determined major fund is particularly important to the financial statements users.

Other governmental funds consist of debt service funds which are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on long-term debt of the City of Glendale, special revenue funds which account for revenue derived from specific sources as required by law, regulation or commitment, and capital projects funds which are used to account for financial resources used for the acquisition of major capital facilities other than those financed by special revenue and proprietary funds.

Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- Sewer Fund – Used to account for operations and maintenance of the sewer system. A significant portion of the annual appropriation pays for the operation of two wastewater treatment facilities operated by the City of Los Angeles.
- Electric Fund – Used to account for the operations of the City-owned electric utility services.
- Water Fund – Used to account for the operations of the City-owned water utility services.

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Other nonmajor enterprise funds consist of Refuse Disposal, Fiber Optic and Fire Communication Funds. The Refuse Disposal Fund is used for the operations of the City-owned refuse collection and disposal services. The Fiber Optic Fund is used for the design and construction of the City-owned fiber-optic network backbone. The Fire Communication Fund is used for the monies received and expended, for the tri-city (Burbank, Glendale, and Pasadena) fire communication operations as the lead City.

Additionally, Internal service funds account for fleet management, technology and wireless equipment management and replacement, building maintenance, compensated absences, retiree health savings plan, other post-employment benefits, and risk management services (including claims for workers' compensation, general liability, medical, dental, vision, and unemployment) provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis. Effective FY 2023-24, the Employee Benefits Fund is renamed as Compensated Absences Fund to better reflect the purpose of the fund.

Fiduciary Fund Type

The fiduciary fund is used to account for resources held for the benefit of parties outside the City. The City maintains two different types of fiduciary funds. Private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in the trust that meets certain criteria. The City uses private-purpose trust fund to account for its Glendale Successor Agency Fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City uses custodial funds to account for its ICI System Fund and Unclaimed Evidence Fund. In January 2024, ownership of the assets of the Regional Housing Trust JPA Fund was transferred from the City's custody to the Burbank-Glendale-Pasadena Regional Housing Trust. As a result, the Regional Housing Trust JPA Fund is no longer a City's fiduciary fund after FY 2023-24. Please see detailed fund descriptions in the Custodial Funds section.

Since the resources of the fiduciary fund are not available to support the City's programs, it is not reflected in the City's government-wide financial statements. The accounting used for the fiduciary fund is based on the economic measurement focus and the accrual basis of accounting.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon after to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Under the modified accrual basis of accounting, expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other post employment benefits (OPEB), claims and judgments, are recorded only when payment is due.

Intergovernmental revenues are recognized in the period when all eligibility requirements imposed by the provider are met, and amounts are available.

Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash. However, since investment earnings are measurable and available, they are recorded as earned.

All property taxes are collected and allocated by the County of Los Angeles to the various taxing entities. Property taxes are determined annually on January 1st and assessed as enforceable liens on real property as of July 1st. Taxes are levied on both secured and unsecured property as it exists on record as of January 1st. The tax levy covers the fiscal period July 1 to June 30. The secured property taxes are due November 1st and February 1st and are delinquent if not paid by December 10th and April 10th, respectively. Property taxes on the unsecured roll are due upon receipt and become delinquent if unpaid on August 31st. Property tax revenues are recognized in the fiscal period for which they are levied and collected.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance or Net Position

Pooled Cash and Investments

The City combines the cash and investments of all funds into a pool except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund's portion of the pooled cash and investments is displayed on the governmental funds' balance sheets, the proprietary funds' statement of net position, or the fiduciary fund's statement of net position.

The City values its cash and investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee, adopted by the City Council and follows the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required more than normal operating needs.

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Interest income from the pooled cash and investments is allocated to all applicable funds on a monthly basis based upon the prior month-end cash balance of the fund and as a percentage of the month-end total pooled cash balance.

For purposes of the statement of cash flow of the proprietary fund types, cash and cash equivalents include all pooled cash and investments, restricted cash, designated cash, and cash with fiscal agents with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

Cash and Investments with Fiscal Agents

The City hired Bank of New York Mellon as its trustee or fiscal agent to oversee the implementation of a bond or trust indenture for the Glendale Municipal Financing Authority 2019 Lease Revenue Bonds, Electric Revenue Bonds and Water Revenue Bonds.

Investment-gas/electric commodity

As of June 30, 2024, the City holds \$9,023 of investment that involves simultaneous purchase and sell of physical California Carbon Allowances (CCAs) through an exchange traded platform that removes the majority of credit and financial risk from counterparties. The City purchases and holds the CCAs for a period of time and earn a fixed rate of return, and this derivative instrument is considered an investment and not hedging for accounting purposes.

Restricted Cash and Investments

Governmental Activities have \$102,232 in restricted cash and investments as of June 30, 2024. \$41,279 in the General Fund is for investments in the pension rate stabilization program that is invested in an Internal Revenue Code Section 115 Trust Fund. \$60,953 in the Landfill Postclosure capital project fund is for the post-closure maintenance cost of Scholl Canyon landfill.

Electric Fund has \$116,573 in restricted cash and investments as of June 30, 2024. \$64,947 is for the unspent bond proceeds of Electric Revenue Bonds, 2024 Series. \$50,949 is for the environmental compliance mandated by the California Air Resources Board (CARB) dedicated to the reduction of carbon emissions and provide educational programs for the improvement of public health in Glendale. \$677 is for low carbon fuel standard program offered by the California Air Resources Board (CARB) to reduce the carbon intensity of transportation fuels used in California and provide local EV programs, including education, outreach, installation of public EV charging infrastructure and EV rebate programs.

Designated Cash and Investments

The cash reserve policies for the Electric Fund and the Water Fund were first established in 2003. Its provisions call for an annual review to determine if the recommended levels are sufficient. The annual review of the cash reserve policy for the Electric Fund as of June 30, 2024 established a target of \$124,100 in the following categories: \$57,700 for operating reserve, \$40,400 for contingency reserve; \$10,000 for rate stabilization reserve, and \$16,000 for gas reserve project. As of June 30, 2024, \$124,100 was reserved in the Electric Fund. The annual review of the cash reserve policy for the Water Fund as of June 30, 2024 established a target of \$61,518 in the following categories: \$44,721 for operating reserve, \$15,303 for contingency reserve; and \$1,494 for rate stabilization reserve. As of June 30, 2024, \$11,300 was reserved in the Water Fund in the following categories: \$3,800 for operating reserve, \$6,500 for contingency reserve, and \$1,000 for rate stabilization reserve.

As of June 30, 2024, the City has designated cash and investments of \$9,000 with Southern California Public Power Authority (SCPPA) for future use in power purchase projects. As of June 30, 2024, the City has designated cash deposits of \$18,254 with StoneX Financial Inc. for physical and financial transactions (exchange traded) to help offset and manage overall exposure to price fluctuations in power, gas, and emission commodities, which represents the City's implementation of a program to purchase and sell options, calls and puts, in natural gas futures contracts and power and emission commodities at strike prices and allow the City to stabilize the ultimate price of natural gas and emission commodities for the City's power plant.

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Receivables

Interest Receivable – The City accrues interest earned but not received.

Accounts Receivable – These are comprised primarily of revenues that have been earned but not yet received by the City as of June 30th from individual customers, private entities, and government agencies. This account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures or expenses incurred but not yet reimbursed by the grantors. Also, included in this amount are property taxes, sales taxes, to name a few, are earned but not received as of June 30th of each year. In addition, it includes charges for utility and other services provided to customers prior to year-end but not billed as of June 30th because of the billing cycle timing. Management determines the allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivable, delinquent notices are sent out to customers with outstanding balances after 30 days. Outstanding accounts over 60 days are forwarded to a collection agency. As of June 30, 2024, allowance for doubtful accounts included in the accompanying financial statements are as follows: government-wide governmental activities \$417, government-wide business-type activities \$1,412, Housing Assistance fund \$366, non-major governmental funds \$51, Sewer fund \$104, Electric fund \$1,120, Water fund \$103 and non-major enterprise funds \$85.

Loans Receivable – The City has loans receivable from the various Glendale residents and organizations for affordable housing assistance. See Note 4 for more information.

Lease Receivable – The City measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

PPP (Public-Private and Public-Public Partnership) Receivable – The City measures PPP receivable at the present value of the installment payments expected to be received during the PPP term. Interest revenue is recognized ratably over the contract term.

Interfund Transactions

Interfund services provided and used would be treated as revenues and expenditures or expenses if the funds are involved. External organizations to the City's government are accounted for as revenues, referred to as seller funds, and expenditures or expenses, referred to as purchaser funds, in the funds involved. For the fiscal year ended June 30, 2024, the General Fund recorded \$19,035 as interfund revenue for general government services provided to other funds.

Due to/from Other Funds are used when a fund has a temporary cash overdraft. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transfers in or out are authorized budgetary exchanges of cash between funds.

Inventories and Prepaid Items

Inventories, consisting primarily of construction and maintenance materials as well as tools held by the Electric Fund, are stated at cost, using the weighted average cost method or disposal value. Inventory shown in the General Fund and the Fleet/Equipment Management Fund consists of expendable supplies held for consumption. The consumption method of accounting is used where inventory acquisitions are recorded in inventory accounts initially and charged as expenditures when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method, such as insurance, energy purchases, rent, etc.

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Capital Assets

Capital assets including land, buildings, improvements, mobile equipment, equipment, intangible, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, street lights, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide and respective proprietary fund financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of \$10 or \$100 in aggregate and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund, special revenue and capital project funds, and as assets in the government-wide financial statements to the extent the City's capitalization is met. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Building and improvements, infrastructure and equipment assets are depreciated using the straight-line depreciation at the beginning of the following fiscal year over the following estimated useful lives:

Capital Assets	Years
Building and Improvements	
General Structure and Parking Lot Landscaping Improvements	10
Building and Parking Lot Improvements	20
Land Improvements	30
Buildings, Parks and Wastewater Capacity Upgrades	40
Transmission-Off System	50
Reservoir	65
Local Sewer System	80
Machinery and Equipment	
Copier, Computer Systems	3-5
Police Patrol Cars	3-4
SUV, Motorcycles, Passenger Cars	3-8
Trucks, Cargo Vans, Street Sweepers	6-10
Dump/Tractor Trucks	10-12
Helicopters	20
Trailer Trucks/Emergency Response Engines	10-20
Intangible	
Wastewater Treatment Plan and Conveyance System Facilities	40
Computer Software	2-8
Infrastructure (non-sewer)	
Traffic Signals	15
Potable-Services	20
Supply-Mains and Wells	25
Supply-Structure Improvements	30
Supply-Springs, Tunnels, and Potable-Hydrants	40
Streets, Paved Streets, Paved Alleys and Sidewalks	50
Potable-Mains	75

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25-year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005, with the total cost to the participants at \$306,100. The City's initial share in the project was \$13,178 or 4.26%. Subsequently, capital drilling costs of \$8,998

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had been capitalized. As of June 30, 2024, the balance for Natural Gas Reserve Project, net of accumulated natural gas depletion was \$6,365.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets, which include land, structures, mobile equipment, and equipment, follow the same capitalization threshold of \$10 as capital assets. Lease assets are reported in the applicable governmental and business-type activities columns in the government-wide and respective proprietary fund financial statements. Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentive received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease asset into service. Lease assets are amortized using a straight-line amortization over the shorter of the lease term or useful life of the underlying asset.

SBITA (Subscription-Based Information Technology Arrangements) assets represent the City's control of the right to use another party's Information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITA assets, follow the same capitalization threshold of \$10 as capital assets. SBITA assets are reported in the applicable governmental and business-type activities columns in the government-wide and respective proprietary fund financial statements. SBITA assets are recorded at the amount of the initial measurement of the SBITA liabilities and modified by any SBITA payments made to the SBITA vendor at or before the commencement of the SBITA term, less any SBITA incentive received from the SBITA vendor at or before the commencement of the SBITA term along with any initial direct costs that are ancillary charges necessary to place the SBITA asset into service. SBITA assets are amortized using a straight-line amortization over the shorter of term of the arrangement or useful life of the underlying asset.

Long-term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary and fiduciary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the governmental funds' statement of revenues, expenditures and changes in fund balances, issuance of debt is recorded as other financing source or use in the respective fund. Issuance costs and payment of principal are reported as debt service expenditures.

Lease Payable

Lease payable represents the City's obligation to make lease payments arising from the lease. Lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

Subscription Payable

Subscription payable represents the City's obligation to make subscription payments arising from subscription-based information technology arrangements (SBITA). Subscriptions payable is recognized at the commencement date based on present value of expected SBITA payments over the SBITA term, less any SBITA incentives. Interest expense is recognized ratably over the contract term.

Pension

For purposes of measuring the net pension liability and deferred outflows or inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plan's) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable by the benefit terms.

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Investments are reported at fair value. All pensions are liquidated out of each respective funds that the payroll time was allocated to during that payroll period. Pension liabilities are liquidated from the related employees' home programs, with the majority funded out of the General Fund and the Electric Fund. See Note 8 for more information.

Compensated Absences

The total compensated absences liability for the City is \$44,631 which is comprised of liabilities from two internal service funds: Compensated Absences Fund and Retiree Health Savings Plan Benefits Fund.

The City records the expense and liability for its employees' earned but unused accumulated vacation and comp time in the Compensated Absences Fund. As of June 30, 2024, the liability is \$20,412, and the City has \$19,885 available in cash dedicated to this liability in the fund.

The City also provides sick leave conversion benefits through the Retiree Health Savings Plan (RHSP). Employees' unused sick leave hours can be converted to a dollar amount and deposited in the employees' RHSP account at retirement or termination with 15 or 20 years of City service, based on the memoranda of understanding agreements between the City and the unions. The account is used to pay healthcare insurance premiums and eligible medical expenses for the retiree and dependents. The sick leave conversion rates range from \$0.025 to employees' hourly pay rate for each hour of sick leave balance, based on the memoranda of understanding agreements between the City and the unions. The sick leave conversions related expense and liability are recorded in the Retiree Health Savings Plan Benefits Fund. As of June 30, 2024, the actuarial accrued liability is \$24,219, and the City has \$16,407 available in cash dedicated to this liability in the Fund. The actuarial accrued liability of June 30, 2024 is estimated based on most recent actuarial valuation report as of June 30, 2023, adjusted for actual benefit payments made in FY 2023-24, assuming no gains/losses and no changes in methods or assumptions.

Changes in the City's compensated absences liability as of June 30, 2024 were as follows:

Balance at June 30, 2023	Benefits earned	Usage	Balance at June 30, 2024	Due within One Year
\$ 32,426	18,289	6,084	44,631	2,792

Compensated absences are primarily liquidated by the respective internal service funds.

Other Post Employment Benefits (OPEB)

The City's defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The General Fund, Electric Fund and Water Fund are generally used to liquidate the OPEB liability. See Note 9 for more information.

Unearned Revenue

The unearned revenue liability reports amounts are received in advance of providing goods or services. When the goods or services are provided, this account balance is reduced, and revenue is recognized.

Property Held for Resale

Land and buildings acquired for future sale to developers have been capitalized and are shown as real property held for resale in the accompanying financial statements. Property held for resale is carried at the lower of cost or net realizable value (realizable value less cost to sell).

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Fund Balance

Fund balance classifications for governmental fund types comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, the governmental funds may report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds.

- Nonspendable fund balances cannot be spent because they are in a nonspendable form, or are required to be maintained intact.
- Restricted fund balances are restricted for specific purposes by third parties or enabling legislation.
- Committed fund balances include amounts that can be used only for specific purposes determined by the formal action through a resolution of the City Council, as they are the highest level of decision-making authority. Council must have at least a 3 to 2 vote to pass a resolution for the specific purpose. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
- Assigned fund balances comprise amounts intended to be used by the City for specific purposes but are not restricted or committed. The City Council, in the City's most recently adopted budget resolutions, has delegated the authority to assign fund balances to the City Manager or his/her designee. The financial policies of the City are also updated to reflect this delegation of authority.
- Unassigned fund balances are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the City's policy to spend restricted resources first then unrestricted resources as necessary. When unrestricted resources are available for incurred expenditures, it is the City's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

Net Position

The net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by non-debt capital related liabilities, added or reduced any deferred outflows/inflows of resources that is capital debt related, and reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, excluding unspent debt proceeds. The net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation externally adopted by the citizens of the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then the unrestricted resources as they are needed.

The government-wide statement reports \$1,353,831 of net investment in capital assets, \$332,801 of restricted net position, and \$167,958 of unrestricted net position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

not be recognized as an outflow of resources or expenses until then. For current or advance refunding resulting in defeasance of debt, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a loss, it is reported as a deferred outflow of resources and amortized to interest expense based on the straight line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When the City makes the pension contributions and OPEB payments after the measurement date, the City reports deferred outflows of resources. When there is an increase in pension and OPEB expenses arising from the recognition of changes in assumptions, differences between expected and actual experience, and difference between projected and actual earnings on pension plan investments, the City reports a deferred outflow of resources until the increase is recognized in expense. The City's deferred outflows of resources as of June 30, 2024 is \$201,053, which consists of \$3,093 loss on refunding, \$195,556 related to pensions, and \$2,404 related to OPEB.

In addition to liabilities, the statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources or revenues until then. For current or advance refunding resulting in defeasance of debt, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a gain, it is reported as a deferred inflow of resources and amortized to interest expense based on the straight line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When there is a decrease in pension and OPEB expense arising from the recognition of changes in assumptions and differences between expected and actual experience, the City reports a deferred inflow of resources until the decrease is recognized in expense. For leases that the City is the lessor, the amount of the initial measurement of the lease receivable is reported as a deferred inflow of resources, and amortized to lease revenue based on the straight line method over the lease term. For PPP that the City is the transferor, the amount of the initial measurement of the PPP receivable is reported as a deferred inflow of resources, and amortized to PPP revenue based on the straight line method over the PPP term. In the government-wide statement of net position, the City's deferred inflows of resources as of June 30, 2024 is \$59,456, which consists of \$5,020 gain on refunding, \$10,061 related to pensions, \$8,894 related to OPEB, \$33,518 related to leases, and \$1,963 to PPP. When a receivable is recorded in governmental fund financial statements but the revenue is not received within the availability period, the City reports a deferred inflow of resources until the revenue becomes available. The City has recorded deferred inflows of resources – unavailable revenues of \$213 in the General Fund, \$79 in the Housing Assistance Fund, and \$24,569 in the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget for the general, debt service, special revenue, enterprise, and internal service fund types. The City Council also annually adopts the capital improvement program for the capital projects funds. While the capital improvement program is planned on a ten-year basis, the City Council only approves and authorizes the budget for one year of the Capital Improvement Projects. The unspent capital improvement projects in the prior years' budget are carried forward into the new fiscal year. Therefore, an annual budget comparison on multi-year projects is impractical.

All proprietary fund types are accounted for on a cost of service method (net income); therefore, budget comparisons are impractical. Also, the City is not legally mandated to report the results of operations for these enterprise and internal service fund types on a budget comparison basis, and so budgetary data related to these funds have not been presented.

The City utilizes an "encumbrance accounting system," which is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, and appropriations in the General Fund lapse at the end of the year. Therefore, encumbrances are not reserved for commitments made, and year-end budget carryovers may be submitted for the remaining encumbrances. All commitments incurred will be paid with the new fiscal year's budget and all approved budget carryovers from the prior fiscal year, including capital project appropriation carry overs.

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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

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

- The City Charter requires that the City Manager submits to the City Council a proposed budget for the coming year on or before June 1st. The operating budget includes both the sources and types of funds for the proposed expenditures.
- In June, a public hearing is conducted to obtain citizen input, with the final budget being adopted on the same night as the public hearing or during a later date prior to July 1st.
- The budget is revised during the fiscal year to reflect all Council approved transfers and amendments.
- The level of appropriated budgetary control is at the fund level except for the General Fund, and any department shared project funds, which are controlled at the department level. Within each department or fund budget, the appropriation is further distributed across different categories such as, salary and fringe benefits, maintenance and operation, and capital outlay. There is no limit as to how much can be shifted between categories administratively as long as the total appropriation does not exceed the Council approved budget for each Fund.

The following fund over expended its appropriation as of June 30, 2024:

<u>Fund</u>	<u>Amounts Over Expended</u>
Affordable Housing Trust Fund	\$ 4

In FY 2023-24, there were hourly wages charged to the Affordable Housing Trust Fund that was not budgeted for which had contributed to the actuals being slightly higher than budgeted.

The General Fund Debt Service category related to leases and subscriptions have no budget, because budgets for the lease and subscriptions payments are appropriated at department level. Due to implementation of GASB 87 – *Leases*, and GASB 96 – *Subscription-Based Information Technology Arrangements*, the lease and subscription payments are reversed, and the principal and interest related to the leases and subscriptions are recorded at the debt service category.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

NOTE 3 – CASH AND INVESTMENTS

The City's cash and investments as of June 30, 2024 consist of the following:

Governmental and business-type activities:

Investments	\$ 1,114,252
Investment-gas/electric commodity	9,023
Cash and investments with fiscal agents	32,946
	<u>1,156,221</u>
Petty cash	13
Cash held in financial institutions	99,867
Total	<u>\$ 1,256,101</u>

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

Pooled cash and investments	\$ 832,673
Cash and investments with fiscal agents	32,946
Investment-gas/electric commodity	9,023
Restricted cash and investments	218,805
Designated cash and investments	162,654
Total	<u>\$ 1,256,101</u>

Fiduciary activities:

Cash and investments	\$ 42,397
Cash held in financial institutions	-
Total	<u>\$ 42,397</u>

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

Cash and investments	\$ 42,368
Restricted cash and investments	29
Total	<u>\$ 42,397</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements

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(in thousands)

Authorized Investments

Allowable investments for the portfolio of the City of Glendale are limited by California State Government Code Sections 53600 et seq. They are further restricted by the City Treasurer's investment strategy. Percentages of Investment Participation and percentages of Maximum Participation apply at the time of purchase. Purchase transactions may not exceed \$10,000, nor exceed five-year maturities. Exceptions can only be approved by the City Council. The City Treasurer may invest or deposit in the following types of investments:

	Maximum Maturity	Maximum Investment Participation	Maximum Investment Exposure
U.S. Treasury Notes	5 years	100%	None
Federal Agencies Securities	5 years	100%	None
State of California and California Local Agencies	N/A	15%	5% per issuer
Obligation of Other States	N/A	10%	5% per issuer
Medium Term Notes	5 years	30%	5% per issuer
Commercial Paper (A1, P1, F1 min. rating)	270 days	25%	None
Bankers' Acceptances (A1, P1, F1 min. rating)	180 days	30%	10% per bank
Time Deposits (FDIC Insured)	1 year	10%	5% per issuer
Negotiable Certificates of Deposit (A1, P1, F1 min. rating)	1 year	30%	5% per issuer
Local Agency Investment Fund (State Pool)	N/A	LAIF maximum (\$75,000 per account)	None
California Asset Management Program	N/A	CAMP maximum (set by the State)	None
Money Market Mutual Funds	90 days	20%	None
Los Angeles County Treasury Pool	N/A	10%	None

Investments Authorized by Debt Agreements

The provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds and reserve funds held by fiscal bond agents. Permitted investments are specified in related trust agreements.

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Interest Rate Risk

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

Governmental and business-type activities:

	Total	Remaining Maturity (in Months) as of June 30, 2024			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Federal Agency Term Notes	\$ 171,689	35,871	18,760	117,058	-
Federal Agency Callable Bonds	257,733	19,703	70,391	167,639	-
Commercial Paper	4,969	4,969	-	-	-
Medium Term Notes	148,806	15,358	18,631	114,817	-
Obligations of Other States	77,528	5,152	24,068	48,308	-
State and Municipal Bonds	85,884	18,023	14,899	52,962	-
State Investment Pool	902	902	-	-	-
CA Asset Management Program	191,899	19,899	-	-	-
Los Angeles County Pool	14,446	14,446	-	-	-
U.S. Treasury Notes	110,117	39,345	37,923	32,849	-
Investment Derivative Instrument	9,023	9,023	-	-	-
Held by Other Financial Institutions:					
Federal Agency Term Notes	3,968	3,968	-	-	-
U.S. Treasury Notes	2,495	2,495	-	-	-
Money Market Accounts	2,537	2,537	-	-	-
Section 115 Trust Fund:					
Money Market Accounts	1,461	1,461	-	-	-
Money Market Mutual Funds	39,818	39,818	-	-	-
Held by Fiscal Agents:					
Money Market Accounts	30,548	30,548	-	-	-
Guaranteed Investment Contracts	2,398	-	-	-	2,398
	<u>\$ 1,156,221</u>	<u>435,518</u>	<u>184,672</u>	<u>533,633</u>	<u>2,398</u>

Fiduciary activities:

	Total	Remaining Maturity (in months) as of June 30, 2024
		12 Months or Less
State Investment Pool	\$ 5,713	5,713
CA Asset Management Program	5,248	5,248
Money Market Mutual Funds	31,436	31,436
	<u>\$ 42,397</u>	<u>42,397</u>

Credit Risks

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City purchases investments only in the most risk-adverse instruments, such as Aaa rated government securities, Aaa, Aa or A-rated corporate securities, A1, P1, F1 rated commercial paper, negotiable certificates of deposit, and banker's acceptance securities. Investments in State of California and California Local Agencies must be rated "A" or better by a nationally recognized rating service. The City's Investment Policy requires the City to sell medium-term

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

notes with a credit rating below S&P's and Fitch's BBB grade or Moody's Baa2 unless the City Council approves the City Treasurer's recommendation that the security should be retained.

Governmental and business-type activities:

	Total	Moody's Rating as of June 30, 2024					
		Aa1	Aa2	Aa3	Aaa	P1	Unrated
Federal Agency Term Notes	\$ 171,689	-	-	-	171,689	-	-
Federal Agency Callable Bonds	257,733	-	-	-	257,733	-	-
Commercial Paper	4,969	-	-	-	-	4,969	-
Medium Term Notes	148,806	9,984	22,429	13,158	103,235	-	-
Obligations of Other States	77,528	34,222	23,886	-	19,420	-	-
State and Municipal Bonds	85,884	11,749	55,886	10,113	8,136	-	-
State Investment Pool	902	-	-	-	-	-	902
CA Asset Management Program	191,899	-	-	-	-	-	191,899
Los Angeles County Pool	14,446	-	-	-	-	-	14,446
U.S. Treasury Notes	110,117	-	-	-	110,117	-	-
Investment Derivative Instrument	9,023	-	-	-	-	-	9,023
Held by Other Financial Institutions:							
Federal Agency Term Notes	3,968	-	-	-	3,968	-	-
U.S. Treasury Notes	2,495	-	-	-	-	-	2,495
Money Market Accounts	2,537	-	-	-	-	-	2,537
Section 115 Trust Fund:							
Money Market Accounts	1,461	-	-	-	-	-	1,461
Money Market Mutual Funds	39,818	-	-	-	-	-	39,818
Held by Fiscal Agents:							
Money Market Accounts	30,548	-	-	-	30,548	-	-
Guaranteed Investment Contracts	2,398	-	-	-	-	-	2,398
	<u>\$ 1,156,221</u>	<u>55,955</u>	<u>102,201</u>	<u>23,271</u>	<u>704,846</u>	<u>4,969</u>	<u>264,979</u>

Fiduciary activities:

	Total	Moody's Rating as of June 30, 2024
		Unrated
State Investment Pool	\$ 5,713	5,713
CA Asset Management Program	5,248	5,248
Money Market Mutual Funds	31,436	31,436
	<u>\$ 42,397</u>	<u>42,397</u>

Concentration of Credit Risk

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

CITY OF GLENDALE

Notes to the Basic Financial Statements
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(in thousands)

Investments in any one issuer (other than U.S. Treasury notes, mutual funds, and external investment pools) that represent 5% or more of total City investments at June 30, 2024 are as follows:

Governmental and business-type activities:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLB	Federal Agency Callable Bonds	\$ 252,756
	Federal Agency Term Notes	152,183
	Total	<u>\$ 404,939</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government agency will not be able to recover its deposits or will not be able to recover investment securities that are in possession of an outside party. All of a depositor's accounts at an insured depository institution, including non-interest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250 for each deposit insurance ownership category. The amounts of deposits are collateralized under California law. The Code requires that a financial institution secures deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law unless waived by the governmental unit.

The custodial risk for investments is also twofold. An investment trade transaction occurs between a government agency and counterparty, such as a broker or a dealer. Counterparty risk is the risk that in the event of the failure of a brokerage or dealer to deliver securities after government agency has made payment. The City of Glendale prevents counterparty risk by requiring all trade transactions to be done on a delivery versus payment arrangement.

A government agency uses an independent third-party custodian or safe-keeper to domicile the securities in its portfolio. The City of Glendale uses Bank of America as its third-party safekeeping servicer, and prevents custodial or safekeeping risk by having all securities purchased and owned by the City of Glendale registered in the name of the City, separated from other client securities portfolios, and segregated from securities owned by the bank.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in this pool is reported in the accompanying financial statements at fair value based upon the City's pro-rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio, in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (CAMP) which is a permitted investment for all local agencies under California Government Code Section 53601. The City's investment in CAMP pool operates in a manner consistent with SEC Rule 2a-7, "Money Market Funds," of that Act. Accordingly, CAMP pool meets the definition of a "2a-7 like pool" set forth in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. CAMP is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Investment in Los Angeles County Pool

The City is a voluntary participant in the Los Angeles County Pooled Investment Fund (LACPIF) that is regulated by California Government Code Section 27136 and managed by the Los Angeles County Treasurer. The City's

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

investment in this Pool is reported in the accompanying financial statements of net position and prepared using the accrual basis of accounting. Investments are reported at fair value. The cash flow needs of the participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The balance available for withdrawal is based on the accounting records maintained by LACPIF. LACPIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Investment in Internal Revenue Code Section 115 Trust Fund

The City reviewed the City's obligation to fund the pension obligations and determined that it served the City's interests to prefund those benefits. In July 2017, the City Council approved and adopted the funding for a Pension Rate Stabilization Program IRC Section 115 Trust for \$26,500. In December 2019, the City Council approved and adopted an additional funding of \$5,500 into the Pension Rate Stabilization Program Trust Fund account held at U.S. Bank. In May 2021, the City combined the initial and additional funding in the same account with moderate allocation investment strategy. The Pension Stabilization Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund pension obligations. The Plan Discretionary Trustee is U.S. Bank and U.S. Bank has delegated investment management responsibilities to High Mark Capital Management, and Public Agencies Retirement Services (PARS) is the Trust Administrator. As of June 30, 2024, the City elected the Moderate investment approach with a blended investment objective strategy and the asset target allocations for this objective was 5% cash source, 50% equity and 45% fixed income.

The City's Section 115 trust fund account is reported as restricted assets and fund balance in the General Fund. The value of the trust as of June 30, 2024, was \$41,279 of which all was placed in cash, money market and money market mutual fund accounts.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF, CAMP and LACPIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City's treasury pools asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated fair value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The City does not have any investments that are measured using Level 1 and Level 3 inputs.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

As of June 30, 2024, the City has the following fair value measurements:

Governmental and business-type activities:

		Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total		
Investments by fair value level:				
Federal Agency Term Notes	\$	171,689	-	171,689
Federal Agency Callable Bonds		257,733	-	257,733
Commercial Paper		4,969	-	4,969
Medium Term Notes		148,806	-	148,806
Obligations of Other States		77,528	-	77,528
State and Municipal Bonds		85,884	-	85,884
U.S. Treasury Notes		110,117	-	110,117
Investment Derivative Instrument		9,023	-	9,023
Held by Other Financial Institutions:				
Federal Agency Term Notes		3,968	-	3,968
U.S Treasury Notes		2,495	-	2,495
Section 115 Trust Fund:				
Money Market Mutual Funds		39,818	-	39,818
Total investments by fair value level		912,030	-	912,030
Investments not subject to fair value hierarchy:				
State Investment Pool		902		
CA Asset Management Program		191,899		
Los Angeles County Pool		14,446		
Held by Other Financial Institutions:				
Money Market Accounts		2,537		
Section 115 Trust Fund:				
Money Market Accounts		1,461		
Held by Fiscal Agents:				
Money Market Accounts		30,548		
Guaranteed Investment Contracts		2,398		
Total investments not subject to fair value hierarchy		244,191		
	\$	1,156,221		

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Notes to the Basic Financial Statements
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(in thousands)

Fiduciary activities:

		Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments by fair value level:				
Money Market Mutual Funds	\$ 31,436	-	31,436	-
Total investments by fair value level	31,436	-	31,436	-
Investments not subject to fair value hierarchy:				
State Investment Pool	5,713			
CA Asset Management Program	5,248			
Total investments not subject to fair value hierarchy	10,961			
	\$ 42,397			

NOTE 4 – LOANS RECEIVABLE***Due from Glendale Unified School District – Glendale Successor Agency Private-Purpose Trust Fund***

In November 2003, under the provisions of SB 211, the Successor Agency extended the time limit to incur debt for the Central Glendale Project Area. Due to this extension, under state law, the Glendale Unified School District (GUSD) is entitled to receive a portion of the Central Project Area tax increment. As a means to fund an artificial turf/all-weather track renovation project for Moyse Field at Glendale High School, a proposal was made to loan the GUSD the net present value of their share of the Central Project Area tax increment, or approximately \$1,800. The increment that would have otherwise gone to the GUSD. As of June 30, 2024, the outstanding loan total is \$0.

Housing Loans Receivable

The Housing Authority has offered various housing loans to the residents of the City to create and maintain affordable housing for low and moderate income households. Four different types of housing loans are currently or were formerly funded from Community Development Block Grant (CDBG grant), HOME grant, Low and Moderate Income Housing Asset Fund (LMIHA) program income, and Building Equity and Growth in Neighborhoods Grant (BEGIN grant) funds. Certain Housing Authority loans will be forgiven or restructured when all requirements are met. Because of the uncertainty of collectability, the City has established a policy not to record forgivable loans on the financial statements. The non-forgivable loans are recorded on the financial statements.

- ***Single Family Home Rehabilitation Loan***

The program was funded by the CDBG grant, HOME grant, and LMIHA. It provided funds for moderate rehabilitation of owner-occupied homes for low and moderate income households. The deferred payment loan is interest-bearing with simple interest rates ranging from 0% to 4% annually for up to 10 years, and with a loan amount up to \$25. Generally, the loan is repaid at the time of sale or transfer of the property and is secured by a deed of trust on the property. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2024, \$1,041 is outstanding and recorded as loans receivable: \$96 is recorded in the CDBG Fund, \$172 is recorded in the Home Grant Fund, and \$773 is recorded in the Low & Moderate Income Housing Asset Fund.

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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

- *First Time Home Buyer Loan*

The program is funded by the HOME grant, LMIHA, and BEGIN grant, and has two categories.

Down Payment Assistance – Resale Homes Purchase. The program provided funds for down payment and affordability gap assistance for the purchase of a resale home by a low or moderate income first time home buyer household. Loan terms varied from 30 to 45 years and required either a 5% simple annual interest rate paid monthly, or a 0% simple annual interest rate with no monthly payments. All loans are second mortgage deferred payment and forgivable up to \$75. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2024, the forgivable loan amount of \$2,846 is outstanding, and is not recorded in the financial statements. As of June 30, 2024, the non-forgivable amount is \$0.

Down Payment Assistance – New Construction Homes Purchase. For new construction units, the amount of the loan is based on the amount of the affordability gap. The loan is secured by a deed of trust on the property and affordable housing covenants. Loans fall into two types. One type is the deferred payment forgivable loan with a loan term of 30 to 45 years; the loan is forgiven at the end of the loan term. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. A small set of loans funded through the American Dream Down Payment Assistance Program are forgiven at a set percentage of the principal amount each year. A second type of loan is a deferred payment loan with resale restrictions. This includes the most recent HOME funded loans that are subject to resale restrictions and must be resold to low-income home buyers if sold before the end of the term. As of June 30, 2024, the forgivable loan amount at the end of the term is \$12,962 and is not recorded on the financial statements. The Doran Gardens project loans funded through the BEGIN grant are deferred loans and are to be repaid at the end of the 30-year term. As of June 30, 2024, the non-forgivable amount is \$5,764 and is recorded as loans receivable in the BEGIN Affordable Homeownership Fund.

- *New Construction and Acquisition/Rehabilitation Rental Development Loan*

The program is funded by the HOME grant, LMIHA, State of California's Permanent Local Housing Allocation Fund, and local Measure S fund, and provides funds for new construction, acquisition or rehabilitation of affordable rental housing. Loan terms and loan underwriting requirements are negotiated with the developer on a project-by-project basis. The loan is secured by a deed of trust and affordable housing covenants on the property. Loans provide gap assistance to make housing units affordable to low and moderate income households, and units must be rented at an affordable rent. Leveraging of funds with other sources and contribution of developer equity is required. Loans may be second mortgage deferred payment loans, which require loan principal plus interest to be repaid at the end of the loan term, and residual receipt payments are required on some deferred loans. Also, loans may be permanent financing first mortgage loans at below-market interest rates, and monthly amortized payments are required. Such loans would be provided when credit conditions or loan costs are not feasible for the project. As of June 30, 2024, the forgivable loan amount at the end of the term is \$3,752 and is not recorded on the financial statements. As of June 30, 2024, there are non-forgiven (no recourse) loans, these types of agreements are very long term (55 years+). There are no loan amortization schedules because the loan will only be paid back if there is enough residue receipt. Therefore, the loan agreement has a no recourse term, and the loan collectability is uncertain. As of June 30, 2024, the non-forgivable (no recourse) amount is \$165,337 and is recorded as loans receivable and as allowance for uncollectible. Accordingly, the net loans receivable is zero.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances consists of due to/from other funds, advances to/from other funds, and transfers. Due to/from other funds are temporary cash overdrafts between funds. Advances to/from other funds represent an interfund loan extending beyond one year and some advances are formal lending agreements between funds.

Due to/from other funds as of June 30, 2024 consist of the following:

Due to General Fund from:

Nonmajor governmental funds \$ 2,204

The City reports transfers between many of its funds. The sum of all transfers presented in the following table agrees with the sum of interfund transfers presented in the government-wide, governmental and proprietary fund financial statements. Transfers are used to (1) subsidize the activities of other funds and (2) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them.

	<u>Amount</u>	<u>Purpose</u>
Transfers to General Fund from:		
Electric Fund	\$ <u>24,120</u>	Fund General Fund operations per Charter
Transfer to Capital Improvement Fund from:		
General Fund	<u>23,163</u>	Fund capital improvement projects
Transfers to nonmajor governmental funds from:		
General Fund	<u>1,635</u>	Fund Nutritional Meals Grant matching and debt service payments
Transfers to internal service funds from:		
General Fund	<u>4,800</u>	Fund Fleet Management Fund and Building Maintenance Fund
Total Interfund Transfers	\$ <u>53,718</u>	

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 6 – CAPITAL ASSETS

Capital asset for Governmental activities for the year ended June 30, 2024 was as follows:

	Balance at July 1	Increases	Decreases	Reclass	Balance at June 30*
Capital assets, not being depreciated:					
Land	\$ 459,195	-	-	-	459,195
Construction in progress	21,053	50,130	-	(6,956)	64,227
Total assets not being depreciated	480,248	50,130	-	(6,956)	523,422
Depreciable and amortizable capital assets:					
Building and improvements	471,047	2,286	-	1,060	474,393
Machinery and equipment	134,338	8,727	(2,278)	242	141,029
Infrastructure	374,379	5,832	-	5,654	385,865
Intangible	8,663	394	(246)	-	8,811
Right-to-use lease asset	2,976	295	-	-	3,271
Subscription assets	9,345	2,161	(457)	-	11,049
Total other capital assets at cost	1,000,748	19,695	(2,981)	6,956	1,024,418
Less accumulated depreciation and amortization:					
Building and improvements	226,148	12,497	-	-	238,645
Machinery and equipment	96,205	7,639	(2,257)	-	101,587
Infrastructure	154,599	9,993	-	-	164,592
Intangible	3,657	866	(246)	-	4,277
Right-to-use lease asset	406	835	-	-	1,241
Subscription assets	2,533	3,250	(457)	-	5,326
Total accumulated depreciation and amortization	483,548	35,080	(2,960)	-	515,668
Total assets being depreciated and amortized, net	517,200	(15,385)	(21)	6,956	508,750
Governmental activities capital assets, net	\$ 997,448	34,745	(21)	-	1,032,172

*\$98,629 of buildings, improvements, machinery, equipment, construction in progress, intangible assets, lease, and subscription from internal service funds are included in governmental activities. \$60,880 of accumulated depreciation and amortization from internal service funds are included in governmental activities.

Depreciation and amortization expense was charged to functions of the City's governmental activities for the year ended June 30, 2024 as follows:

General Government	\$ 4,715
Police	3,860
Fire	757
Public Works	17,066
Parks, Recreation and Community Services	3,653
Library	1,513
Transportation	1,938
Housing, Health and Community Development	903
Employment Programs	675
Total depreciation and amortization expense	\$ 35,080

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

Capital asset for Business-type activities for the year ended June 30, 2024 was as follows:

	Balance at July 1	Increases	Decreases	Reclass	Balance at June 30
Capital assets, not being depreciated:					
Land	\$ 9,557	-	-	-	9,557
Construction in progress	32,733	144,696	(163)	(8,020)	169,246
Right-to-use lease asset - land	272	-	-	-	272
Total assets not being depreciated	42,562	144,696	(163)	(8,020)	179,075
Depreciable, depletable, and amortizable capital assets:					
Building and improvements	312,151	1,520	(296)	2,041	315,416
Machinery and equipment	522,003	17,760	(16,346)	5,979	529,396
Infrastructure	183,855	115	-	-	183,970
Natural gas reserve	22,175	1	-	-	22,176
Intangible	118,065	2,869	-	-	120,934
Subscription assets	130	662	(35)	-	757
Total other capital assets at cost	1,158,379	22,927	(16,677)	8,020	1,172,649
Less accumulated depreciation, depletion, and amortization:					
Building and improvements	131,075	5,723	(52)	-	136,746
Machinery and equipment	365,552	20,739	(15,516)	-	370,775
Infrastructure	73,919	3,797	-	-	77,716
Natural gas reserve	15,162	649	-	-	15,811
Intangible	64,434	3,122	-	-	67,556
Subscription assets	65	214	(35)	-	244
Total accumulated depreciation, depletion and amortization	650,207	34,244	(15,603)	-	668,848
Total assets being depreciated, depleted, and amortized, net	508,172	(11,317)	(1,074)	8,020	503,801
Business-type activities capital assets, net	\$ 550,734	133,379	(1,237)	-	682,876

Depreciation, depletion, and amortization expense was charged to functions of the City's Business-type activities for the year ended June 30, 2024 as follows:

Sewer	\$ 6,685
Electric	17,341
Water	7,341
Refuse Disposal	2,234
Verdugo Fire Communication	643
Total depreciation, depletion, and amortization expense	\$ 34,244

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 7 – LONG-TERM DEBT

The City's long-term debt as of June 30, 2024 consists of the following:

Bonds payable

Governmental activities:

	Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
<u>Lease revenue refunding bonds</u>						
GMFA 2019 lease revenue refunding bonds	\$ 24,925	17,305	-	2,125	15,180	2,230
GMFA 2019 lease revenue bonds premium	-	3,350	-	485	2,865	484
Total Governmental activities	\$ 24,925	20,655	-	2,610	18,045	2,714

The City has outstanding long-term bonded-debt for governmental activities of \$18,045 of which has no direct borrowing and no direct placements related to governmental activities as of June 30, 2024. The City also has no outstanding or unused line of credit related to long-term debt of governmental activities as of June 30, 2024. The governmental activities bonds payable contains a provision that Glendale Municipal Financing Authority will not pledge to collateral any assets owned by the City, but the Lease Agreement permits the Glendale Municipal Financing Authority and its Trustee to take possession of and re-lease the Police Building in the event of a default by the City. The governmental activities bonds payable has no remedy of acceleration of any lease payments which has not come due and payable in accordance with the Lease Agreement. The governmental activities bonds payable contains an event of default that changes the timing of repayment of outstanding principal and interest to become immediately due if the City is unable to make payment.

Glendale Municipal Financing Authority (GMFA) 2019 Lease Revenue Refunding Bonds

The GMFA 2019 Lease Revenue Refunding Bonds were issued pursuant to a resolution adopted by the City Council and Joint Exercise of Powers Agreement with the Glendale Housing Authority to establish the Glendale Municipal Financing Authority on April 9, 2019, and a resolution adopted by the City Council authorizing GMFA to issue bonds to refinance the City's 2000 Variable Rate Certificates of Participation on April 16, 2019.

The Glendale Municipal Financing Authority issued \$24,925 in lease revenue bonds on June 25, 2019, to refinance the existing lease relating to the City's outstanding Variable Rate Demand Certificates of Participation (2000 Police Building Project). The bond proceeds were deposited in an escrow account and were used to refund and redeem all of the outstanding COPs on June 25, 2019, at a redemption price equal to 100% of the principal amount plus accrued interest up to the redemption date. There was no difference between the reacquisition price of the refunding bonds and the net carrying amount of the refunded bonds. The refunding also resulted in cash flow savings of \$3,710 which is the difference between the cash flows required to service the old COPs and the cash flows required to service the new 2019 bonds.

The GMFA does not require the trustee to establish and maintain a reserve fund for the bonds. Interest rates are 5.00% and paid semiannually on December 1 and June 1. Principal payments are made annually on June 1. The bonds will mature in regularly increasing amounts ranging from \$2,230 to \$2,850 annually from FY 2024-25 to FY 2029-30. Outstanding principal balance at June 30, 2024 was \$15,180.

The bonds are not subject to optional redemption prior to their respective stated maturities.

The bonds are payable and secured from the revenues pledged under the Indenture of Trust, dated June 1, 2019. Pursuant to a Site Lease, dated June 1, 2019, by and between the GMFA and the City, the City has leased the Police building to GMFA. GMFA has subleased the Police building back to the City under the Lease Agreement, dated June 1, 2019, by and between the City and GMFA. The revenues consist primarily of lease payments to be made by the City under the terms of the Lease Agreement. The annual lease payments from the City are to be made

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

at a rate sufficient to meet the debt service requirements of the outstanding bond indebtedness on the leased property.

Business-type activities:

	Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Revenue bonds						
Electric revenue bonds, 2013 refunding series	\$ 20,510	13,395	-	13,395	-	-
Electric revenue bonds, 2013 series	60,000	49,655	-	49,655	-	-
Electric revenue bonds, 2016 refunding series	72,615	54,400	-	3,590	50,810	3,760
Electric revenue bonds, 2024 refunding series	52,580	-	52,580	-	52,580	2,820
Electric revenue bonds, 2024 series	166,890	-	166,890	-	166,890	2,330
Electric revenue bonds premium	-	16,078	31,648	5,981	41,745	1,990
Water revenue bonds, 2012 series	35,000	32,030	-	615	31,415	650
Water revenue bonds, 2020 refunding series	36,625	31,725	-	1,725	30,000	1,765
Water revenue bonds premium	-	3,303	-	220	3,083	221
Total Business-type activities	\$ 444,220	200,586	251,118	75,181	376,523	13,536

The City has outstanding long-term bonded-debt for business-type activities of \$376,523, has no direct borrowings, and no direct placements related to business-type activities as of June 30, 2024. The City also has no outstanding or unused line of credit related to long-term debt of business-type activities as of June 30, 2024. The business-type activities bonds payable contains a provision that none of the electric utility and water utility assets owned by the City will be sold or leased if the City is unable to satisfy the debt service requirement. The business-type activities bonds payable contains a provision that, in an event of default, the owners of 25% in aggregate Bond Obligations of Bonds then outstanding, may call a meeting of the bond owners for the purpose of electing a bond owners' committee. The business-type activities bonds payable contains a subjective acceleration clause that allows the bond owners' committee to accelerate payment of the entire principal and interest amounts to become immediately due in an event of default by the City.

Enterprise Fund – Electric utility

The Electric utility has pledged future electric customer revenues, net of specified operating expenses, to pay the remaining total principal and interest on the Electric revenue bonds of \$472,550 through FY 2050-54. The bonds are payable solely from Electric utility's net income and are expected to require the net income to be at least equal to 1.10 times the amount of the annual debt services as they become due each fiscal year. The rates to be charged for services furnished by the Electric utility should incorporate the debt service requirements to provide revenues sufficient to pay, as the principal and interest become due. The Electric revenue bonds are secured with amounts on deposit in account established under the indenture, including the reserve account. As of June 30, 2024, the parity reserve fund has a balance of \$9,972 held by the Trustee. Total debt service paid and total net available revenues for debt service coverage for FY 2023-24 were \$12,173 and \$96,780, respectively.

Electric Revenue Bonds, 2013 Refunding Series

The Electric utility of Glendale Water & Power issued \$20,510 in revenue bonds in March 2013 to provide funds to refund all of the City's outstanding Electric Revenue Bonds, 2003 Series (2003 Bonds) and pay for cost of issuance.

The Electric Revenue Bonds, 2013 Refunding Series were refunded in February 2024 with the Electric Revenue Bonds, 2024 Refunding Series. Accordingly, the liability for the defeased bonds has been removed from the long-term debt.

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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

Electric Revenue Bonds, 2013 Series

The Electric utility of Glendale Water & Power issued \$60,000 in revenue bonds in December 2013 to finance the costs of acquisition and construction of certain improvements to the City's electric public utility including the rebuilding of Grandview substation and other reliability improvements to the distribution system, make a deposit to the Parity Reserve Fund and pay for the cost of issuance.

The Electric Revenue Bonds, 2013 Series were refunded in February 2024 with the Electric Revenue Bonds, 2024 Refunding Series. Accordingly, the liability for the defeased bonds has been removed from the long-term debt.

Electric Revenue Bonds, 2016 Refunding Series

The Electric utility of Glendale Water & Power issued \$72,615 in revenue bonds in May 2016 to provide money for the refunding of all of the City's outstanding Electric Revenue Bonds, 2006 Refunding Series (2006 Bonds), a portion of the City's outstanding Electric Revenue Bonds, 2008 Series (2008 Bonds), to finance the costs of acquisition and construction of certain improvements to the City's electric public utility and paying the costs of issuance of the 2016 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2006 Refunding Series and a portion of the outstanding Electric Revenue Bonds, 2008 Series through a legal defeasance. The 2006 Bonds and 2008 Bonds were redeemed on June 3, 2016 and February 1, 2018, respectively both at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Both 2006 Bonds and 2008 Bonds are no longer considered outstanding.

The refunding resulted in the recognition of a deferred loss on refunding of \$3,093 as of June 30, 2024, and is being amortized through FY 2037-38. The refunding also resulted in cash flow savings of \$13,026 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2016 Refunding Bonds will mature in the amounts ranging from \$2,700 to \$4,715 annually from FY 2024-25 to FY 2037-38. Outstanding principal balance at June 30, 2024 was \$50,810.

The 2016 Refunding Bonds have an optional redemption on and after February 1, 2027. The 2016 Refunding Bonds maturing on February 1, 2038 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

Electric Revenue Bonds, 2024 Refunding Series

The Electric utility of Glendale Water & Power issued \$52,580 in revenue bonds in February 2024 to provide money for the refunding of all of the City's outstanding Electric Revenue Bonds, 2013 Refunding Series, and all of the City's outstanding Electric Revenue Bonds, 2013 Series. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2013 Refunding Series and the Electric Revenue Bonds, 2013 Series through a legal defeasance. The 2013 Refunding Bonds and 2013 Bonds were redeemed on May 28, 2024 at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Both 2013 Refunding Bonds and 2013 Bonds are no longer considered outstanding.

The refunding resulted in the recognition of a deferred gain on refunding of \$4,279 as of June 30, 2024, and is being amortized through FY 2042-43. The refunding also resulted in cash flow savings of \$12,529 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2024 Refunding Bonds will mature in amounts ranging from \$1,945 to \$3,655 annually from FY 2024-25 to FY 2042-43. Outstanding principal balance at June 30, 2024 was \$52,580.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

The 2024 Refunding Bonds maturing on or prior to February 1, 2034 are not subject to redemption prior to maturity. The 2024 Refunding Bonds maturing on and after February 1, 2035 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2034 or on any date thereafter, in any order of maturity as directed in writing by the City and by lot within a maturity.

Electric Revenue Bonds, 2024 Series

The Electric utility of Glendale Water & Power issued \$166,890 in revenue bonds in February 2024 to provide money for fundings for the Grayson Repowering project and Scholl Canyon Landfill Biogas Renewal Generation Project and other Electric System improvements, making a deposit to the Parity Reserve Fund under the Indenture of Trust, and paying the cost of issuance.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2024 Bonds will mature in amounts ranging from \$2,330 to \$10,350 annually from FY 2024-25 to FY 2053-54. Outstanding principal balance at June 30, 2024 was \$166,890.

The 2024 Bonds maturing on or prior to February 1, 2034 are not subject to redemption prior to maturity. The 2024 Bonds maturing on and after February 1, 2035 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2034 or on any date thereafter, in any order of maturity as directed in writing by the City and by lot within a maturity.

Enterprise Fund – Water utility

The Water utility has pledged future water customer revenues, net of specified operating expenses, to pay the remaining total principal and interest on the Water revenue bonds of \$81,415 through FY 2041-42. The bonds are payable solely from Water utility's net revenues and is expected to require the net revenues to be at least equal to 1.25 times the amount of the annual debt services as they become due each fiscal year. The rates to be charged for services furnished by the Water utility should incorporate the debt service requirements to provide revenues sufficient to pay, as the principal and interest become due. The Water revenue bonds are secured with amounts on deposit in account established under the indenture, including the reserve account. As of June 30, 2024, the parity reserve fund has a balance of \$3,820 held by the Trustee. Total debt service paid and total net available revenues for debt service coverage for FY 2023-24 were \$4,275 and \$13,826, respectively.

Water Revenue Bonds, 2012 Series

The Water utility of Glendale Water & Power issued \$35,000 in revenue bonds in December 2012 to finance the costs of certain improvements to the City's water public utility including construction and development of Rockhaven Well, construction of a new energy and asset management system, Supervisory Control and Data Administration (SCADA), Glorietta Well improvements and pump station and water quality improvements, make a deposit to the Parity Reserve Fund and pay the cost of issuance.

Interest rates range from 2.75% to 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The bonds will mature in regularly increasing amounts ranging from \$650 to \$4,945 annually from FY 2024-25 to FY 2041-42. Outstanding principal balance as of June 30, 2024 was \$31,415.

The 2012 Bonds have an optional redemption on and after February 1, 2023. The 2012 Bonds maturing on February 1, 2042 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

Water Revenue Bonds, 2020 Refunding Series

The Water utility of Glendale Water & Power issued \$36,625 in revenue bonds in August 2020 to provide moneys for refunding the City's outstanding Water Revenue Bonds, 2008 Series (2008 Bonds), making a deposit to the Parity Reserve Fund, and paying the costs of issuance of the 2020 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the 2008 Bonds. The 2008 Bonds was redeemed on September 5, 2020 at

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

a redemption price of 100% of the principal amount plus accrued and unpaid interest to such redemption date. The 2008 Bonds is no longer considered outstanding.

The refunding resulted in the recognition of a deferred gain on refunding of \$741 as of June 30, 2024, and is being amortized through FY 2037-38. The refunding also resulted in cash flow savings of \$12,031 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service.

Interest rates range from 2.00% to 4.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2020 Refunding Bonds will mature in regularly increasing amounts ranging from \$1,765 to \$2,475 annually from FY 2024-25 to FY 2037-38. Outstanding principal balance at June 30, 2024 was \$30,000.

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

Fiduciary activities:

	Issuance Amount	Balance at July 1	Addition	Retirements	Balance at June 30	Due within one year
<u>Tax allocation bonds</u>						
2016 GSA tax allocation bonds refunding	\$ 20,810	14,145	-	6,935	7,210	7,210
GSA tax allocation bonds premium	-	637	-	450	187	187
Total Fiduciary activities	\$ 20,810	14,782	-	7,385	7,397	7,397

The Successor Agency has outstanding long-term debt of \$7,397, and no direct placements related to fiduciary activities as of June 30, 2024. The Successor Agency also has no outstanding or unused line of credit related to long-term debt of fiduciary activities as of June 30, 2024. The fiduciary activities bonds payable did not contain a provision to pledge as collateral for debt any assets or properties owned by the Successor Agency in the event of default by the Successor Agency. The fiduciary activities bonds payable contain a provision that in an event of default, the majority owners in aggregate principal amount of the Bonds at the time outstanding can accelerate payment of the entire principal and interest amounts to become immediately due if the Successor Agency is unable to make payment, with the exception of Subordinate Tax Allocation Bonds, 2016 Refunding Series that have bond insurance with Build America Mutual Assurance Company, these bond insurers may elect at its sole discretion to pay the accelerated principal and interest payments to the extent unpaid by the Successor Agency.

The fiduciary activities bonds payable contain a provision to comply with the requirements of the Redevelopment Law and shall take all actions required to prepare and file the Recognized Obligation Payment Schedules in order for the Los Angeles County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to Redevelopment Obligation Retirement Fund all amounts required to enable the Successor Agency to pay timely principal and interest on the 2016 Bonds when due including any amounts due to Bond insurers in respect of the Bond Insurance Policy. Total debt service paid and total net available revenues for debt service coverage for FY 2023-24 were \$7,434 and \$38,601, respectively.

Subordinate Tax Allocation Bonds, 2016 Refunding Series

The Glendale Successor Agency (the "GSA") issued \$20,810 in 2016 tax allocation refunding bonds with an average rate of 1.74% to refinance the former Glendale Redevelopment Agency's (the "Agency") outstanding Central Glendale Redevelopment Project Tax Allocation Bonds, 2010 Series. The advance refunding of Tax Allocation Bonds, 2010 Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. The deferred loss on refunding as of June 30, 2024 for \$74 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through FY 2024-25. The refunding also resulted in cash flow savings of \$5,231 which is the difference between the cash flows required to service the prior debt service and the cash flows required to service the new 2016 refunding bonds.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

The refunding of the 2010 Tax Allocation Bonds was approved by the Oversight Board and the DOF, to provide savings until the Refunding Bonds are repaid. The property tax derived from the former Agency's Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency's Oversight Board and the DOF. As of June 30, 2024, the principal balance is \$7,210, which will be paid off in FY 2024-25. The reserve requirement of the bond issue is satisfied by a surety bond policy with a fair market value of \$2,081. The 2016 Refunding Bonds are not subject to redemption prior to their stated maturities.

Leases payable

	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Governmental activities	\$ 2,615	295	816	2,094	894
Business-type activities	164	-	54	110	8
Total Leases payable	\$ 2,779	295	870	2,204	902

Governmental activities:

The City has 4 outstanding leases payable of building and equipment for governmental activities of \$2,094 as of June 30, 2024. The incremental borrowing rates ranges from 0.54% to 2.85%. The annual principal and interest payments ranges from \$4 to \$923 from FY 2024-25 to FY 2040-41.

Business-type activities:

The City has 2 outstanding leases payable of land for business-type activities of \$110 as of June 30, 2024. The incremental borrowing rates ranges from 0.28% to 1.47%. The annual principal and interest payments ranges from \$5 to \$10 from FY 2024-25 to FY 2033-34.

Subscriptions payable

	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Governmental activities	\$ 5,235	642	2,777	3,100	2,422
Business-type activities	18	662	243	437	104
Total Subscriptions payable	\$ 5,253	1,304	3,020	3,537	2,526

Governmental activities:

The City has 22 outstanding subscriptions payable for governmental activities of \$3,100 as of June 30, 2024. The incremental borrowing rates ranges from 2.08% to 2.97%. The annual principal and interest payments ranges from \$34 to \$2,472 from FY 2024-25 to FY 2027-28.

Business-type activities:

The City has 3 outstanding subscriptions payable for business-type activities of \$437 as of June 30, 2024. The incremental borrowing rates ranges from 2.08% to 2.97%. The annual principal and interest payments ranges from \$61 to \$117 from FY 2024-25 to FY 2028-29.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

Annual Requirement Schedules

The City's annual debt service requirement schedules as of June 30, 2024 are as follows:

Governmental and business-type activities:

GMFA 2019 Lease Revenue Refunding Bonds					
Fiscal Year		Interest	Principal		
2025	\$	759	2,230		
2026		648	2,345		
2027		530	2,460		
2028		407	2,585		
2029		278	2,710		
2030		143	2,850		
	\$	2,765	15,180		

Electric Revenue Bonds			Water Revenue Bonds		
Fiscal Year		Interest	Principal	Interest	Principal
2025	\$	12,661	8,910	1,853	2,415
2026		13,069	9,295	1,785	2,485
2027		12,604	9,755	1,712	2,560
2028		12,116	10,235	1,636	2,635
2029		11,604	10,725	1,538	2,735
2030-2034		50,229	48,430	6,281	15,575
2035-2039		38,261	48,330	4,180	18,670
2040-2044		26,964	40,675	1,015	14,340
2045-2049		17,474	36,870	-	-
2050-2054		7,288	47,055	-	-
	\$	202,270	270,280	20,000	61,415

Total Governmental Activities			Total Business-type Activities		Total Debt Service	
Fiscal Year		Interest	Principal	Interest	Principal	
2025	\$	759	2,230	14,514	11,325	28,828
2026		648	2,345	14,854	11,780	29,627
2027		530	2,460	14,316	12,315	29,621
2028		407	2,585	13,752	12,870	29,614
2029		278	2,710	13,142	13,460	29,590
2030-2034		143	2,850	56,510	64,005	123,508
2035-2039		-	-	42,441	67,000	109,441
2040-2044		-	-	27,979	55,015	82,994
2045-2049		-	-	17,474	36,870	54,344
2050-2054		-	-	7,288	47,055	54,343
	\$	2,765	15,180	222,270	331,695	571,910

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

Fiduciary activities:

Fiscal Year	GSA Tax Allocation Bonds		Total Fiduciary Activities Debt Service
	Interest	Principal	
2025	\$ 180	7,210	7,390

The City's total future minimum lease payments under lease agreements as of June 30, 2024 are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Interest	Principal	Interest	Principal	
2025	\$ 30	894	2	8	934
2026	11	722	1	4	738
2027	5	110	1	4	120
2028	4	53	1	4	62
2029	4	56	1	5	66
2030-2034	7	259	5	28	299
2035-2039	-	-	3	40	43
2040-2044	-	-	-	17	17
	\$ 61	2,094	14	110	2,279

The City's total future minimum subscription payments under subscriptions-based information technology agreements (SBITA) as of June 30, 2024 are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Interest	Principal	Interest	Principal	
2025	\$ 49	2,422	10	104	2,585
2026	10	644	7	110	771
2027	-	34	4	78	116
2028	-	-	2	83	85
2029	-	-	-	62	62
	\$ 59	3,100	23	437	3,619

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 8 – PENSION PLANS

California Public Employees' Retirement System

General Information about the Pension Plans

Plan Description

All eligible employees participate in the City's agent multiple employer defined benefit pension plans, either Safety (police and fire sworn members) or Miscellaneous (all other members), administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at <http://www.calpers.ca.gov>.

Benefits Provided

CalPERS provides service retirement and disability retirement benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for Classic members and age 52 for PEPRA members, with statutorily reduced benefits. Members may be eligible for disability retirement benefits after a minimum of 5 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The pre-retirement death benefit is as follows:

If eligible to retire, the Pre-retirement Option 2W Death Benefit; or the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

If not eligible to retire, the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

**1959 Survivor Benefit Program Level 4 may not be applicable if there is no eligible Spouse/Registered Domestic Partner (must have been married/registered for at least one year prior to retirement) and an unmarried eligible dependent child under age 22. An eligible surviving spouse/registered domestic partner may be entitled to the 1959 Survivor Benefit Program Level 4 benefits as long as they have care of an eligible child (unmarried dependent child of the member living with the member in a parent-child relationship, while under age 22) or the surviving spouse/registered domestic partner is at least age 62 (age 60 at Level 4 and under the Indexed Level). An eligible surviving spouse/registered domestic partner may remarry and continue to receive the allowance.*

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2023, are summarized as follows, which remain the same for FY 2023-24.

	Miscellaneous		
	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55+	50-63+	52-67+
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%

	Safety		
	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55+	50-55+	50-57+
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%

Employees Covered

At the measurement date ended June 30, 2023, the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,900	637
Inactive employees entitled to but not yet receiving benefits	2,329	101
Active employees	1,377	390
Total	5,606	1,128

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are identified by the pension plan terms as plan member contribution

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

requirements are classified as plan member contributions. Since FY 2017-18, the contribution for the unfunded liability is a fixed amount, rather than a rate of the payroll. The City converts the fixed amount into a rate based on the payroll, and combines it with the normal cost rate to calculate the total employer contribution rate.

At the fiscal year ended June 30, 2024, for the Miscellaneous Plan, the normal cost rate is 11.09%, the amount for the unfunded liability is \$29,238, and the prepayment amount for the unfunded liability is \$28,292. The City chose the prepayment option to pay the \$28,292 in July 2023, instead of paying 1/12th of \$29,238 on a monthly basis. For FY 2023-24, the City calculates the rate for the unfunded liability to be 26.05%. Accordingly, the total employer contribution rate is 37.14%.

The City's Miscellaneous Plan member contribution rates and employer contribution rates for FY 2023-24, including the employees' cost sharing toward the employer rates, are shown in the table below:

Miscellaneous Plan						
Employee Group	CalPERS Membership	Retirement Formula	Member Contribution Rate	Employer Contribution Rate		
				Employees' Cost Sharing	City Portion	Total
Council Member	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	34.14%	37.14%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	34.14%	37.14%
	PEPRA (3rd Tier)	2.0% @ 62	7.50%	3.00%	34.14%	37.14%
Executive	Classic (1st Tier)	2.5% @ 55	8.00%	1.75%	35.39%	37.14%
	Classic (2nd Tier)	2.0% @ 55	7.00%	1.75%	35.39%	37.14%
	PEPRA (3rd Tier)	2.0% @ 62	7.50%	1.75%	35.39%	37.14%
GCEA	Classic (1st Tier)	2.5% @ 55	10.50%	0.00%*	34.64%	34.64%
	Classic (2nd Tier)	2.0% @ 55	9.50%	0.00%*	34.64%	34.64%
	PEPRA (3rd Tier)	2.0% @ 62	10.00%	0.00%*	34.64%	34.64%
IBEW	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	34.14%	37.14%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	34.14%	37.14%
	PEPRA (3rd Tier)	2.0% @ 62	7.50%	3.00%	34.14%	37.14%
GMA	Classic (1st Tier)	2.5% @ 55	9.75%	0.00%**	35.39%	35.39%
	Classic (2nd Tier)	2.0% @ 55	8.75%	0.00%**	35.39%	35.39%
	PEPRA (3rd Tier)	2.0% @ 62	9.25%	0.00%**	35.39%	35.39%

GCEA - Glendale City Employee Association

IBEW - International Brotherhood of Electrical Workers

GMA - Glendale Management Association

*Since May 2013, GCEA members' cost sharing rate became part of their member contribution rate.
In FY 2023-24, the cost sharing rate is 2.5%.

**Since November 2018, GMA members' cost sharing rate became part of their member contribution rate.
In FY 2023-24, the cost sharing rate is 1.75%.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

At the fiscal year ended June 30, 2024, for the Safety Plan, the normal cost rate is 22.98%, the amount for the unfunded liability is \$24,217, and the prepayment amount for the unfunded liability is \$23,433. The City chose the prepayment option to pay the \$23,433 in July 2023, instead of paying 1/12th of \$24,217 on a monthly basis. For FY 2023-24, the City calculates the rate for the unfunded liability to be 37.38%. Accordingly, the total employer contribution rate is 60.36%.

The City's Safety Plan member contribution rates and employer contribution rates for FY 2023-24, including the employees' cost sharing toward the employer rates, are shown in the table below:

Safety Plan						
Employee Group	CalPERS Membership	Retirement Formula	Member Contribution Rate	Employer Contribution Rate		
				Employees' Cost Sharing	City Portion	Total
Executive - Fire	Classic (1st Tier)	3.0% @ 50	9.00%	1.75%	58.61%	60.36%
	Classic (2nd Tier)	3.0% @ 55	9.00%	1.75%	58.61%	60.36%
	PEPRA (3rd Tier)	2.7% @ 57	12.50%	1.75%	58.61%	60.36%
Executive - Police	Classic (1st Tier)	3.0% @ 50	9.00%	1.75%	58.61%	60.36%
	Classic (2nd Tier)	3.0% @ 55	9.00%	1.75%	58.61%	60.36%
	PEPRA (3rd Tier)	2.7% @ 57	12.50%	1.75%	58.61%	60.36%
GMA - Fire	Classic (1st Tier)	3.0% @ 50	16.50%	0.00%*	52.86%	52.86%
	Classic (2nd Tier)	3.0% @ 55	16.50%	0.00%*	52.86%	52.86%
	PEPRA (3rd Tier)	2.7% @ 57	20.00%	0.00%*	52.86%	52.86%
GMA - Police	Classic (1st Tier)	3.0% @ 50	12.50%	0.00%*	56.86%	56.86%
	Classic (2nd Tier)	3.0% @ 55	12.50%	0.00%*	56.86%	56.86%
	PEPRA (3rd Tier)	2.7% @ 57	16.00%	0.00%*	56.86%	56.86%
GFFA	Classic (1st Tier)	3.0% @ 50	9.00%	4.50%	55.86%	60.36%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.50%	55.86%	60.36%
	PEPRA (3rd Tier)	2.7% @ 57	12.50%	3.50%	56.86%	60.36%
GPOA	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	56.86%	60.36%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	56.86%	60.36%
	PEPRA (3rd Tier)	2.7% @ 57	12.50%	1.75%	58.61%	60.36%

GMA - Glendale Management Association

GFFA - Glendale Fire Fighter Association

GPOA - Glendale Police Officer Association

*Effective November 2018, GMA members' cost sharing rates became part of their member contribution rate.

In FY 2023-24, the cost sharing rate for GMA – Fire is 7.5%.

In FY 2023-24, the cost sharing rate for GMA – Police is 3.5%.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

At the fiscal year ended June 30, 2024, as shown in the rates tables, in addition to the required member contributions, the City employees also contribute a portion of the required employer contribution, based on bargaining units' MOUs. The employees' cost sharing in the table below include the cost sharing that belong to the member contribution: \$2,043 for the Miscellaneous Plan, and \$274 for the Safety Plan. The breakdown of the required employer contribution between the City portion and the employee cost sharing is as follows:

Plan	Annual Required Employer Contribution	City Contribution	Employees' Cost Sharing
Miscellaneous	\$ 40,310	37,858	2,452
Safety			
Police	22,462	21,381	1,081
Fire	15,358	14,249	1,109
Total Safety	37,820	35,630	2,190
Total	\$ 78,130	73,488	4,642

Net Pension Liability

The City's net pension liability for each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures.

Actuarial Assumptions

The June 30, 2022 valuation was rolled forward to measure the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Actuarial Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Price inflation	2.30%
Salary increase	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as followed:

Asset Class*	Assumed asset allocation	Real return**
Global equity – Cap-weighted	30.00%	4.54%
Global equity – Non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021 Asset Liability Management Study.

Discount Rates

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

Changes in the Net Pension Liability

The changes in the Net Pension Liability measured as of June 30, 2023 for each plan is as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) – (b)
Balance at June 30, 2023	\$ 1,319,926	984,877	335,049
Changes in the year:			
Service cost	18,229	-	18,229
Interest on total pension liability	89,862	-	89,862
Changes of benefit terms	1,164	-	1,164
Differences between expected and actual experience	6,458	-	6,458
Net plan to plan resource movement	-	4	(4)
Contribution - employer	-	38,403	(38,403)
Contribution - employees	-	10,570	(10,570)
Net investment income	-	60,946	(60,946)
Benefit payments, including refunds of employee contributions	(68,623)	(68,623)	-
Administrative expense	-	(723)	723
Net changes	47,090	40,577	6,513
Balance at June 30, 2024	\$ 1,367,016	1,025,454	341,562

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) – (b)
Balance at June 30, 2023	\$ 1,020,967	679,366	341,601
Changes in the year:			
Service cost	17,724	-	17,724
Interest on total pension liability	69,808	-	69,808
Changes of benefit terms	322	-	322
Differences between expected and actual experience	8,009	-	8,009
Net plan to plan resource movement	-	(4)	4
Contribution - employer	-	35,617	(35,617)
Contribution - employees	-	5,881	(5,881)
Net investment income	-	42,059	(42,059)
Benefit payments, including refunds of employee contributions	(52,900)	(52,900)	-
Administrative expense	-	(500)	500
Net changes	42,963	30,153	12,810
Balance at June 30, 2024	1,063,930	709,519	354,411
Total for both plans at June 30, 2024	\$ 2,430,946	1,734,973	695,973

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each Plan, calculated using the discount rate of 6.90%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease		5.90%	5.90%	5.90%
Net Pension Liability	\$	521,997	499,387	1,021,384
Current Discount Rate		6.90%	6.90%	6.90%
Net Pension Liability	\$	341,562	354,411	695,973
1% Increase		7.90%	7.90%	7.90%
Net Pension Liability	\$	192,905	235,578	428,483

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

As of June 30, 2024, the City reported net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Governmental activities:				
Miscellaneous plan	\$ 219,076	66,358	4,541	31,640
Safety plan	354,411	93,017	2,965	51,767
Total Governmental activities	573,487	159,375	7,506	83,407
Business-type activities:				
Miscellaneous plan	122,486	36,181	2,555	17,097
Total	\$ 695,973	195,556	10,061	100,504

Miscellaneous Plan:

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 38,268	-
Changes of assumptions	13,348	-
Differences between expected and actual experience	4,230	7,096
Net differences between projected and actual earnings on plan investments	46,693	-
Total	\$ 102,539	7,096

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

The amount of \$38,268 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2025	\$ 16,247
2026	7,232
2027	32,442
2028	1,254
Total	<u>\$ 57,175</u>

Safety Plan:

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 37,546	-
Changes of assumptions	17,003	-
Differences between expected and actual experience	6,102	2,965
Net differences between projected and actual earnings on plan investments	32,366	-
Total	<u>\$ 93,017</u>	<u>2,965</u>

The amount of \$37,546 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2025	\$ 13,687
2026	12,463
2027	25,094
2028	1,262
Total	<u>\$ 52,506</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

Supplemental Retirement Plan

In May 2012, in an effort to substantially reduce staffing levels to address a projected \$15,400 General Fund shortfall for FY 2012-13, the City contracted with Public Agency Retirement Services (PARS) to offer an early retirement incentive plan to provide supplemental retirement benefit payments to eligible employees in addition to the benefit payments the employees will receive from the California Public Employees' Retirement System (CalPERS). To be eligible to participate in the plan, the employees must have been a Glendale City Employee Association (GCEA) or Glendale Management Association (GMA) employee, be at least 50 years of age as of September 1, 2012, and have a minimum 5 years of CalPERS service credit. The employees needed to resign from the City by August 31, 2012. The plan offered 5% of the employees' final pay, which the employees could choose various options to receive the payment, such as unmodified lifetime monthly payment, or higher fixed monthly payment for a fixed number of years. There were 122 employees who participated in the plan.

In October 2012, the City provided the same early retirement incentive plan to the employees represented by International Brotherhood of Electrical Workers Association (IBEW), and also offered an extension of the incentive program to employees represented by GCEA and GMA. The same parameters were applied for the extension of the incentive program, with the exception of the retirement eligibility date and date of separation advancing to October 31, 2012. There were 30 additional employees participating in the second phase. The plan is closed. As of June 30, 2024, there are four remaining participants and the liability is not material. Therefore, the liability is not reported in the accompanying financial statements. During the fiscal year, the City paid \$35 to PARS.

Public Agency Retirement Services (PARS)

The PARS Trust, created in 1991, is a trust arrangement established to provide economies of scale and efficiencies of administration to public agencies that adopt it to hold the assets of their agency retirement plans maintained for the benefit of their employees. The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) amended the Internal Revenue Code to mandate that employees of public agencies, who are not members of their employer's existing retirement system as of January 1, 1992, be covered under Social Security or an alternate plan. The PARS ARS Plan satisfies the OBRA 90 Federal Requirements. It is intended that this plan and the trust established to hold the assets of the plan shall be qualified under Section 401(a) and tax-exempt under Section 501(a) of the Internal Revenue Code of 1986, as amended, and meet the requirements of California Government Code Sections 53215 through 53224 providing how pension trusts must be established by public agencies. Through PARS, agencies have the ability to design and control retirement plans according to their own specific needs, including specific collective bargaining requirements. The City adopted the PARS ARS Plan, effective September 1, 1999 as an alternate plan to Social Security for the hourly employees who are not eligible for participation in the City's CalPERS retirement plan.

Any City hourly employee who is not eligible to enroll in the CalPERS retirement plan is enrolled in PARS ARS instead of social security. After completing 1,000 work hours within a fiscal year, hourly employees are eligible to enroll in CalPERS retirement plan. For each pay period, employees contribute 6.2%, and the City contributes 1.3% of employee earnings into employees' PARS account. Both contributions are made on pre-tax basis. For FY 2023-24, PARS payments were \$63 and \$13 for employee portion and employer portion, respectively. Since the plan is a 401(a) Defined Contribution, there is no unfunded liability to the City. A participant in the PARS ARS Plan (or their beneficiary in the event of death) becomes eligible to receive their funds when one of the following events occurs: Separation of Employment, Retirement, Permanent and Total Disability, or change of employment status to a position covered by another retirement system. For active employees, if there are no contributions into their PARS ARS account for two years, they may be eligible for a distribution of their account.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 9 – Other Post Employment Benefits Than Pensions (OPEB)

Plan Description

The City's defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The City provides Medicare Part A reimbursements to retirees and their spouses if the retirees were hired in the City prior to April 1, 1986, and ineligible for premium-free Medicare Part A.

The City also provides cash subsidy for medical insurance premiums to three groups of retirees: (1) retirees who retired before July 1, 2001, and the length of the subsidy was pre-determined based on the retirees' sick leave balances at the time of retirement. The subsidy is capped by the actual premium, and the unreduced city-paid amount continues to surviving spouses if the retirees die prior to the pre-determined payment period; (2) retirees who retired before June 1, 2016 with a minimum of 10 years of City service, enroll in a City sponsored medical plan and meet the annual income requirement. The eligibility and subsidy amount are evaluated on an annual basis. This is a lifetime subsidy for the eligible retirees except it will discontinue at age 65 for the retirees with enhanced pension benefits. The benefit will continue to surviving spouses, if applicable; (3) the surviving spouses and dependents of deceased retirees if the retirees retired before June 1, 2008 and enrolled in Anthem Blue Cross PPO at the time of the death, and the length of subsidy is two years.

The City also provides cash subsidy for medical insurance premium to surviving spouses and dependents of active non-safety employees who pass away during their employment with the City. The subsidy is two years for the City Council, the Executives and the GMA employees, regardless of the medical insurance plans enrolled at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in Anthem Blue Cross PPO at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in HMO plans at the time of the death and if the employees' death is a result of injuries incurred in the performance of his/her assigned duties. At the same time, the City provides cash subsidy for dental insurance premium to surviving spouses and dependents of active safety employees who pass away during their employment with the City. The subsidy continues until the spouses turn 65 and the children turn 26 (if applicable).

The above benefits offered to retirees are no longer available to new entrants because of the restriction of the retirement dates. Benefits payments made by the City for the year ended June 30, 2024 were \$460.

Employees Covered by Benefit Terms

At June 30, 2023, the most recent measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	89
Active employees	1,353
Total	<u>1,510</u>

Total OPEB Liability

The City's total OPEB liability of \$8,299 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Discount rate	3.65%
General inflation	2.50% annually
Medicare Part A trend	3.50% annually (inflation + 1%) Not related to health care trend
Medical Trend	Non-Medicare – 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) – 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) – 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

The discount rate was based on the Bond Buyer 20-Bond index.

Mortality, Retirement Disability and Termination information was derived from data collected during CalPERS 2000-2019 Experience Study. Mortality projected fully generational with Scale MP-2021.

Changes in the Total OPEB Liability

The changes in the total OPEB liability measured as of June 30, 2023 is as follows:

		<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$	12,427
Changes in the year:		
Service cost		26
Interest		432
Assumption changes		(1,633)
Actual vs. expected experience		(2,444)
Benefit payments		(509)
Net changes		<u>(4,128)</u>
Balance at June 30, 2023	\$	<u>8,299</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

		<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Total OPEB Liability	\$	9,332	8,299	7,438

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease (Trend -1%)	Current Healthcare Cost Trend Rates	1% Increase (Trend +1%)
Total OPEB Liability	\$	8,243	8,299	8,363

Non-Medicare trend rate of 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare trend rate (Non-Kaiser) of 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare trend rate (Kaiser) of 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB income of \$487. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB payments made subsequent to the measurement date	\$	460	-
Changes of assumptions		1,944	4,414
Differences between expected and actual experience		-	4,480
Total	\$	2,404	8,894

The amount of \$460 reported as deferred outflows of resources related to OPEB payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025.

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

Year ending June 30,	Amounts
2025	\$ (945)
2026	(945)
2027	(765)
2028	(707)
2029	(671)
Thereafter	(2,917)
Total	\$ (6,950)

Change in Assumptions

Discount rate was updated based on municipal bond rate as of the measurement date. Medical trend rates, medical plan election and Medicare Part A participation were also updated.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

NOTE 10 – NET DEFICITS OF INDIVIDUAL FUNDS

As of June 30, 2024, the following funds have negative fund balances or net position:

Governmental funds:

Special revenue funds:

CDBG Fund	\$	412
Emergency Solutions Grant Fund		2
Grant Fund		1,015
Measure M Subregional Fund		287
Measure H Fund		247
PW Special Grants Fund		35
Measure R Regional Return Fund		1,182
Police Fund		840
Fire Grant Fund		223
Library Fund		756

Capital projects funds:

CIP Reimbursement Fund	\$	11,307
Measure A Fund		61

Proprietary funds:

Internal service funds:

Compensation Insurance Fund	\$	3,832
Compensated Absences Fund		224
Retiree Health Savings Plan (RHSP) Benefits Fund		7,651

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

For Compensation Insurance Fund, Compensated Absences Fund and Retiree Health Savings Plan (RHSP) Benefits Fund, the City will continue to increase the future charges to other funds to eliminate the deficit.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2024

(in thousands)

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers' compensation, unemployment insurance, general, auto, dental, medical and vision as well as public liability through separate internal service funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, and destruction of assets as well as excess workers' compensation and general public liability claims. The City also purchases property, aviation, employee dishonesty, law enforcement liability, cyber, DNA lab E & O and fine art insurance.

The City joined insurance pool PRISM (Public Risk Innovation, Solutions and Management) in July 2023 after determining this as an effective way of lowering the cost of annual excess liability insurance rates. By pooling resources with other organizations, the City can share risks, benefit from collective bargaining power, and potentially achieve lower premiums due to the larger risk pool. Some advantages and considerations associated with joining an insurance pool include cost savings by sharing risks and resources with other members, PRISM may offer more comprehensive coverage options that may not be available individually. By participating in a pool, the City may provide more stability in insurance rates over time, reducing the impact of market fluctuations.

There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for FY 2023-24 is as follows:

Insurance Type	Program Limits	Deductible/SIR (self-insured retention)
Excess Liability Insurance	\$ 27,000	\$2,000 SIR per occurrence
E & O Employment Practices	2,000	\$250 SIR non-safety; \$500 SIR safety
Excess Workers' Comp Employer's Liability Insurance	Statutory	\$2,000 SIR per occurrence
Property Insurance (GWP)	170,000	Various deductibles
Property Insurance (Non-GWP)	534,110	\$25 property, \$100 flood damage
Aviation Insurance (Police Helicopter)	50,000	Various deductibles
Employee Dishonesty – Crime Policy, Excess Crime	6,000	\$2,000 Single Loss Limit
Law Enforcement Liability	3,000	\$2,000 per occurrence
Cyber Insurance	5,000	Various deductibles
DNA Lab – E & O	2,000	\$10 each claim
Art Policy (Fine Arts)	3,000	\$1 each Claim

Operating funds are charged a premium and the internal service funds recognize the corresponding revenue. Claims expenses are recorded in the internal service funds. Premiums are evaluated periodically and increases are charged to the operating funds to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses.

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2024 are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates. A reconciliation of the changes in the aggregate liabilities for Liability Insurance Fund, Compensation Insurance Fund and Medical Insurance Fund for claims for the current fiscal and the prior fiscal year are as follows:

Fiscal Year	Beginning Balance	Claims and Charges	Claim Payments	Ending Balance	Due within One Year
2022-23	\$ 80,101	54,449	50,851	83,699	16,393
2023-24	\$ 83,699	47,062	48,194	82,567	15,758

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
(in thousands)

The City has numerous claims and pending legal proceedings that generally involve accidents regarding its citizens on City property and employment issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the City. In the opinion of management, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the City's financial position, results of operations, or cash flows.

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

NOTE 12 – CONTINGENT LIABILITIES AND COMMITMENTS

Power Purchase Agreements

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

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

In August 2003, the City entered into a 25-year contract, cancelable after 20 years, with PPM Energy, Inc. for the purchase of 9 megawatts of capacity from wind-powered resources in California. The City began taking delivery of the energy on September 1, 2003. The contract terminated on December 31, 2023.

In November 2007, City Council approved a power purchase agreement with Southern California Public Power Authority (SCPPA) for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility for a term of 18-years. The project began commercial operation in January 2009.

In September 2014, the City entered into a 25-year contract with Skylar Resources L.P. for the purchase of 50 megawatts of firmed solar-generated electric power generated from a solar facility within Western Electricity Coordinating Council (WECC) designated by Skylar, with a guarantee by the seller that at least fifty percent of 50 MW/hour to qualify as Portfolio Content Category 1 (PCC1) renewable energy on an annual basis. In November 2015, the transaction was bifurcated into 2 separate agreements. The first agreement was a four-year contract with Morgan Stanley Capital Group, Inc. (MSCG) from December 1, 2015 through December 31, 2019. The second agreement was a 21-year contract with Skylar from January 1, 2020 through November 30, 2040. In October 2017, the existing power purchase agreement was terminated and replaced with a 21-year Western Systems Power Pool (WSPP) Power Purchase Agreement (PPA) to increase renewable and carbon-free energy deliveries from 50% to 75%.

As of October 1st, 2021, the 21-year agreement executed on October 25, 2017 was assigned to Townsite Solar, LLC ("Townsite"), for the remaining 19 years of the PPA term. Under the Agreement, Townsite will continue to provide Glendale with 292,000 MWh of renewable and carbon-free energy per year, through November 30, 2040.

In February 2020, City Council authorized a 25-year Power Sales Agreement (PSA) with SCPPA for the purchase of 3 megawatts of renewable geothermal energy from the Whitegrass Geothermal Project located in Lyon County, Nevada. Glendale has a 100% entitlement interest in the total energy, capacity, and environmental attribute rights produced by the project. The project began commercial operation in April 2020.

CITY OF GLENDALE

Notes to the Basic Financial Statements
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(in thousands)

In February 2020, City Council authorized a 24-year Power Sales Agreement (PSA) with the SCPPA for the purchase of 12.5 megawatts of renewable geothermal energy from Star Peak Geothermal Energy Project located in Pershing County, Nevada. Glendale has a 100% entitlement interest in the total energy, capacity, and environmental attribute rights produced by the project. The project began commercial operation in September 2022.

In December 2019, the City Council authorized a 25-year Power Sales Agreement (PSA) with SCPPA for the purchase of 12.5% renewable solar energy, battery energy storage system (BESS) capacity, and environmental attributes of the Eland 1 Solar and Storage Center. The purchase of renewable solar energy is from the Eland I Solar and Storage Center, a facility located in Kern County, California. The energy will be delivered at Barren Ridge, and Glendale has entered into an agreement with the Los Angeles Department of Water and Power for the transmission of the energy to Glendale. Glendale has a 12.5% entitlement interest in the total capacity, energy, storage, and environmental attribute rights produced by the Facility, or 25 MW of renewable solar energy and 18.75 MW/75 MWh of battery storage capacity. The project began delivering test energy in spring 2024, and the anticipated commercial operation date is in 2025.

Scholl Canyon Landfill

Pursuant to Assembly Bill 2448 and the regulations established by the California Integrated Waste Management Board (Board), landfill operators are required to submit an initial cost estimate of postclosure maintenance and to establish a financial mechanism to demonstrate the availability of funding to conduct postclosure maintenance activities. The City selected a trust fund as the financial mechanism and the Board approved this. The City Treasurer was designated as the trustee to ensure that the City set aside annual required deposits. The City contracts with Los Angeles County Sanitation District (Sanitation District) to operate Scholl Canyon and as part of this contract, the County is responsible for the closure cost of Scholl Canyon. The City is responsible for the postclosure maintenance cost of Scholl Canyon. According to Los Angeles County Sanitation District's records, the permitted capacity filled between August 18, 1989 and July 10, 2023 was 13.96 million tons. The permitted capacity filled between July 11, 2023 and July 10, 2024 was 0.26 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 0.53 million tons unfilled capacity remaining. Using an inflation factor from the Sanitation Districts of 1.036, the total estimated care postclosure cost is \$86,155. Using the data above, the amount of \$83,059 is recognized as a long-term liability on the Statement of Net Position. Accordingly, the portion of the estimated total obligation for landfill postclosure costs that has not been recognized in the financial statements is \$3,096. The City records the annual provision for the required landfill deposits as restricted cash in the Landfill Postclosure Fund. At the end of June 30, 2024, the City has set aside \$60,953 in the Landfill Postclosure Fund. The total current cost of landfill postclosure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

Joint Powers Agreement for Interagency Communications Interoperability System Authority

The Interagency Communications Interoperability System Authority (ICI System) was created through a Joint Powers Agreement in 2003. The City is an active governance member of the ICI System Authority. Other governance member jurisdictions include the cities of Beverly Hills, Burbank, Culver City, Montebello, Pasadena, Pomona, Santa Monica, the Interoperability Network of South Bay (INSB) JPA, and the ComNet JPA of the San Gabriel Valley. The goal of the ICI System is to enable regional emergency resources to communicate directly with one another at all times. The ICI System Authority supports more than 70 Fire and Police agencies, 35 9-1-1 Dispatch Centers, and in total more than 120 general government first responder agencies by providing fully regional mission critical communications through a System Master Site based in Glendale. With more than 25,000 local government radios affiliated to the network, the ICI System is one of the largest in the nation.

Joint Powers Authority - California Community Housing Agency

The California Community Housing Agency (CalCHA) is a joint power agency created in January 2019 to provide housing for low and moderate income households. CalCHA issues tax-exempt government bonds to acquire existing

CITY OF GLENDALE

Notes to the Basic Financial Statements
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(in thousands)

market-rate apartment complexes. CalCHA generally targets Class A apartment complexes valued at \$100,000 or greater, similar to market-rate projects recently constructed in Glendale's Downtown Specific Plan. Once owned by CalCHA, these complexes are converted to income and rent-restricted units for low and moderate income households. CalCHA is able to competitively bid on these market rate projects due in large part to their tax-exempt status and below market-rate financing costs.

In Glendale, CalCHA's program would generally address households with annual incomes ranging from \$48 (1-person household at 50% AMI) to \$127 (5-person household at 120% AMI). Under CalCHA's program, no existing tenants are displaced. As market-rate units naturally turnover, they are re-leased to low and moderate income households with income and rent restrictions for the life of the bonds. The restricted rents are capped at no more than 35% of the applicable percentage of AMI (i.e. 60%, 80%, 100% and 120%). Additionally, annual rent increases are capped at no more than 4%. This is less than the rent increases under AB1482, the recently adopted State tenant protection legislation. The bonds issued by CalCHA to acquire properties in Glendale do not affect the City's bonding capacity nor is the City or Housing Authority responsible in any way for the debt service of the bond. The City of Glendale has the option of acquiring the property from the JPA beginning in year 15 for the amount of the outstanding debt. The City can also wait until the bonds are paid off, typically in year 30, and assume ownership of the asset at no expense other than transactional costs.

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

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

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

In Glendale, CSCDA-CIA's program targets households with annual incomes ranging from \$78 (1-person household at 80% AMI) to \$127 (5-person household at 120% AMI). Under the program, no existing tenants are displaced. As market-rate units naturally turnover, they are re-leased to low and moderate income households with income and rent restrictions for the life of the bonds. The restricted rents are capped at no more than 35% of the applicable percentage of AMI (i.e. 60%, 80%, 100% and 120%). Additionally, annual rent increases are capped at no more than 4%. This is less than the rent increases under AB1482, the recently adopted State tenant protection legislation. The bonds issued by CalCHA to acquire properties in Glendale do not affect the City's bonding capacity nor is the City or Housing Authority responsible in any way for the debt service of the bond.

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

To date, CSCDA-CIA has acquired three market-rate projects in Glendale. These projects include Altana with 507 apartment units, hue39 (formerly Brio) with 143 units, and Towne at Glendale with 126 units, for a total of 776 rental apartment units.

As of January 1, 2022 CSCDA-CIA has issued bonds for the acquisition of Towne at Glendale. The CSCDA Community Improvement Authority Essential Housing Senior Lien Revenue Bonds, Series 2022A (Towne-Glendale) (Social Bonds) (the "Series A Bonds"), (ii) the CSCDA Community Improvement Authority Essential Housing Mezzanine Lien Revenue Bonds, Series 2022B (Towne-Glendale) (Social Bonds) (the "Series B Bonds"), and (iii) the CSCDA Community Improvement Authority Essential Housing Subordinate Lien Revenue Bonds, Series 2022C (the

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(in thousands)

“Series C Bonds”), with such other series and sub-series designations as may be set forth in the Indenture, originally issued to finance Owner’s acquisition of the Project and related transaction costs.

Joint Powers Authority – Burbank-Glendale-Pasadena Regional Housing Trust

SB 1177 was signed into law by Governor Newsom and became effective January 1, 2023. The bill authorized the creation of the Burbank-Glendale-Pasadena Regional Housing Trust, a joint powers authority, of the Cities of Burbank, Glendale, and Pasadena, with the stated purpose of funding housing to assist the homeless population and persons and families of extremely low, very low, low, and moderate income. The bill also authorized the Burbank-Glendale-Pasadena Regional Housing Trust to fund the planning and construction of housing, receive public and private financing and funds, and authorize and issue bonds. The governance structure of the Trust consists of a Board of Directors with one elected official from each of the three cities.

Joint Power Agreement for San Fernando Valley Council of Governments

The San Fernando Valley Council of Governments (SFVCOG) was created through a Joint Power Agreement in 2010. The City is an active member of the SFVCOG. Other member jurisdictions currently participating include the City of Los Angeles with seven board representatives for each City Council district located entirely or partially in the San Fernando Valley, two board representatives from each of the Los Angeles County Supervisorial Districts located entirely or partially in the San Fernando Valley, and one representative each from the Cities of Burbank, Glendale, San Fernando and Santa Clarita. In its official capacity, the SFVCOG acts as a planning sub-region for the Southern California Association of Governments (SCAG) and focuses on promoting better regional coordination of planning and transportation planning efforts in the San Fernando Valley. The SFVCOG also engages in local, regional, state and federal grant development programming for the region.

Joint Power Agreement for Arroyo Verdugo Communities

The Arroyo Verdugo Communities was created through a Joint Power Agreement in 2017. The City is an active member of the Arroyo Verdugo Communities. Other members include City of Burbank, City of La Canada Flintridge, City of Pasadena, City of South Pasadena and County of Los Angeles. The purpose of the creation of the Joint Power Authority is to provide a vehicle for the members to coordinate regional and cooperative planning, primarily in the area of transportation and determining how to prioritize regional transportation projects and allocation of Measure M sub-regional funds and other public monies, including building a more connective transportation system between the member agencies.

Joint Power Agreement for Verdugo Consortium

The City, along with the Cities of Burbank and La Canada Flintridge, established a joint power agreement on December 14, 1999, named the Verdugo Consortium (the Consortium) for the purpose of receiving a Workforce Innovation and Opportunity Act (WIOA) allocation and administering the WIOA program as a single participation jurisdiction. This agreement designates an approved entity which consists of one elected official from each of the three cities, to ratify appointments for members of the Verdugo Workforce Development Board (VWDB). The City, as the Consortium’s designated administrative entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all of VWDB’s grant funded program requirements, including the receipt, disbursement, accounting for all grant funded programs, and matching funds, including WIOA.

“Take or Pay” Contracts

The City has entered into twelve “Take or Pay” contracts, which require payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Such payments represent the City’s share of current and long-term obligations. Payment for these obligations is expected to be made from operating revenues received during the year that payment is due. These contracts provide for current and future electric generating capacity and transmission of energy for City residents. Through these contracts, the City purchased approximately 46% of its total energy requirements during FY 2023-24. With a few exceptions, the City is obligated to pay the amortized cost of indebtedness regardless of the ability of the

CITY OF GLENDALE

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counterparty to provide electricity. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. All of these agreements contain “step-up” provisions obligating the City to pay a share of the obligations of any defaulting participant.

- The Intermountain Power Agency (IPA), a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah and associated transmission lines, called the Intermountain Power Project (IPP). The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts. The City through contract is obligated for 30 megawatts or 1.70% of the generation. In addition, the City entered into an “Excess Power Sales Agreement” with the IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to additional shares that can vary from year to year. As of June 30, 2024, Glendale’s excess entitlement share is 0.50%. The City’s total obligation from IPP is up to 39 megawatts. The current agreement expires in 2025.

Activities to repower the 1,800 megawatts coal-fired generation facility with 840 megawatts natural gas-fired combined cycle generation commenced in 2019. On July 23, 2019, the City Council approved GWP’s recommendation for continued participation in the IPP project which enabled Glendale to retain its 4.166% share of the plant and increase its share of the Southern Transmission System (STS) to 5.278%, providing Glendale 35 megawatts of generation and 127 megawatts of transmission capacity through 2077. The IPP Repowering project also includes the plan to fuel the plant entirely with green hydrogen by 2045, beginning with 30% in 2025.

The City joined the Southern California Public Power Authority (SCPPA) on November 1, 1980. This authority, consisting of the California cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District, was formed for the purpose of financing future power resources. The City has entered into eleven projects with SCPPA.

- The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of 3 units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.91% of total Palo Verde output), of which the City receives 9.9 megawatts or 4.40% of SCPPA’s entitlement. As of June 30, 2024, Glendale’s share is 4.40%.
- The second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is currently rated at 2,400 megawatts. The City’s share of the line is 2.27% or approximately 55 megawatts. As of June 30, 2024, Glendale’s share is 2.27%.

In October 2022, the City Council authorized execution of the Renewal Agreement for the Acquisition of Capacity, and Renewal Transmission Service Contract with SCPPA for STS, including any ancillary documents to administer and effectuate the implementation of these agreements. As a result, the City will acquire in 2027, transmission capacity of 5.278% through 2077.

- A third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3 (SJ), located in New Mexico. SCPPA members are entitled to 208 megawatts. The Electric Utility is obligated for 20 megawatts or 9.80% of the SCPPA entitlement. In July 2015, the City Council authorized the SCPPA to execute, on Glendale’s behalf, a set of three agreements that collectively shut down Unit 3 at the coal-fired San Juan Power Plant in New Mexico at the end of December 2017. The termination of operations at San Juan Unit 3 will help GWP achieve California state goals regarding the reduction of greenhouse gas emissions. Under the Mine Reclamation and Plant Decommissioning Agreements, Electric Utility remains responsible for the liability arising from operations before December 31, 2017. Electric Utility’s obligation after 2017 is defined by approximately 1.3% of the cost of reclaiming disturbances at the mine site as of December 31, 2017. Costs of plant decommissioning will be split between exiting participants and remaining participants.

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- The fourth project financed through SCPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto Substation in Southern California and the Marketplace Substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of Boulder City, Nevada. Currently, the transmission line has a transfer capability of the Mead-Adelanto Project is estimated at 1,291 megawatts. SCPA members in the project are entitled to 876 megawatts. The City is obligated for 97 megawatts or 11.04% of the SCPA entitlement. As of June 30, 2024, Glendale's share is 11.04%.
- The fifth project financed through SCPA is Mead-Phoenix Project (MP). The project consists of a 256-mile long 500 kV AC transmission line from the Westwing Substation in the vicinity of Phoenix, Arizona to the Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada with an interconnection to the Mead Substation in southern Nevada. The project consists of three separate components: the Westwing-Mead Component, the Mead Substation Component, and the Mead-Marketplace Component. The City's participation shares in the components range from 11.76% to 22.73%. The Mead-Phoenix Project in conjunction with the Mead-Adelanto Project provides an alternative path for the City's purchases from the Palo Verde Nuclear Generating Station, San Juan Generating Station and Hoover Power Plant. These transmission lines also provide access to the southwest U.S. where economical coal energy is readily available. As of June 30, 2024, Glendale's share is 14.80%.
- The sixth project financed through SCPA is the Magnolia Power Project (MPP) located on Burbank Water and Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The City is obligated for 40 megawatts or 16.53% of the project's output. As of June 30, 2024, Glendale's generation cost share is 16.53% and indenture cost share is 17.25%.
- The seventh project financed through SCPA is Natural Gas Prepaid Project (NGPP). In August 2007, the City entered into a 30-year Prepaid Natural Gas Agreement with the SCPA. The agreement will provide a secure and long-term supply of natural gas up to 3,500 MMBtu per day at a discounted price below a spot market price index. The delivery of natural gas started in July 2008. As of June 30, 2024, Glendale's share is 23.00%.
- The eighth project financed through SCPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 megawatts capacity wind farm. The 25-year power purchase agreement with SCPA is for the purchase of 10.00% (approximately 5 megawatts) of the capacity of the project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2024, Glendale's share is 10.00%.
- The ninth project financed through SCPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a capacity of approximately 14 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The Electric Utility is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2024, Electric Utility's share is 50.00%.
- The tenth project financed through SCPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20-year power purchase agreement with SCPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2024, Glendale's share is 7.63%.

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- The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard County, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved a 20-year power purchase agreement with SCPPA for the purchase of approximately 5 megawatts or 4.90% of the Project's output. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2024, Glendale's share is 4.90%.

Take-or-Pay commitments expire upon contract expiration date or final maturity of outstanding bonds for each project, whichever is later. Final fiscal year contract expirations are as follows:

Project	Contract Expiration Date	Glendale's Share
Intermountain Power Project (IPP) *	2027	2.08%
Palo Verde Project (PV)	2030	4.40%
Southern Transmission System (STS)	2027	2.27%
Mead-Adelanto Project (MA)	2030	11.04%
Mead-Phoenix Project (MP)	2030	14.80%
Magnolia Power Project (MPP)	2036	17.25%
Natural Gas Prepaid Project (NGPP)	2035	23.00%
Linden Wind Energy Project (LIN)	2035	10.00%
Tieton Hydropower Project (THP)	2040	50.00%
Windy Point/Windy Flats Project (WP)	2034	7.63%
Milford II Wind Project (MIL2)	2031	4.90%

*IPP debt service share

A summary of the City's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2024:

Fiscal Year	IPP *	STS *	MPP	NGPP	LIN	THP	WP	MIL2	Total
2025	\$ 1,830	3,529	3,363	2,804	168	1,383	1,610	495	15,182
2026	1,698	4,117	3,388	6,043	373	2,130	2,190	495	20,434
2027	2,702	4,231	3,418	6,054	374	1,232	2,189	494	20,694
2028	5,421	4,403	3,448	6,334	374	1,233	2,187	494	23,894
2029	5,418	4,348	3,478	6,622	374	1,230	2,184	493	24,147
2030 - 2034	27,047	22,688	17,913	36,025	1,869	6,139	4,360	1,476	117,517
2035 - 2039	26,961	22,960	13,860	8,698	8,223	6,118	-	-	86,820
2040 - 2044	26,829	22,572	-	-	-	2,449	-	-	51,850
2045 - 2049	10,684	22,479	-	-	-	-	-	-	33,163
2050 - 2054	-	22,363	-	-	-	-	-	-	22,363
Total	\$ 108,590	133,690	48,868	72,580	11,755	21,914	14,720	3,947	416,064

*IPP Repowering and STS Renewal

In addition to debt service, the City's entitlement requires the payment for fuel costs, operating and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2024 and 2023 are as follows:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2024	\$4,860	2,961	701	776	468	135	6,499	3,738	-	1,088	-	-	21,226
2023	\$6,907	2,795	588	2	338	204	5,635	8,085	-	958	-	-	25,512

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024
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NOTE 14 – PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for fiscal years beginning after December 15, 2023 (FY 2024-25).
- GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement is effective for fiscal years beginning after June 15, 2024 (FY 2024-25).
- GASB Statement No. 103 – *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for fiscal years beginning after June 15, 2025 (FY 2025-26).

NOTE 15 – IMPLEMENTATION OF PRONOUNCEMENTS

The city has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2024:

- GASB Statement No. 99 – *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practices issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections-an amendment of GASB Statement NO. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for fiscal years beginning after June 15, 2023.

NOTE 16 – SUBSEQUENT EVENTS

The Electric utility of Glendale Water & Power issued new Electric Revenue Bonds, 2024 Second Series in the amount of \$166,685 in August 2024 to provide money for the further development and construction of the Grayson Repowering project, Scholl Canyon Landfill Biogas Renewal Generation project and other electric system capital improvements.

CITY OF GLENDALE
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Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan

	Fiscal Year				
	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 18,229	18,657	17,002	16,683	16,372
Interest on the total pension liability	89,862	86,698	85,712	83,093	80,133
Changes of benefit terms	1,164	-	-	-	-
Differences between expected and actual experience	6,458	(19,997)	(2,379)	3,355	10,478
Changes of assumptions	-	37,616	-	-	-
Benefit payments, including refunds of employee contributions	(68,623)	(65,188)	(61,690)	(60,158)	(57,071)
Net change in total pension liability	47,090	57,786	38,645	42,973	49,912
Total pension liability - beginning	1,319,926	1,262,140	1,223,495	1,180,522	1,130,610
Total pension liability - ending (A)	<u>1,367,016</u>	<u>1,319,926</u>	<u>1,262,140</u>	<u>1,223,495</u>	<u>1,180,522</u>
Plan fiduciary net position					
Plan to plan resource movement	4	-	-	(8)	-
Contributions from the employer	38,403	38,620	36,495	29,257	24,992
Contributions from employees	10,570	10,491	11,011	11,249	10,176
Net investment income	60,946	(81,807)	202,381	43,263	54,849
Benefit payments, including refunds of employee contributions	(68,623)	(65,188)	(61,690)	(60,158)	(57,071)
Administrative expense	(723)	(675)	(895)	(1,232)	(600)
Other miscellaneous income/(expense)	-	-	-	-	2
Net change in fiduciary net position	40,577	(98,559)	187,302	22,371	32,348
Plan fiduciary net position - beginning	984,877	1,083,436	896,134	873,763	841,415
Plan fiduciary net position - ending (B)	<u>1,025,454</u>	<u>984,877</u>	<u>1,083,436</u>	<u>896,134</u>	<u>873,763</u>
Net pension liability - ending (A) - (B)	<u>\$ 341,562</u>	<u>335,049</u>	<u>178,704</u>	<u>327,361</u>	<u>306,759</u>
Plan fiduciary net position as a percentage of the total pension liability	75.01%	74.62%	85.84%	73.24%	74.01%
Covered payroll	\$ 99,665	101,450	101,565	99,009	95,277
Net pension liability as a percentage of covered payroll	342.71%	330.26%	175.95%	330.64%	321.97%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan

	Fiscal Year				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 15,956	15,513	13,413	14,372	14,951
Interest on the total pension liability	76,746	74,508	73,104	71,411	69,351
Differences between expected and actual experience	1,240	(11,313)	(12,487)	(8,835)	-
Changes of assumptions	(6,403)	62,163	-	(17,578)	-
Benefit payments, including refunds of employee contributions	(54,969)	(52,599)	(51,297)	(50,059)	(47,552)
Net change in total pension liability	32,570	88,272	22,733	9,311	36,750
Total pension liability - beginning	1,098,040	1,009,768	987,035	977,724	940,974
Total pension liability - ending (A)	<u>1,130,610</u>	<u>1,098,040</u>	<u>1,009,768</u>	<u>987,035</u>	<u>977,724</u>
Plan fiduciary net position					
Plan to plan resource movement	(2)	2	-	(25)	-
Contributions from the employer	22,006	18,558	16,517	13,344	14,431
Contributions from employees	8,996	8,518	8,092	8,142	8,202
Net investment income	67,307	82,439	3,709	17,215	117,615
Benefit payments, including refunds of employee contributions	(54,969)	(52,599)	(51,297)	(50,059)	(47,552)
Administrative expense	(1,249)	(1,101)	(469)	(881)	-
Other miscellaneous income/(expense)	(2,372)	-	-	-	-
Net change in fiduciary net position	39,717	55,817	(23,448)	(12,264)	92,696
Plan fiduciary net position - beginning	801,698	745,881	769,329	781,593	688,897
Plan fiduciary net position - ending (B)	<u>841,415</u>	<u>801,698</u>	<u>745,881</u>	<u>769,329</u>	<u>781,593</u>
Net pension liability - ending (A) - (B)	<u>\$ 289,195</u>	<u>296,342</u>	<u>263,887</u>	<u>217,706</u>	<u>196,131</u>
Plan fiduciary net position as a percentage of the total pension liability	74.42%	73.01%	73.87%	77.94%	79.94%
Covered payroll	\$ 92,799	90,627	86,558	91,786	91,275
Net pension liability as a percentage of covered payroll	311.64%	326.99%	304.87%	237.19%	214.88%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan

	Fiscal Year				
	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 17,724	17,490	15,510	15,682	15,196
Interest on the total pension liability	69,808	66,942	64,856	62,988	60,331
Change of benefit terms	322	-	-	-	-
Differences between expected and actual experience	8,009	(2,699)	(5,898)	5,391	4,900
Changes of assumptions	-	33,196	-	-	-
Benefit payments, including refunds of employee contributions	(52,900)	(49,777)	(47,743)	(45,366)	(42,663)
Net change in total pension liability	42,963	65,152	26,725	38,695	37,764
Total pension liability - beginning	1,020,967	955,815	929,090	890,395	852,631
Total pension liability - ending (A)	1,063,930	1,020,967	955,815	929,090	890,395
Plan fiduciary net position					
Plan to plan resource movement	(4)	-	-	8	-
Contributions from the employer	35,617	35,100	33,085	28,464	25,371
Contributions from employees	5,881	5,499	5,285	5,116	5,008
Net investment income	42,059	(56,694)	139,596	29,762	37,580
Benefit payments, including refunds of employee contributions	(52,900)	(49,777)	(47,743)	(45,366)	(42,663)
Administrative expense	(500)	(465)	(615)	(844)	(410)
Other miscellaneous income/(expense)	-	-	-	-	1
Net change in fiduciary net position	30,153	(66,337)	129,608	17,140	24,887
Plan fiduciary net position - beginning	679,366	745,703	616,095	598,955	574,068
Plan fiduciary net position - ending (B)	709,519	679,366	745,703	616,095	598,955
Net pension liability - ending (A) - (B)	\$ 354,411	341,601	210,112	312,995	291,440
Plan fiduciary net position as a percentage of the total pension liability	66.69%	66.54%	78.02%	66.31%	67.27%
Covered payroll	\$ 55,911	54,640	53,408	53,105	51,155
Net pension liability as a percentage of covered payroll	633.88%	625.18%	393.41%	589.39%	569.72%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan

	Fiscal Year				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 14,872	14,641	12,975	13,038	13,249
Interest on the total pension liability	57,734	56,003	54,489	52,434	50,558
Differences between expected and actual experience	(3,943)	(7,654)	(3,055)	(5,684)	-
Changes of assumptions	(3,509)	47,703	-	(13,128)	-
Benefit payments, including refunds of employee contributions	(40,017)	(38,186)	(36,522)	(34,522)	(32,654)
Net change in total pension liability	25,137	72,507	27,887	12,138	31,153
Total pension liability - beginning	827,494	754,987	727,100	714,962	683,809
Total pension liability - ending (A)	<u>852,631</u>	<u>827,494</u>	<u>754,987</u>	<u>727,100</u>	<u>714,962</u>
Plan fiduciary net position					
Plan to plan resource movement	(1)	(2)	-	-	-
Contributions from the employer	22,548	19,843	18,266	16,789	14,887
Contributions from employees	4,602	4,305	4,517	4,394	4,716
Net investment income	45,731	55,289	2,584	11,489	77,826
Benefit payments, including refunds of employee contributions	(40,017)	(38,186)	(36,522)	(34,522)	(32,654)
Administrative expense	(847)	(743)	(314)	(579)	-
Other miscellaneous income/(expense)	(1,609)	-	-	-	-
Net change in fiduciary net position	30,407	40,506	(11,469)	(2,429)	64,775
Plan fiduciary net position - beginning	543,661	503,155	514,624	517,053	452,278
Plan fiduciary net position - ending (B)	<u>574,068</u>	<u>543,661</u>	<u>503,155</u>	<u>514,624</u>	<u>517,053</u>
Net pension liability - ending (A) - (B)	<u>\$ 278,563</u>	<u>283,833</u>	<u>251,832</u>	<u>212,476</u>	<u>197,909</u>
Plan fiduciary net position as a percentage of the total pension liability	67.33%	65.70%	66.64%	70.78%	72.32%
Covered payroll	\$ 49,624	48,322	48,245	48,174	47,373
Net pension liability as a percentage of covered payroll	561.35%	587.38%	521.99%	441.06%	417.77%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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Schedule of Pension Plan Contributions - Miscellaneous Plan

	Fiscal Year				
	2024	2023	2022	2021	2020
Actuarially determined contributions	\$ 38,268	38,126	35,174	32,308	29,240
Contributions in relation to the actuarially determined contribution	(38,268)	(38,126)	(38,613)	(32,308)	(29,240)
Contribution deficiency (excess)	-	-	(3,439)	-	-
Covered payroll	\$ 108,609	99,665	101,450	101,565	99,009
Contributions as a percentage of covered payroll	35.235%	38.254%	34.671%	31.810%	29.533%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level dollar amount	Level dollar amount	Level dollar amount	Level percent of Payroll	Level percent of Payroll
Asset valuation method	Fair value	Fair value	Market value	Market value	Market value
Discount rate	6.8% (net of investment & admin exp)	7% (net of investment & admin exp)	7% (net of investment & admin exp)	7% (net of investment & admin exp)	7.25% (net of investment & admin exp)
Projected salary increases	0.2% to 7.64% depending on age, service, and type of employment	0.4% to 8.5% depending on category, entry age, and duration of service	0.4% to 8.5% depending on age, service, and type of employment	0.4% to 8.5% depending on age, service, and type of employment	0.4% to 8.5% depending on age, service, and type of employment
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%
Payroll growth	2.80%	2.75%	2.75%	2.75%	2.875%
Retirement age	59	59	59	59	59

CITY OF GLENDALE
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(in thousands)

Schedule of Pension Plan Contributions - Miscellaneous Plan

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 27,791	23,741	18,972	16,519	13,357
Contributions in relation to the actuarially determined contribution	(27,791)	(23,741)	(18,972)	(16,519)	(13,357)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 95,277	92,799	90,627	86,558	91,786
Contributions as a percentage of covered payroll	29.169%	25.583%	20.934%	19.084%	14.552%

Notes to Schedule:

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll
Asset valuation method	Market value	Market value	Market value	Market value	15 year smoothed market
Discount rate	7.375% (net of investment & admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)
Projected salary increases	3.2% to 12.2% depending on age, service, and type of employment	3.2% to 12.2% depending on age, service, and type of employment	3.2% to 12.2% depending on age, service, and type of employment	3.3% to 14.2% depending on age, service, and type of employment	3.3% to 14.2% depending on age, service, and type of employment
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%
Retirement age	59	59	59	59	59

CITY OF GLENDALE
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(in thousands)

Schedule of Pension Plan Contributions - Safety Plan

	Fiscal Year				
	2024	2023	2022	2021	2020
Actuarially determined contributions	\$ 37,546	35,210	33,879	31,033	28,471
Contributions in relation to the actuarially determined contribution	(37,546)	(35,210)	(35,103)	(31,033)	(28,471)
Contribution deficiency (excess)	-	-	(1,224)	-	-
Covered payroll	\$ 62,690	55,911	54,640	53,408	53,105
Contributions as a percentage of covered payroll	59.892%	62.975%	62.004%	58.106%	53.613%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level dollar amount	Level dollar amount	Level dollar amount	Level percent of Payroll	Level percent of Payroll
Asset valuation method	Fair value	Fair value	Market value	Market value	Market value
Discount rate	6.8% (net of investment & admin exp)	7% (net of investment & admin exp)	7% (net of investment & admin exp)	7% (net of investment & admin exp)	7.25% (net of investment & admin exp)
Projected salary increases	1.32% to 15.17% depending on age, service, and type of employment	0.97% to 17% depending on category, entry age, and duration of service	0.97% to 17% depending on age, service, and type of employment	0.97% to 17% depending on age, service, and type of employment	0.97% to 17% depending on age, service, and type of employment
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%
Payroll growth	2.80%	2.75%	2.75%	2.75%	2.875%
Retirement age	54	54	54	54	54

CITY OF GLENDALE
Required Supplementary Information
Last Ten Fiscal Years
(in thousands)

Schedule of Pension Plan Contributions - Safety Plan

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 25,487	22,470	19,984	18,257	16,772
Contributions in relation to the actuarially determined contribution	(25,487)	(22,470)	(19,984)	(18,257)	(16,772)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 51,155	49,624	48,322	48,245	48,174
Contributions as a percentage of covered payroll	49.823%	45.281%	41.356%	37.842%	34.815%

Notes to Schedule:

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll	Level percent of Payroll
Asset valuation method	Market value	Market value	Market value	Market value	15 year smoothed market
Discount rate	7.375% (net of investment & admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)	7.50% (net of admin exp)
Projected salary increases	3.4% to 20.0% depending on age, service, and type of employment	3.4% to 20.0% depending on age, service, and type of employment	3.4% to 20.0% depending on age, service, and type of employment	3.3% to 14.2% depending on age, service, and type of employment	3.3% to 14.2% depending on age, service, and type of employment
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%
Retirement age	54	54	54	54	54

CITY OF GLENDALE
Required Supplementary Information
Last Ten Fiscal Years
(in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

	Fiscal Year			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 26	43	46	38
Interest on the total OPEB liability	432	319	400	524
Changes of assumptions	(1,633)	(2,420)	(520)	2,947
Actual vs. expected experience	(2,444)	-	(2,760)	-
Benefit payments	(509)	(530)	(372)	(423)
Net change in total OPEB liability	(4,128)	(2,588)	(3,206)	3,086
Total OPEB liability - beginning	12,427	15,015	18,221	15,135
Total OPEB liability - ending	<u>8,299</u>	<u>12,427</u>	<u>15,015</u>	<u>18,221</u>
Covered-employee payroll	\$ 172,125	168,994	169,684	165,230
Total OPEB liability as a percentage of covered employee payroll	4.82%	7.35%	8.85%	11.03%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Notes:

- (1) FY 2018 is the first year of implementation of GASB 75; therefore, only seven years of data is shown.
- (2) There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

CITY OF GLENDALE
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(in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

	Fiscal Year		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 44	46	57
Interest on the total OPEB liability	582	556	493
Changes of assumptions	543	(619)	(1,790)
Actual vs. expected experience	(772)	-	-
Benefit payments	(476)	(507)	(487)
Net change in total OPEB liability	(79)	(524)	(1,727)
Total OPEB liability - beginning	15,214	15,738	17,465
Total OPEB liability - ending	15,135	15,214	15,738
Covered-employee payroll	\$ 160,653	156,117	150,107
Total OPEB liability as a percentage of covered employee payroll	9.42%	9.75%	10.48%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

Notes:

- (1) FY 2018 is the first year of implementation of GASB 75; therefore, only seven years of data is shown.
- (2) There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.