

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but interest on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.



\$64,420,000
CITY OF GLENDORA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2019

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

The City of Glendora (the “City”) is issuing its \$64,420,000 Taxable Pension Obligation Bonds, Series 2019 (the “Bonds”), pursuant to a Trust Agreement, dated as of September 1, 2019, by and between the City and U.S. Bank National Association, as trustee, and pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Bonds are being issued to: (i) pay the City’s currently unamortized, unfunded accrued liability (“Unfunded Liability”) to the California Public Employees’ Retirement System (“CalPERS”) for the benefit of the City’s employees, and (ii) pay costs of issuance of the Bonds. See “PLAN OF REFINANCING” herein.

The Bonds will be delivered in fully registered form only, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). See “THE BONDS—General” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The interest on the Bonds is payable semiannually on June 1 and December 1 (each an “Interest Payment Date”) of each year, commencing December 1, 2019, through the maturity date of such Bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued in such principal amounts, and will bear interest at the rates, payable on the dates as shown on the inside front cover of this Official Statement.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS” herein.

THE OBLIGATIONS OF THE CITY UNDER THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF THE INTEREST ON AND THE PRINCIPAL OF THE BONDS WHEN DUE OR UPON PRIOR REDEMPTION, ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

This cover page and the inside front cover page contain information for reference only. They are not a summary of this issue. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel to the City. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain other legal matters will be passed upon for the City by the City Attorney, for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California and for the Trustee by its counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about September 5, 2019.

STIFEL

\$64,420,000
CITY OF GLENDORA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2019

MATURITY SCHEDULE

Base CUSIP[†] 378612

Maturity (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2020	\$1,715,000	1.814%	1.814%	100.000	AA3
2021	1,470,000	1.814	1.814	100.000	AB1
2022	2,440,000	1.812	1.812	100.000	AC9
2023	2,580,000	1.848	1.848	100.000	AD7
2024	2,625,000	1.898	1.898	100.000	AE5
2025	2,675,000	1.988	1.988	100.000	AH8
2026	2,730,000	2.108	2.108	100.000	AJ4
2027	2,785,000	2.215	2.215	100.000	AK1
2028	2,845,000	2.265	2.265	100.000	AL9
2029	2,910,000	2.315	2.315	100.000	AM7
2030	2,980,000	2.395	2.395	100.000	AN5
2031	3,050,000	2.515	2.515	100.000	AP0
2032	3,125,000	2.565	2.565	100.000	AQ8
2033	3,210,000	2.615	2.615	100.000	AR6
2034	3,290,000	2.665	2.665	100.000	AS4

\$14,525,000 3.001% Term Bond due June 1, 2039; Yield 3.001%; Price 100.000%; CUSIP[†]: 378612AF2

\$9,465,000 3.121% Term Bond due June 1, 2044; Yield 3.121%; Price 100.000%; CUSIP[†]: 378612AG0

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

**CITY OF GLENDORA
COUNTY OF LOS ANGELES, CALIFORNIA**

CITY COUNCIL

Judy Nelson, *Mayor*
Michael Allawos, *Mayor Pro-Tem*
Gary Boyer, *Council Member*
Karen K. Davis, *Council Member*
Mendell Thompson, *Council Member*

CITY OFFICIALS

Adam M. Raymond, *City Manager*
William W. Wynder, *City Attorney*
Kathleen R. Sessman, *City Clerk/Communications Director*
June A. Overholt, *Finance Director/ City Treasurer*

BOND COUNSEL/DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. The information set forth herein has been obtained from sources which are believed to be current and reliable. This information and the expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. Estimates and opinions are included and should not be interpreted as statements of facts. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire contents of the summarized documents.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be construed as a contract with the purchasers of any of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. Reference is hereby made to such documents on file with the City for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not reproduced or used, in whole or in part, for any other purpose.

NONE OF THE BONDS HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. NONE OF THE BONDS HAVE BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Forward-looking statements in this Official Statement are subject to risks and uncertainties. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when expectations or events, conditions or circumstances on which such statements are based occur.

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OFFICIAL STATEMENT
\$64,420,000
CITY OF GLENDORA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2019

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement provides certain information concerning the issuance, sale and delivery of the City of Glendora Taxable Pension Obligation Bonds, Series 2019 (the “Bonds”), in the aggregate principal amount of \$64,420,000. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Trust Agreement (the “Trust Agreement”), dated as of September 1, 2019, by and between the City of Glendora (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). For definitions of certain words and terms used but not otherwise defined herein, see APPENDIX C—“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

The City previously issued its City of Glendora Taxable Pension Obligation Bonds, 2009 Series A (the “Series 2009A Bonds”), in the initial aggregate principal amount of \$5,890,000, of which \$1,555,000 is currently outstanding, to refinance the City’s then Unfunded Liability (defined below).

The City is a member of the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California (the “State”), including the City. As such, the City is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of CalPERS and the City Council of the City, effective March 1, 1956, as such contract has been amended from time-to-time (as amended, the “CalPERS Contract”), to make contributions to CalPERS to (a) fund pension benefits for City employees who are members of CalPERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for such purposes. The City participates in two retirement plans (with tiers within such plans) under the CalPERS Contract. The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Refunding Bond Law”), to issue bonds for the purpose of refunding obligations evidenced by the CalPERS Contract. The Bonds are authorized and issued pursuant to the Trust Agreement and a resolution of issuance adopted by the City Council of the City (the “Council”) on March 12, 2019 (the “Resolution”). The proceeds from the sale of the Bonds (exclusive of costs of issuance) will be used to refund the City’s obligations to CalPERS evidenced by the two retirement plans in which the City participates pursuant to the CalPERS Contract and representing the current unamortized, unfunded accrued liability (the “Unfunded Liability”) with respect to certain pension benefits under the Retirement Law.

The obligations of the City under the CalPERS Contract and the Bonds, including the City's obligation to make all payments of interest and principal when due, are absolute and unconditional, without any right of set-off or counterclaim. The Bonds are not limited as to payment to any special source of funds of the City.

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Validation

On May 14, 2019, a default judgment (the "Validation Judgment") was entered by the Superior Court of the State of California for the County of Los Angeles in the case entitled City of Glendora v. All Persons Interested et al., (Case No. 19STCV08657). The Validation Judgment was entered in connection with an action which was initiated by the City in connection with the issuance of City pension obligation bonds, including the Bonds. See "VALIDATION."

No Reserve Fund

The City has not funded a reserve fund in connection with the issuance of the Bonds.

Continuing Disclosure

The City has covenanted for the benefit of the Holders of the Bonds to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access platform (EMMA) certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule"). See "APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the Disclosure Certificate pursuant to which such reports are to be made. The City and its related entities have entered into previous undertakings to provide continuing disclosure pursuant to the Rule. See "CONTINUING DISCLOSURE" herein.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The City is not obligated to issue any updates or revisions to the forward-looking statements if, or when, its expectations, or events, conditions or circumstances on which such statements are based change.

Miscellaneous

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Included herein are brief summaries of the Trust Agreement and certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Holders of the Bonds. Copies of the documents are on file and available for inspection at the corporate trust office of the Trustee in Los Angeles, California. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as the Trust Agreement. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto for definitions of certain words and terms used by not otherwise defined herein.

THE BONDS

General

The Bonds will be issued in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth. Principal, premium, if any, and interest on the Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to DTC Participants for subsequent disbursement to Beneficial Owners (herein defined) of the Bonds. See APPENDIX F—"BOOK-ENTRY SYSTEM" herein.

The Bonds will be dated the date of delivery, mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement. The Bonds will be delivered in denominations equal to \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on each June 1 and December 1, commencing December 1, 2019, by check mailed by first class mail on such interest payment date to such registered holders at the address shown on the registration books maintained by the Trustee; provided, however, that any Holder of at least \$1,000,000 in aggregate principal amount of Bonds may be paid interest by wire transfer upon written request submitted to the Trustee prior to the Record Date immediately preceding the applicable Interest Payment Date. "Record Date" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Optional Redemption of the Bonds

The Bonds maturing on or after June 1, 2030 may be redeemed at the option of the City from any source of funds on any date on or after June 1, 2029 in whole or in part from such maturities as are selected by the City at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of the Bonds

The Bonds maturing June 1, 2039 (the "2039 Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued

interest to the redemption date, without premium. The 2039 Term Bonds shall be so redeemed on the following dates and in the following amounts:

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
2035	\$3,380,000
2036	3,480,000
2037	3,200,000
2038	2,245,000
2039 (maturity)	2,220,000

The Bonds maturing June 1, 2044 (the “2044 Term Bonds” and together with the 2039 Term Bonds, the “Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date, without premium. The 2044 Term Bonds shall be so redeemed on the following dates and in the following amounts:

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
2040	\$2,190,000
2041	2,260,000
2042	1,815,000
2043	1,715,000
2044 (maturity)	1,485,000

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth day next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. In the event that the Term Bonds are optionally redeemed, in part, the foregoing mandatory sinking fund payments will be reduced as nearly as practicable on a pro-rata basis in integral multiples of \$5,000.

Notice of Redemption

Notice of redemption shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee. Notwithstanding the foregoing, so long as DTC is acting as securities depository for the Bonds, notice of redemption will be given by sending copies of such notice to DTC (and not to the Beneficial Owners of the Bonds designated for redemption).

Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

Failure to give the notices described in the Trust Agreement or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

The City shall have the right to rescind any notice of optional redemption previously sent pursuant to the Trust Agreement. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the City nor the Trustee shall incur any liability, to Bondholder, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Selection of Bonds for Redemption

Bonds are subject to redemption pro rata within a maturity. So long as DTC is securities depository for the Bonds, there will be only one registered owner and neither the City nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of Bonds. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Bond Payments

The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any and interest when due, are absolute and unconditional, without any right of set-off or counterclaim.

The Trust Agreement requires that the City: (i) no later than the Closing Date, deliver funds to the Trustee for deposit to the Revenue Fund (as defined below) in an aggregate amount equal to the Deposit Amount for the first Payment Calculation Period, and (ii) no later than July 31 of each year beginning in 2020, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the aggregate amount of principal and interest required to be paid on the Bonds (the "Deposit Amount") (less amounts on deposit in the Revenue Fund) for the Payment Calculation Period in which such July 31 falls. No assurance can be given as to the amount and source of money available in the City treasury for such transfer at any particular time. However, the Trust Agreement provides that the City shall punctually pay the interest on and the principal of and premium, if any, to become due on the Bonds.

"Payment Calculation Period" means the twelve-month period commencing on each June 2 and ending on the next succeeding June 1, except that the first Payment Calculation Period shall commence on the Closing Date and end on June 1, 2020.

From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund any Unfunded

Liability under the CalPERS Contract, any other obligations due to CalPERS, or any bonds issued to refund the Unfunded Liability. Such Additional Bonds may be issued on a parity with the Bonds.

Revenue Fund

The Trust Agreement creates the “City of Glendora Taxable Pension Obligation Bonds, Series 2019 Revenue Fund” (the “Revenue Fund”) and a “Bond Interest Account” and “Bond Principal Account” therein.

All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On June 2 of each year beginning in 2020, so long as no Event of Default under the Trust Agreement has occurred and is continuing, the Trustee shall wire transfer all amounts on deposit in the Bond Interest Account to the City to be used for any lawful purpose.

All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Account to cure such deficiency.

The moneys in such Revenue Fund and the accounts therein shall be held by the Trustee in trust and applied as provided in the Trust Agreement and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under the Trust Agreement.

As described above, the City may issue Additional Bonds under the Trust Agreement. In the event the City issues Additional Bonds under the Trust Agreement, amounts on deposit in the Revenue Fund and the accounts therein will secure the Bonds and such Additional Bonds on a parity basis.

Limited Obligations

THE BONDS ARE GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM ANY LAWFULLY AVAILABLE FUNDS OF THE CITY AND ARE NOT LIMITED AS TO PAYMENT TO ANY SPECIAL SOURCE OF FUNDS OF THE CITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

PLAN OF REFINANCING

On May 14, 2019, the Superior Court of the State of California in and for the County of Los Angeles (the “County”) entered a default judgment to the effect, among other things, that (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability and its normal annual contributions for a fiscal year by issuing bonds and applying the proceeds of bonds to the retirement of the its Unfunded Liability and payment of its current year normal annual contributions.

CalPERS has notified the City as to the amount of the Unfunded Liability based on the June 30, 2018 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the City's Miscellaneous Plan and Safety Plan. Based on the June 30, 2018 actuarial valuation as reported by CalPERS to the City, CalPERS has projected the City's total Unfunded Liability under the CalPERS Contract to be \$60,162,222 as of September 5, 2019, consisting of \$29,146,981 with respect to the City's Miscellaneous Plans and \$31,015,241 with respect to the City's Safety Plan. The Bonds are being issued to finance the total Unfunded Liability as of September 5, 2019. In addition, the Bonds are being issued to finance the unfunded accrued liability payments of \$1,718,325 with respect to the Safety Plan and \$1,826,577 with respect to the Miscellaneous Plan, which amounts represent the unfunded accrued liability for Fiscal Year 2019-20, less the amount paid by the City to CalPERS in the month of July 2019 for such Fiscal Year. Upon the issuance of the Bonds, the City will pay \$63,707,124 to CalPERS for deposit to the CalPERS Payment Fund. With this deposit, the City will have fully funded its Unfunded Liability as of September 5, 2019 and will not be required to make any further payments to CalPERS with respect to the Unfunded Liability refinanced by the Bonds. It is possible that CalPERS will determine at a future date that an additional unfunded liability exists that is attributable to the City if actual plan experience differs from the current actuarial estimates. The City's Series 2009A Bonds, which were issued to refinance a portion of the City's Unfunded Liability in 2009, remain outstanding in the principal amount of \$1,555,000.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are estimated to be applied as set forth below.

Estimated Sources of Funds

Principal Amount of Bonds	<u>\$ 64,420,000.00</u>
Total Sources of Funds	<u>\$ 64,420,000.00</u>

Estimated Uses of Funds

Funding of the Unfunded Liability and normal annual contribution ⁽¹⁾	\$ 63,707,124.00
Costs of Issuance ⁽²⁾	<u>712,876.00</u>
Total Uses of Funds	<u>\$ 64,420,000.00</u>

⁽¹⁾ Deposit to CalPERS Payment Fund. See "PLAN OF REFINANCING" herein.

⁽²⁾ Includes Underwriter's discount, rating fees, legal fees, printing costs, trustee fees and other costs of issuance deposited in the Costs of Issuance Fund.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required to be made available for the payment of principal of the Bonds, at maturity or by mandatory sinking fund redemption, for the payment of interest on the Bonds, and for the total debt service on the Bonds, assuming no optional redemption occurs prior to maturity.

TABLE 1
CITY OF GLENDORA
ANNUAL DEBT SERVICE ON THE BONDS

<i>Year Ending June 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	\$ 1,715,000	\$ 1,207,982.22	\$ 2,922,982.22
2021	1,470,000	1,603,753.06	3,073,753.06
2022	2,440,000	1,577,087.26	4,017,087.26
2023	2,580,000	1,532,874.46	4,112,874.46
2024	2,625,000	1,485,196.06	4,110,196.06
2025	2,675,000	1,435,373.56	4,110,373.56
2026	2,730,000	1,382,194.56	4,112,194.56
2027	2,785,000	1,324,646.16	4,109,646.16
2028	2,845,000	1,262,958.40	4,107,958.40
2029	2,910,000	1,198,519.16	4,108,519.16
2030	2,980,000	1,131,152.66	4,111,152.66
2031	3,050,000	1,059,781.66	4,109,781.66
2032	3,125,000	983,074.16	4,108,074.16
2033	3,210,000	902,917.90	4,112,917.90
2034	3,290,000	818,976.40	4,108,976.40
2035	3,380,000	731,297.90	4,111,297.90
2036	3,480,000	629,864.10	4,109,864.10
2037	3,200,000	525,429.30	3,725,429.30
2038	2,245,000	429,397.30	2,674,397.30
2039	2,220,000	362,024.86	2,582,024.86
2040	2,190,000	295,402.66	2,485,402.66
2041	2,260,000	227,052.76	2,487,052.76
2042	1,815,000	156,518.16	1,971,518.16
2043	1,715,000	99,872.00	1,814,872.00
2044	1,485,000	46,346.86	1,531,346.86
Total	<u>\$ 64,420,000</u>	<u>\$ 22,409,693.58</u>	<u>\$ 86,829,693.58</u>

THE CITY

General Information

The City is located in the eastern end of the San Gabriel Valley of the County of Los Angeles, approximately 27 miles east of downtown Los Angeles. The City comprises approximately 19.7 square miles at an elevation between sea level and 774 feet. Incorporated in 1911, the City operates as a general law city. It has a council-manager form of government, with the council members elected at large for four-year terms and, following each election, the council selects a mayor and mayor pro tem. Commencing with the March 2020 election, the City will conduct City Council elections by district.

City Council

The current members of the City Council and the expiration dates of their respective terms are as follows:

CITY OF GLENDORA City Council

<i>Name</i>	<i>Term Expires</i>
Judy Nelson, <i>Mayor</i>	2020
Michael Allawos, <i>Mayor Pro-Tem</i>	2022
Gary Boyer	2020
Karen K. Davis	2022
Mendell Thompson	2020

City Council elections have historically been held City-wide. In October 2017, the City Council approved elections for City Council members to be held by districts, which will be implemented over two election cycles in March 2020 and 2022.

The City Council appoints the City Manager who heads the executive branch of the government, implements City Council directives and policies and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

Employees and Management

As of June 30, 2019, the City had approximately 245.51 full-time equivalent employees. Non-management employees are represented by the American Federation of State, County and Municipal Employees (the "AFSCME") and management employees are represented by the Glendora Management Association (the "GMA"). Relations between the City and these bargaining units are governed by memoranda of understanding (each, an "MOU"). The current MOUs with the AFSCME and the GMA expire January 31, 2023. Non-management employees of the City's police department are also represented by the Glendora Police Officers Association and are currently operating under the terms of its MOU which expires June 30, 2022. Management employees of the City's police department are represented by the Glendora Police Management Association and are operating under an MOU that expires in June 2020.

The City has never experienced a strike, slowdown or work stoppage.

Day-to-day management of the City is delegated to the City Manager, Adam Raymond. Prior to joining the City in September of 2018, Mr. Raymond served as the Chief Financial Officer/Treasurer of the City of Riverside. Prior to that, he served as Riverside's Assistant CFO/Treasurer and Deputy Chief Innovation Officer with duties that included leading the development of departmental and citywide policies. Before joining the City of Riverside, Mr. Raymond worked for the Southern California cities of Rancho Palos Verdes and San Bernardino, as well as a local accounting firm, providing auditing services to cities and counties.

June Overholt serves as the City's Finance Director/Treasurer. Ms. Overholt has been with the City since January 2015 and previously served as the Administrative Services Director/Deputy City Manager of the City of Banning. Ms. Overholt has over 20 years of experience in municipal financial administration.

William W. Wynder of the law firm of Aleshire & Wynder, LLP, serves as the City Attorney. Mr. Wynder has served as the City Attorney since 2018. Mr. Wynder has practiced law since 1978 and specializes in the field of public law, public sector litigation and constitutional torts, and labor and employment law.

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and the standards established by the Governmental Accounting Standards Board (GASB). On a quarterly basis, a report is prepared for the City Council and City staff which reviews fiscal performance to date against the budget. Combined financial statements are produced following the close of each Fiscal Year.

The City Council employs an independent certified public accountant (the “Auditor”), who, at such time or times as specified by the City Council, at least annually, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable, after the end of the Fiscal Year, a final audit and report is submitted by the independent accountant to the City Council.

The City’s governmental funds (including the City’s general fund (the “General Fund”)) are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been subject to the accrual basis of accounting by the City, are property tax, sales tax, franchise taxes, special assessments, licenses, interest revenue, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred. The City’s major governmental funds are the General Fund and the capital projects fund. The General Fund is the City’s primary operating fund which accounts for all financial resources of the general government except those required to be accounted for in another fund. The capital projects fund is used to account for the funds that are assigned to the development or maintenance of the City’s capital projects.

The General Fund is the primary operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The City is obligated to pay the Deposit Amounts due under the Trust Agreement from any legally available funds. However, the City expects to allocate costs among funds and accounts by City department or enterprise with approximately 75.93% of the annual Deposit Amounts from amounts in the General Fund, 13.65% from water enterprise fund, 4.53% from internal service funds, 5.24% from the special revenue funds and 0.65% from the Glendora Housing Authority. Such percentages could change over time based on the number of City employees assigned to various departments.

The City’s proprietary fund (which currently only consists of the water enterprise fund) is accounted for using the “economic resources” measurement focus and the accrual basis of account. All assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period which they are earned while expenses are recognized in the period in which the liability is incurred. The City also reports internal service funds which account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis as proprietary funds.

The City’s Financial Statements along with accompanying notes and opinions from the Auditor for the Fiscal Year ended June 30, 2018, are set forth in APPENDIX A—“THE CITY OF GLENDORA AUDITED

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018” herein. The Auditor has not performed any post-audit analysis of the financial condition of the City.

Budget Procedure, Current Budget and Historical Budget Information

The fiscal year of the City begins on the first day of July of each year and ends on the 30th day of June of the following year (each a “Fiscal Year”). The City prepares and adopts a budget that covers two Fiscal Years. The budgeting process generally spans an approximately four-month timeframe beginning in February of each year, and involves extensive coordination with all City departments. For the first Fiscal Year of each two-Fiscal Year budget cycle, prior to June 30 of each year, the City Manager submits to the City Council a proposed budget for the Fiscal Year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30, public hearings and budgetary review sessions are conducted to obtain public comments and the budget is legally enacted through the passage of a resolution. The second Fiscal Year of the two-year budget cycle follows a similar process with review and updates beginning in February and adoption prior to June 30.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” (as defined by Governmental Accounting Standards Board Code Section 2400.109) covers City expenditures in all governmental funds. The City Manager is authorized to transfer budgeted appropriations within the control accounts, provided that no change is made to the total amount provided for any one fund. Actual expenditures may not exceed budgeted appropriations at the fund level. The City strives to budget a 1% to 2% positive variance between revenues and expenditures each year.

The City Council may modify appropriations at any time with majority approval. Changes in appropriations at the fund level during the year must be submitted by the City Manager to the City Council for review and approval, and must be accompanied by appropriate fiscal impact analysis. The level of expenditures is controlled at the fund level. The City Manager is authorized to transfer budgeted appropriations within the control accounts, including capital projects, provided no change is made to the total amount provided for any one fund. At year end, all unencumbered budgeted amounts lapse, subject to requests for continuing appropriations. Outstanding encumbrances will be carried forward into the new Fiscal Year with City Manager approval.

The City’s General Fund balance committed for emergency contingencies is established at a maximum of 45% of operating expenses. The minimum of 30% is established as a baseline needed for funding three months’ operations in the event of an emergency. The contingency reserve is calculated based on the operating expense incurred in the prior Fiscal Year reduced by unusual, non-recurring expenditures and reimbursable grant program expenditures expended during the prior Fiscal Year. The emergency contingency is reserved for economic uncertainties, local disasters, recession or other financial hardships; to subsidize unforeseen operating or capital needs, and for cash flow requirements. Based on unaudited actual amounts, the City estimates that as of June 30, 2019, its General Fund committed to emergencies and contingencies reserves were approximately \$11,314,939 which compares to \$11,995,502 as of June 30, 2018.

The City Council adopted the budget for Fiscal Years 2019-20 and 2020-21 on June 25, 2019. Table 2 below sets forth the following with respect to the City’s general fund: (i) the adopted Fiscal Year 2017-18 budget and audited actual results; (ii) the Fiscal Year 2018-19 adopted budget and unaudited actual results; and (iii) the adopted Fiscal Year 2019-20 budget.

TABLE 2
CITY OF GLENDORA
GENERAL FUND BUDGETS

	<i>Adopted Fiscal Year 2017-18 Budget</i>	<i>Fiscal Year 2017-18 Audited Actuals</i>	<i>Adopted Fiscal Year 2018-19 Budget</i>	<i>Fiscal Year 2018-19 Unaudited Actuals</i>	<i>Adopted Fiscal Year 2019-20 Budget</i>
Revenue:					
Taxes	\$ 24,198,657	\$ 24,500,967	\$ 25,287,759	\$ 25,112,655	\$ 30,136,045
Licenses and Permits	986,800	1,445,308	923,000	1,150,784	1,056,850
Intergovernmental	64,000	811,358	90,000	816,560	85,000
Charges for Services	2,265,950	2,079,530	2,212,830	2,392,818	2,675,465
Money and Property	770,300	768,552	813,400	1,036,314	920,100
Fines and Forfeitures	468,000	390,042	388,000	316,100	302,000
Miscellaneous	50,100	204,609	64,550	206,614	14,050
Total Revenue	\$ 28,803,807	\$ 30,200,366	\$ 29,779,539	\$ 31,031,845	\$ 35,189,510
Expenditures:					
General Government	\$ 3,461,900	\$ 2,884,177	\$ 2,860,850	\$ 3,384,064	\$ 4,544,161
Public Safety	15,279,300	15,623,919	17,065,750	16,133,625	18,540,446
Community Services	4,249,392	4,235,797	4,398,100	4,032,227	2,501,950
Library	2,208,694	1,944,471	2,118,950	1,945,925	2,108,038
Public Works	3,394,694	3,030,225	3,160,450	3,134,876	6,122,819
Debt Service					
Principal	610,000	610,000	670,000	670,000	740,000
Interest	155,300	155,242	117,587	117,587	76,234
Total Expenditures	\$ 29,359,280	\$ 28,483,831	\$ 30,391,687	\$ 29,418,304	\$ 34,633,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (555,473)	\$ 1,716,535	\$ (612,148)	\$ 1,613,541	\$ 555,862
Transfers In			\$ 322,192	\$ 152,889	\$ 275,294
Transfers Out	\$ (90,711)	\$ (1,838,775)	(48,876)	(1,296,205)	(51,214)
Net Change in Fund Balance	\$ (646,184)	\$ (122,240)	\$ (338,832)	\$ 470,225	\$ 779,942

Source: City of Glendora.

Comparative Change in Fund Balance of the City General Fund

Table 3 below presents the City's General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2013-14 through 2017-18 based on audited results and for Fiscal Year 2018-19 based on unaudited actual results.

TABLE 3
CITY OF GLENDORA GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FIVE YEAR COMPARISON

	<i>Fiscal Year Ending June 30</i>					
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019⁽¹⁾</i>
Revenue:						
Taxes	\$20,021,001	\$ 21,493,888	\$ 22,265,375	\$25,713,208	\$ 24,500,967	\$ 25,112,655
Licenses and Permits	1,199,102	1,542,685	1,859,085	1,654,897	1,445,308	1,150,784
Intergovernmental	538,810	899,165	626,363	88,991	811,358	816,560
Charges for Services	2,018,783	2,404,162	2,333,791	1,933,035	2,079,530	2,392,818
Use of Money and Property	659,035	680,829	1,007,505	644,338	768,552	1,036,314
Fines and Forfeitures	675,394	607,617	588,138	466,809	390,042	316,100
Miscellaneous	80,773	80,677	91,879	110,551	204,609	206,614
Total Revenue	\$25,192,898	\$ 27,709,023	\$ 28,772,136	\$30,611,829	\$ 30,200,366	\$ 31,031,845
Expenditures:						
General Government	\$ 2,481,272	\$ 2,790,833	\$ 2,507,959	\$ 2,843,483	\$ 2,884,177	\$ 3,384,064
Public Safety	12,608,376	12,815,540	13,472,835	14,748,555	15,623,919	16,133,625
Community Services	3,270,107	3,715,334	3,617,223	4,096,795	4,235,797	4,032,227
Library	1,755,732	1,738,903	1,777,747	1,942,491	1,944,471	1,945,925
Public Works	2,682,142	2,818,467	2,959,621	3,056,605	3,030,225	3,134,876
Capital Outlay	317,472	-	-	28,050	-	-
Debt Service						
Principal Retirement	395,000	445,000	490,000	550,000	610,000	670,000
Interest and Fiscal Charges	271,841	247,223	260,324	194,305	155,242	117,587
Total Expenditures	\$23,781,942	\$ 24,571,300	\$ 25,085,709	\$27,460,284	\$ 28,483,831	\$29,418,304
Excess (deficiency) of revenue over expenditures	\$ 1,410,956	\$ 3,137,723	\$ 3,686,427	\$ 3,151,545	\$ 1,716,535	\$ 1,613,541
Other Financing Sources (Uses):						
Transfers in From Successor Agency ⁽²⁾				\$ 250,000		
Transfers in	\$ 89,008	\$ 116,323	\$ 787	-	\$ -	\$ 152,889
Transfers out ⁽³⁾	(631,683)	(2,219,140)	(2,799,766)	(2,990,134)	(1,838,775)	(1,296,205)
Total Other Financing Sources (Uses)	\$ (542,675)	\$ (2,102,817)	\$ (2,798,979)	\$ (2,740,134)	\$ (1,838,775)	\$ (1,143,316)
Net Changes in Fund Balances	\$ 868,281	\$ 1,034,906	\$ 887,448	\$ 411,411	\$ (122,240)	\$ 470,224
Fund Balance, Beginning of Year	\$16,365,280	\$ 17,233,561	\$ 19,243,446	\$20,130,894	\$ 20,542,305	\$20,420,065
Restatement to Beginning Fund Balance ⁽⁴⁾	--	974,979	--	--	--	--
Fund Balance, Beginning of Year as Restated	--	18,208,540	--	--	--	--
Fund Balance, End of Year	\$17,233,561	\$ 19,243,446	\$ 20,130,894	\$20,542,305	\$ 20,420,065	\$20,890,289

⁽¹⁾ Based on unaudited actual results.

⁽²⁾ Reflects a transfer from the Successor Agency to the Former Glendora Community Redevelopment Agency of the City of Glendora (the "Successor Agency") to the General Fund to reimburse the General Fund for administrative costs.

⁽³⁾ Includes transfers to the capital projects fund and internal services funds in accordance with the City's reserve policy.

⁽⁴⁾ Restatement relates to Local Agency Investment Fund (LAIF) interest accrued for loans between the City and the Successor Agency.

Source: Audited Financial Statements for Fiscal Years 2014 through 2018; unaudited actual amounts for Fiscal Year 2018-19.

Comparative General Fund Balance Sheets of the City

Table 4 below presents the City's audited General Fund Balance Sheets for Fiscal Years 2013-14 through 2017-18.

TABLE 4
CITY OF GLENDORA
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	<i>2014</i>	<i>Fiscal Year Ending June 30,</i> <i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
ASSETS					
Pooled Cash and Investments	\$ 7,730,413	\$10,597,912	\$ 10,573,310	\$ 12,835,697	\$ 12,948,288
Receivables					
Accounts	210,928	254,003	281,045	317,991	555,407
Taxes	2,397,300	3,011,059	2,716,535	2,001,121	1,963,952
Notes and Loans	5,595,000	--	--	--	--
Accrued Interest	13,265	35,826	55,198	72,115	77,906
Due from other governments	--	--	--	--	--
Due from other funds	2,303,982	152,396	130,994	27,737	112,093
Inventories	90,921	90,492	90,492	--	--
Advances to Successor Agency	--	6,594,224	6,616,605	6,339,892	6,416,152
Restricted Assets					
Cash and Investments	513,363	513,363	513,363	--	--
Cash and Investments with Fiscal Agents	31	31	104	346	2,871
Total Assets	<u>\$18,855,203</u>	<u>\$21,249,306</u>	<u>\$ 20,977,646</u>	<u>\$ 21,594,899</u>	<u>\$ 22,076,669</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 213,216	\$ 323,791	\$ 263,612	\$ 403,213	\$ 527,132
Accrued Liabilities	330,515	427,445	541,028	645,056	1,129,206
Deposit Payable	--	--	--	127	266
Compensated Absences	--	--	--	4,198	--
Total liabilities	<u>\$ 543,731</u>	<u>\$ 751,236</u>	<u>\$ 804,640</u>	<u>\$ 1,052,594</u>	<u>\$ 1,656,604</u>
Deferred Inflows of Resources					
Unavailable Revenues	\$ 1,077,911	\$ 1,254,624	\$ 42,112	--	--
Total Deferred Inflows of Resources	<u>\$ 1,077,911</u>	<u>\$ 1,254,624</u>	<u>\$ 42,112</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES					
Nonspendable:					\$ 6,416,152
Inventories	\$ 90,921	\$ 90,492	\$ 90,492	--	--
Notes and Loans	5,595,000	--	6,616,605	--	--
Advances to Successor Agency	--	6,594,224	--	\$ 6,339,892	--
Assigned to:					--
Capital Projects	--	78,511	25,000	179,252	22,117
Encumbrances	--	104,983	--	--	--
General Government	--	--	42,120	54,894	65,202
Compensated Absences	--	--	623,766	627,560	561,092
Goldline Rail Station	513,363	513,363	513,363	--	--
CalPERS	1,160,000	1,160,000	1,160,000	1,360,000	1,360,000
Contingencies	9,874,277	10,701,873	11,058,005	11,980,707	11,981,471
Unassigned	--	--	1,543	--	14,031
Total Fund Balances	<u>17,233,561</u>	<u>19,243,446</u>	<u>20,130,894</u>	<u>20,542,305</u>	<u>20,420,065</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$18,855,203</u>	<u>\$21,249,306</u>	<u>\$ 20,977,646</u>	<u>\$ 21,594,899</u>	<u>\$ 22,076,669</u>

(1) Based on unaudited actual results.

Source: Audited Financial Statements for Fiscal Years 2013-14 through 2017-18.

Current Financial Condition of the City

On September 25, 2018, the City Council adopted a resolution declaring a fiscal emergency and directed staff to take the necessary steps to place a 0.75% sales tax measure on the March 5, 2019 ballot. The fiscal emergency declared was the result of projected expenditures exceeding projected revenues in Fiscal Year 2018-19 and in future years if significant changes were not made to the City's operations. On March 5, 2019, the City's voters approved the sales tax measure (see "Major Revenue Sources—*Sales Taxes*" below).

The City's adopted budget for Fiscal Years 2019-20 and 2020-21 are balanced and include General Fund revenues of approximately \$35.4 million and \$36.9 million (inclusive of interfund/intergovernmental transfers), respectively. General Fund expenditures for such years are budgeted to be \$34.9 million and \$36.8 million, respectively. The City is estimating an increase in sales tax revenues of approximately \$4.2 million and \$5 million in Fiscal Years 2019-20 and 2020-21, respectively, due to the passage of the sales tax measure (see "Major Revenue Sources—*Sales Taxes*" below). The City believes that challenges facing the General Fund are modest projected increases in revenues and projected increases in expenditures due to higher salary costs, minimum wage changes, higher pension costs and increasing contractual costs based on the Consumer Price Index.

The increases in sales tax revenues as a result of the passage of the sales tax measure is expected to allow the City to maintain existing services, implement technology projects, and begin to address a large backlog of capital needs, including streets and facilities. The City has strived to reduce and contain costs through outsourcing services, increased use of technology, which has reduced staffing levels by 25% since 2008. In its adopted budget for Fiscal Years 2019-20 and 2020-21, the City is estimated operating surpluses between \$3.4 million and \$0.27 million in the next five fiscal years.

Major Revenue Sources

General. The City derives its General Fund revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, licenses, permits, aid from other governmental agencies, charges for services provided by the City and other miscellaneous revenues. For Fiscal Year 2018-19, approximately 84.1% of General Fund revenues were proceeds of taxes, 0.4% intergovernmental transfers, 7.4% charges imposed by the City for services, 1.7% for administrative and other in lieu charges, and 3.7% for license and permit fees. The City's total General Fund revenues for selected major revenue sources for the fiscal years ending June 30, 2014 through June 30, 2019 are set forth in Table 5 below:

**TABLE 5
CITY OF GLENDORA
SELECTED MAJOR REVENUE SOURCES**

Revenue Category	2014	2015	2016	2017	2018	2019 ⁽¹⁾
Taxes						
Property	\$ 9,027,659	\$10,168,408	\$10,579,716	\$13,989,597	\$ 12,574,759	\$13,167,999
Transient Occupancy	133,840	137,245	149,422	137,647	142,169	165,960
Sales	7,996,744	8,055,718	8,582,558	8,814,716	8,955,740	9,104,906
Franchise	1,898,194	2,118,665	2,015,409	2,090,881	2,119,473	2,003,679
Business License	452,389	444,110	428,855	391,801	409,943	426,302
Other	512,175	569,742	509,415	288,566	298,883	243,809
Subtotal - Taxes	\$ 20,021,001	\$21,493,888	\$22,265,375	\$25,713,208	\$24,500,967	\$25,112,655
 Licenses and Permits	 1,199,102	 1,542,685	 1,859,085	 1,654,897	 1,445,308	 1,150,784
Intergovernmental	538,810	899,165	626,363	88,991	811,358	816,560
Charges for Services	2,018,783	2,404,162	2,333,791	1,933,035	2,079,530	2,392,818
Use of Money and						
Property	659,035	680,829	1,007,505	644,338	768,552	1,036,314
Fines and Forfeitures	675,394	607,617	588,138	466,809	390,042	316,100
Miscellaneous	80,773	80,677	91,879	110,551	204,609	206,614
Total Revenue	\$ 25,192,898	\$27,709,023	\$28,772,136	\$30,611,829	\$30,200,366	\$31,031,845

⁽¹⁾ Based on unaudited actual results.

Source: City of Glendora

Property Taxes. Property tax receipts provided the largest tax revenue source of the City, contributing approximately 52.4% of General Fund tax revenues and 42.4% of total General Fund revenues during Fiscal Year 2018-19 (based on unaudited actual results). In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property become delinquent on the following April 10th and December 10th. Taxes on unsecured property are due March 1, and become delinquent August 31.

Secured and unsecured property taxes are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of forcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer, and

(4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 25 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current fiscal year and the full 12 months of the next fiscal year.

Should real property in the City decline in market value, Proposition 8 allows for reassessment procedures under which the County assessor is obligated to review the property and enroll the lesser of the factored base year value or the market value. The factored base year value of real property is the market value as established in 1975 or as established when the property last changed ownership or when the property was newly constructed. The assessed value of property that has been reassessed under Proposition 8 may increase more than the standard 2% maximum allowed for properties assessed under Proposition 13 up to its factored Proposition 13 base year value.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted approximately 35% of many special districts' shares of the countywide 1% ad valorem property tax, the share of the countywide 1% ad valorem property tax pledged to debt service by special districts, such as the City, was exempted. The 2004-05 State budget reallocated additional portions of the special districts' shares of the countywide 1% ad valorem property tax shifting a portion of the property tax revenues collected by the County from special districts to school districts. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" for a discussion on certain limitations on the State's control over local revenues.

The City also received a portion of Department of Motor Vehicles license fees ("VLF") collected Statewide. Several years ago, the Statewide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out and as of Fiscal Year 2011-12 all of the VLF is now received through an in-lieu payment from State property tax revenues.

There can be no assurance that the property tax revenues the City currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future it could have a material adverse effect on the receipt of property tax revenue by the City. See "—State Budget Information" below.

Table 6 below sets forth the secured and unsecured assessed valuations for property in the City for Fiscal Years 2010 through 2019. The information in Table 6 has been provided by the County of Los Angeles. Neither the City nor the Underwriter has independently verified the information in Table 6 and do not guarantee its accuracy.

**TABLE 6
CITY OF GLENDORA
ASSESSED VALUATION
FISCAL YEARS 2010 TO 2019**

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total Before Redevelopment Increment</i>	<i>Total After Redevelopment Increment</i>
2010	\$5,072,529,509	\$259,184	\$155,563,625	\$5,228,352,318	\$4,707,538,088
2011	5,056,315,861	2	130,790,818	5,187,106,681	4,661,688,388
2012	5,158,836,877	2	124,093,931	5,282,930,810	4,772,355,417
2013	5,263,355,252	2	133,215,415	5,396,570,669	4,877,880,347
2014	5,432,331,986	1	123,223,110	5,555,555,097	5,030,369,815
2015	5,837,230,603	1	126,213,750	5,963,444,354	5,424,187,004
2016	6,199,850,388	1	123,941,650	6,323,792,039	5,743,265,324
2017	6,513,722,419	43,560	122,603,067	6,636,369,046	6,034,006,801
2018	6,960,875,664	43,560	121,387,910	7,082,307,134	6,425,547,599
2019	7,407,728,063	43,560	127,318,852	7,535,090,475	6,841,819,088

Source: County of Los Angeles.

Table 7 below sets forth property tax collections and delinquencies in the City as of June 30 for Fiscal Year 2008-09 through Fiscal Year 2017-18.

**TABLE 7
CITY OF GLENDORA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2015 THROUGH 2019**

<i>Fiscal Year</i>	<i>Total Tax Levy</i>	<i>Tax Collections as of June 30 of Year of Levy</i>	<i>Percent of Levy Collected</i>
2009	\$4,535,952	\$4,406,195	97.14%
2010	4,413,050	4,322,445	97.95
2011	4,697,498	4,241,384	90.29
2012	4,736,630	4,355,872	91.96
2013	4,859,512	4,754,353	97.84
2014	4,855,645	4,704,273	96.88
2015	5,365,093	4,992,689	93.06
2016	6,184,415	5,874,387	94.99
2017	6,777,944	6,409,890	94.57
2018	7,560,696	7,524,813	99.53

Source: City of Glendora

The ten largest property taxpayers in the City as shown on the 2018-19 secured tax roll, the land use, the assessed valuation and the percentage of the City's total property tax revenues attributable to each are shown on Table 8 below. The information in Table 8 has been provided by the County of Los Angeles. Neither the City nor the Underwriter has independently verified the information in Table 8 and do not guarantee its accuracy.

**TABLE 8
CITY OF GLENDORA
TOP TEN PRINCIPAL PROPERTY TAXPAYERS**

	<i>Property Owner</i>	<i>Land Use</i>	<i>Fiscal Year 2018-19 Assessed Valuation</i>	<i>% of Total ⁽¹⁾</i>
1.	1301 East Gladstone Street Investors LLC	Glendora Marketplace Center	\$135,413,296	1.83%
2.	William Lyons Homes Inc.	Vacant Residential	56,988,682	0.77
3.	Walmart Real Estate Trust	Retail Commercial	44,589,007	0.60
4.	Avalon Glendora LP	Avalon Glendora Apartments	35,781,890	0.48
5.	655 South Grand Avenue Owner	Retail Commercial Center	28,902,099	0.39
6.	Minfam LLC	Multi-Family Residential	26,657,524	0.36
7.	Glendora California Apartments LLC	Multi-Family Residential	25,928,585	0.35
8.	The Grand	Glendora Promenade Center	20,599,920	0.28
9.	RJS Financial	Industrial Warehousing	18,464,010	0.25
10.	Glendora Grand Property LLC	Rehabilitation Hospital	17,668,016	0.24

⁽¹⁾ Fiscal Year 2018-19 Local Secured Assessed Valuation: \$7,407,728,063.
Source: County of Los Angeles.

Sales Taxes. Sales tax receipts provide the second largest tax revenue source for the City. The sales tax receipts were \$9.1 million in Fiscal Year 2018-19 (based unaudited actual results) which were 36.3% of General Fund tax revenues and 29.3% of General Fund revenues during Fiscal Year 2018-19 (based on unaudited actual results).

A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. The State-wide tax rate is 7.25%.

On March 5, 2019, voters within the City approved Measure E, authorizing a permanent 0.75% increase in the sales tax rate within the City. In connection with the Measure E ballot, the City estimated that Measure E could generate approximately \$5 million annually for the General Fund to be spent for unrestricted general revenue purposes, such as maintaining city services, fixing streets, storm water projects, technology upgrades, providing recreations and park programs and public safety services, and protecting the City's financial solvency. Based on the level of transfer currently approved by the City Council, the Fiscal Year 2019-20 adopted budget estimates approximately \$4.2 million of Measure E revenues for such Fiscal Year. The City's adopted budget for Fiscal Year 2019-20 also estimates Measure E revenues of \$5 million in Fiscal Year 2020-21, increasing at a rate of 2.0% each year through Fiscal Year 2023-24.

Other Taxes. The City collects a Business License Tax, which is a general tax on businesses required in order to conduct their operations within the City. The Business License Tax receipts were \$426,302 in Fiscal Year 2018-19 (based unaudited actual results) which were 1.4% of General Fund revenues during Fiscal Year 2018-19.

The City also collects a Transient Occupancy Tax on all hotel, motel and lodging bills within the City. Transient Occupancy Tax receipts were \$165,960 in Fiscal Year 2018-19 (based unaudited actual results) which were 0.5% of General Fund revenues during Fiscal Year 2018-19.

Indebtedness

General Obligation Debt. The City currently has no general obligation debt outstanding.

Long Term Debt. Table 9 below is a summary of long-term obligation transactions of the City for the year ended June 30, 2018. Table 9 below does not include debt or other obligations which are payable from revenues of the City's water enterprise fund or obligations of the Successor Agency.

**TABLE 9
CITY OF GLENDORA
LONG TERM DEBT OF THE CITY**

	<i>Balance July 1, 2017</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2018</i>
2009 Taxable Pension Obligation Bonds	\$ 2,835,000	\$ --	\$ (610,000)	\$ 2,225,000
Capital Leases	862,296	--	(51,934)	810,362
Compensated absences	716,497	822,340	(912,947)	639,887
Claims and Judgements	6,113,437	889,036	(1,263,215)	5,739,258
Total	<u>\$ 10,527,230</u>	<u>\$ 1,711,376</u>	<u>\$ (2,838,096)</u>	<u>\$ 9,414,507</u>

Source: City of Glendora.

Short-Term Debt. The City currently has no short-term debt outstanding.

Additional Debt. Other than the Bonds, the City does not currently anticipate incurring any additional indebtedness payable from the General Fund in the next five years.

City Investment Policy

The City's statement of Investment Policy prepared in accordance with Section 53601 of the California Government Code (the "Investment Policy") states that the basic premise underlying the City's investment philosophy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Hence, safety of principal is the foremost objective of the City, followed by liquidity and yield. Under provisions of the Investment Policy, the City may invest in time deposits, bankers acceptances, U.S. Treasury Bills and notes, governmental agency securities, repurchase agreements, reverse repurchase agreements, commercial paper, medium term notes of corporations operating within the United States rated "A" or better by Standard and Poor's Rating Group or by Moody's Investors Services, and State Local Agency Investment Fund ("LAIF").

The par value, market value, adjusted book value and percent of total investments by market value for each category of the City's investments, as of June 30, 2019, are set forth in Table 10 below.

**TABLE 10
CITY OF GLENDORA
SCHEDULE OF INVESTMENTS**

<i>Investment Type</i>	<i>Par Value</i>	<i>Market Value</i>	<i>Book Value⁽¹⁾</i>	<i>% of Total Investments⁽¹⁾</i>
Available Cash	\$ 2,083,829	\$ 2,083,829	\$ 2,083,829	2.7%
Managed Pool Accounts	15,523,559	15,523,559	15,523,559	20.3
Corporate Bonds	8,434,000	8,482,415	8,408,613	11.0
NCUSIF Insured Certificates of Deposit	4,565,000	4,565,778	4,565,000	6.0
FDIC Insured Certificates of Deposit	19,848,000	19,825,545	19,848,000	25.9
Federal Agencies Certificates	<u>26,120,000</u>	<u>26,057,540</u>	<u>26,117,750</u>	<u>34.1</u>
Totals	\$ 76,574,388	\$ 76,538,666	\$76,546,751	100.0%

⁽¹⁾ Par value adjusted for premium paid or discount received in purchase price.

Source: City of Glendora.

Insurance

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City maintains self-insurance programs for workers' compensation and general public liability up to a maximum of \$500,000 and \$300,000 per occurrence, respectively. General liability claims that exceed the City's self-insurance limit are insured through the Independent Cities Risk Management Authority ("ICRMA"), a public entity risk pool currently operating as a common risk management and insurance program for 16 member agencies as of 2019-20, up to \$40,000,000 per occurrence. Workers' compensation claims that exceed the City's self-insurance limit are insured by ICRMA up to the State statutory limits for workers' compensation.

The City pays an annual premium to the ICRMA pool for its excess general liability insurance coverage. The City's membership agreement with ICRMA provides that the pool will be self-sustaining through member premiums, and annual rebates are possible if the losses are minimal. The City appoints a member to ICRMA's governing board.

The City continues to carry insurance from commercial providers for all other risks of loss, which include property insurance coverage up to \$250 million per occurrence, earthquake coverage up to \$75 million annual aggregate, flood coverage up to \$75 million annual aggregate, boiler and machinery coverage up to \$250 million per occurrence, commercial crime (including faithful performance of duties) up to \$5 million per occurrence and special events insurance. Estimates for all liabilities, up to the self-insured levels, have been accrued in the Workers' Compensation and the General Liability Self-Insurance Internal Service Funds, including an estimate for incurred but not reported claims. Estimates are based on recommended reserves established by the City's third-party administrators who administer the City's claims and insurance programs. Settlements have not exceeded coverage in each of the past three Fiscal Years.

Employees' Retirement Plan

This caption contains certain information relating to CalPERS. The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The City contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the City. Benefit provisions and all other requirements are established pursuant to State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office located at 400 Q Street, Sacramento, California 95811, or via <http://www.calpers.ca.gov>. The information on such website is not incorporated herein.

The City participates in a Miscellaneous Plan with three tiers within such plan: (i) a 2.5% at 55 Plan for employees hired prior to May 1, 2012; (ii) a 2.0% at 60 Plan for employees hired between May 1, 2012 and December 31, 2012; and (iii) a 2.0% at 62 Plan for employees hired after December 31, 2012. Participants in the 2.5% at 55 Plan are required to contribute 8% of their annual covered salary; participants in the 2.0% at 60 Plan are required to contribute 7.00% of their annual covered salary; and participants in the 2.0% at 62 Plan are required to contribute 6.25% of their annual covered salary.

The City also participates in a Safety Plan with three tiers within such plan: (i) a 3.0% at 55 Plan for employees hired prior to October 16, 2012; (ii) a 2.0% at 50 Plan for employees hired between October 16, 2012 and December 31, 2012, which is part of a larger risk pool containing other public agencies, and (iii) a 2.7% at 57 Plan for employees hired on or after December 31, 2012, which is part of a larger risk pool containing other public agencies. Participants in the 3.0% at 55 Plan and 2.0% at 50 Plan are required to contribute 9% of their annual covered salary and participants in the 2.7% at 57 Plan are required to contribute 12.25% of their annual covered salary.

Funding Policy. Required employer and employee contributions are determined by CalPERS based upon various actuarial assumptions which are revised annually. The City currently funds the normal pension costs, which are determined by CalPERS using the Entry Age Normal Cost Method, as well as an amortization of the City's unfunded accrued liability.

Beginning with Fiscal Year 2017-18, CalPERS collects employer contributions towards the unfunded liability as a dollar amount instead of the prior method of using a contribution rate. The following tables show the City's contribution rates, as determined by CalPERS for Fiscal Years 2017-18 through 2019-20. The City funded such amounts in Fiscal Years 2017-18 and 2018-19 and expects to fully fund the amounts for Fiscal Year 2019-20. Pursuant to the memoranda of understanding with the City's employee bargaining units, employees who participate in CalPERS pay 100% of their required employee contributions.

**City of GLENDORA
CalPERS Contribution Rates⁽¹⁾**

Miscellaneous Plan of the City of Glendora

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Contribution</i>
2017-18	9.201%	\$1,339,982
2018-19	9.343	1,654,236
2019-20	9.874	1,992,630

Safety Plan of the City of Glendora

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Contribution</i>
2017-18	21.418%	\$1,204,762
2018-19	22.346	1,522,782
2019-20	23.654	1,874,911

Safety Plan (Police – Tier 2) of the City of Glendora

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Contribution</i>
2017-18	16.498%	\$86
2018-19	17.334	307
2019-20	18.183	2,802

Safety Plan (Police – PEPR) of the City of Glendora

<i>Fiscal Year</i>	<i>Employer Normal Cost</i>	<i>Unfunded Liability Contribution</i>
2017-18	12.729%	\$131
2018-19	12.965	539
2019-20	13.786	1,337

⁽¹⁾ CalPERS currently produces a combined actuarial report for the three tiers within the City's Miscellaneous Plan and a separate actuarial report for each of the three tiers within the City's Safety Plan.

Source: CalPERS Actuarial Reports dated July 2018, as of June 30, 2017.

The required employer contributions for Fiscal Year 2019-20 were determined as part of the June 30, 2017, actuarial valuation using the entry age actuarial cost method. See the caption "*CalPERS Plan Actuarial Methods*" below for a description of CalPERS actuarial assumptions.

Funded Status. The following tables set forth the schedule of funding progress for the City's Miscellaneous Plan and Safety Plan.

CITY OF GLENDORA
CalPERS Plans Funded Status⁽¹⁾

Miscellaneous Plan of the City of Glendora

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2014	\$89,382,607	\$71,020,424	\$18,362,183	79.5%	\$8,769,818
06/30/2015	92,713,636	70,475,093	22,238,543	76.0	9,448,305
06/30/2016	96,243,079	68,612,199	27,630,880	71.3	9,353,505
06/30/2017	101,255,599	73,899,524	27,356,075	73.0	9,546,610

Safety Plan of the City of Glendora

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2014	\$85,426,258	\$68,944,698	\$16,481,560	80.7%	\$4,962,594
06/30/2015	89,270,554	68,331,827	20,938,727	76.5	5,228,508
06/30/2016	93,220,605	66,132,067	27,088,538	70.9	5,042,483
06/30/2017	98,588,739	70,980,315	27,608,424	72.0	4,794,964

Safety Plan (Police – Tier 2) of the City of Glendora⁽²⁾

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2014	\$15,723	\$16,390	\$(667)	104.2%	\$77,218
06/30/2015	38,361	36,288	2,073	94.6	276,094
06/30/2016	91,444	81,900	9,544	89.6	145,619
06/30/2017	179,758	170,601	9,157	94.9	368,918

Safety Plan (Police – PEPRA) of the City of Glendora⁽²⁾

<i>Valuation Date</i>	<i>Entry Age Normal Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2014	\$17,336	\$18,130	\$(794)	104.6%	\$119,130
06/30/2015	55,745	52,483	3,262	94.1	147,625
06/30/2016	125,202	111,573	13,629	89.1	483,105
06/30/2017	285,649	270,615	15,034	94.7	693,372

⁽¹⁾ CalPERS currently produces a combined actuarial report for the three tiers within the City's Miscellaneous Plan and a separate actuarial report for each of the three tiers within the City's Safety Plan.

⁽²⁾ Part of larger risk pool containing other public agencies.

Source: CalPERS Actuarial Reports dated July 2018, as of June 30, 2017.

For additional information relating to the City's CalPERS Plan, see Note 10 to the City's financial statements set forth in Appendix A.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 (“AB 340”), which implements pension reform in California. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

Pursuant to AB 340, the City established a new pension tiers 2.0% at 62 for Miscellaneous and 2.7% at 57 for Safety) for employees hired on or after January 1, 2013 who were not previously CalPERS members. The City has established these additional tiers as described above.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2018 (the most recent valuation provided to the City) covered CalPERS’ Fiscal Year ended June 30, 2017). The actuarial valuations express the City’s required contribution which the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City’s contribution requirement derived from the actuarial valuation as of June 30, 2017 affects the City’s Fiscal Year 2019-20 required contribution). CalPERS rules require the City to implement the actuary’s recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability (“UAL”). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the accrued liability (the “AAL”) represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to CalPERS under its CalPERS plans.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

The following table sets forth certain economic actuarial assumptions of CalPERS for Fiscal Years 2018-19 through 2021-22.

<i>Assumption</i>	<i>Fiscal Year⁽¹⁾</i>			
	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>
Investment Returns	7.25%	7.00%	7.00%	7.00%
Inflation	2.625	2.50	2.50	2.50
Salary Increase (Total Payroll)	2.875	2.75	2.75	2.75

⁽¹⁾ The investment return assumptions for Fiscal Year 2018-19 and subsequent fiscal years were approved by the CalPERS Board at its December 2016 meeting, as a result of the Asset Liability Management Process completed at that time. The assumptions for inflation and salary increase for Fiscal Year 2018-19 and subsequent fiscal years were also approved by the CalPERS Board at its December 2017 meeting, as recommended by the 2017 experience study.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of CalPERS pension benefits for members. In February 2017, the CalPERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until Fiscal Year 2020-21, and a decrease of the required first excess investment return threshold from 4 to 2 percent.

On February 14, 2018, the CalPERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in Fiscal Year 2020-21.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (“GASB 68”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for Fiscal Year 2017-18 attached hereto as Appendix A reflects the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it does not change the City’s CalPERS plan funding obligations.

Postretirement Benefits

The City provides a single-employer postretirement health benefits to executive managers, managers, general employees, police and police managers who retire after a minimum of 10 to 20 years with a regular service retirement and who, at the time of retirement, have either 500 (for management positions) or 1,000 hours (for other employees) of accumulated sick leave. Benefits range between \$100 per month and \$3,600 per month of supplemental medical payments up to age 65, depending upon a retiree’s years of service and bargaining unit. In addition, employees who retire from the City and continue their medical coverage through CalPERS receive a monthly lifetime contribution from the City. This contribution was \$128 and \$133 per month in calendar years 2017 and 2018, respectively.

Defined Benefit Plan Description. The City’s retiree healthcare plan (the “OPEB Plan”) is a single-employer other post-employment defined benefit healthcare plan administered by the City. The OPEB Plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established

and may be amended through agreements and MOUs between the City and City bargaining units. See the caption “—Employees and Management.” As of June 30, 2018, OPEB Plan membership consisted of 77 retirees receiving benefits.

Funding Policy. There is no statutory requirement for the City to prefund its OPEB Plan obligation and the City has not prefunded its OPEB Plan obligation. The City currently pays OPEB Plan benefits on a pay-as-you-go basis.

Governmental Accounting Standards Board published Statement No. 45 (“GASB 45”), requiring governmental agencies that fund post-employment benefits on a pay-as-you-go basis, such as the City, to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions.

In June 2015, GASB published Statement No. 75 (“GASB 75”), which replaced the requirements under GASB No. 45. The provisions in GASB 75 became effective for fiscal years beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). GASB 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. GASB 75 also requires certain descriptive information to be included in the notes to a public agency’s audited financial statements as well as additional supplementary information such as sources of changes in net OPEB liability and the components of the net OPEB liability. The City implemented GASB 75 beginning with its audited financial statements for Fiscal Year 2017-18.

See Note 14 to the City’s financial statements set forth in Appendix A for a description of the restatement of the City’s beginning net position for Fiscal Year 2016-17 as a result of the implementation of GASB 75.

Annual OPEB Cost and Net OPEB Obligation. The following table shows the components of the City’s annual OPEB Plan cost, the amount actually contributed to the OPEB Plan, and changes in the City’s net OPEB Plan obligation as of the June 30, 2017 measurement date.

Total OPEB Liability	June 30, 2017
Service Cost	\$ 632,017
Interest on Total OPEB Liability	375,210
Changes of Assumptions	(1,241,368)
Benefit Payments (including refunds)	(366,298)
Net Change in OPEB Liability	(600,639)
Total OPEB Liability, Beginning	12,400,780
Total OPEB Liability, Ending	\$ 11,800,341

Plan Fiduciary Net Position

Contributions	
Employer	\$ 366,298
Employee	--
Benefits Payment	(366,298)
Net Change in Fiduciary Net Position	--
Plan Fiduciary Net Position, Beginning	--
Plan Fiduciary Net Position, Ending	\$ 11,800,341

Covered Payroll	\$ 15,142,000
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Plan Fiduciary Net Position as a Percentage of Covered Payroll	77.93%
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Source: Audited Financial Statements for Fiscal Year 2017-18.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's net OPEB liability was measured on June 30, 2017 for the reporting date of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Market Valuation of Assets (zero – no prefunded trust)
Discount Rate	2.75%
Salary Increases	3.25%
Assumed Wage Inflation	3.00%
General Inflation Rate	2.75%
Healthcare Trend Rate ⁽²⁾	8% down to 5.0% in 2024.

Source: Audited Financial Statements for Fiscal Year 2017-18.

For additional information relating to the City's OPEB Plan, see Note 10 to the City's financial statements set forth in Appendix A.

State Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City does not guarantee the accuracy or

completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest due with respect to the Bonds is payable from any funds of the State.

In 2008, the State began experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. Despite the recent significant budgetary improvements, according to the State, there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and large unfunded liabilities now totaling in excess of \$200 billion for CalPERS, CalSTRS, the University of California ("UC") Retirement System and the State's and UC's retiree healthcare benefits plans. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. There can be no assurances that the State will not face fiscal stress and cash pressures again, or that other changes in the State or national economies will not materially adversely affect the financial condition of the State.

The City cannot predict the extent of any budgetary problems the State will encounter in future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. See "RISK FACTORS—Dependence on State for Certain Revenues."

RISK FACTORS

The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future.

City Obligations

The City has other obligations payable from its General Fund, including but not limited to debt obligations, lease obligations and other obligations related to post-employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the City's General Fund. See "THE CITY—Indebtedness" for further discussion of the City's obligations.

Increasing Retirement Related Costs

The City is required to make contributions to CalPERS for City employees. Such obligations are a significant financial obligation of the City and are projected to increase significantly in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns, and future changes to benefits or actuarial assumptions. There can be no assurances that actual increases in required contributions will not be higher than the projections. See "THE CITY—Employees' Retirement Plan."

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in

the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

Natural Disasters; Increased Regulations Affecting City Economy

The occurrence of an earthquake, fire, flooding or other natural disaster which resulted in significant damage within the City or otherwise significantly impacted the economy of the City could materially adversely affect the financial condition of the City. In addition, the City's economy could be impacted in the future by potential future increased state or federal regulations.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property. The City has experienced wildfires (portions of the City are located on a hillside) and landslides have resulted from such wildfires.

The City is located in the Sierra Madre Fault Zone. An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare.

The potential direct and indirect consequences of a major earthquake, a wildfire or other natural disasters can easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. To date, there have been no significant, cyber-attacks on the City's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the City to increase revenues payable to the City's General Fund. The ability of the City to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." In addition to limitations that have been imposed on the ability of the City to raise revenues, State and federally mandated expenditures by City's for justice, health and welfare have increased. There can be no assurances that state or federal actions affecting the City will not have a material adverse financial impact on the City.

Limitation on Remedies; Bankruptcy

The enforceability of the rights and remedies of the Holders of the Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

In addition, the rights and remedies of the Holders of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the City file for bankruptcy, there could be adverse effects on the Holders of the Bonds.

If the City is in bankruptcy, the parties (including the Trustee and the Holders of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Holders of the Bonds from funds in the Trustee's possession.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee. The Bonds are not secured by funds in the City treasury which are allocated for deposit in the Revenue Fund in the City treasury. If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations of funds for deposit to the Revenue Fund, and it may not be obligated to turn over to the Trustee any moneys in the City treasury that have been allocated for deposit to the Revenue Fund. As a result, the Bonds would likely be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Holders of the Bonds could suffer substantial losses.

The City may be able, without the consent and over the objection of the Trustee or the Holders of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Holders of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact a City bankruptcy proceeding has occurred could have an adverse effect on the liquidity and value of the Bonds.

In two situations in the State, holders of pension obligations bonds issued by cities that participate in CalPERS experienced significant losses in their investment in such pension obligation bonds as a result of the cities subsequently seeking voluntary protection from their creditors pursuant to Chapter 9 of the Bankruptcy Code.

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the City and consequently, having an adverse effect on the security for the Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The City is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition III amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City’s option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State’s Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City Council adopted the annual appropriation limit for the Fiscal Year 2019-20 of \$137,139,558. The limitation applies only to proceeds of taxes (and investment earnings thereon) and therefore does not apply to service fees and charges, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs (or investment earnings on the foregoing). In Fiscal Year 2019-20, the funds subject to limitation total \$30,136,045 (total general operating budget minus revenues excluding taxes, investment earnings thereon, and debt service).

Proposition 62

Proposition 62, which was adopted by the voters at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax under Section 53722 of the Government Code, and was held invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the Guardino decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City believes that all taxes currently being collected by it comply with the requirements of Proposition 62.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the City, to impose and collect both existing and future taxes, assessments, fees and charges. The City is unable to predict terms of Proposition 218 will be interpreted and applied by the courts in the future. Proposition 218 could substantially restrict the City's ability to raise future revenues and could

subject certain existing sources of revenue to reduction or repeal, and increase the City's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the City does not presently believe that the potential impact on the financial condition of the City as a result of the provisions of Proposition 218 will adversely affect the City's ability to pay principal of and interest on the Bonds and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote of the electorate and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues through General Fund taxes, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the City's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The City is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the City's General Fund. The City believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the City, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the City would be able to pay the principal of and interest on the Bonds as and when due or any of its other obligations payable from the City General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the City, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the City is unable to collect assessment revenues relating to specific

programs as a consequence of Proposition 218, the City will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the City anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the City to pay the principal of and interest on the Bonds, as and when due. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting “fees” and “charges” which are defined as “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency (subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C) upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the City, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the City and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D is not substantial. Accordingly, the City does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the City to pay the principal of and interest on the Bonds as and when due. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The fees and charges of the City’s enterprise funds, including those which are not property related for purposes of Article XIII D, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the City may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the City may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Unitary Property

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to statutory formula generally based on the distribution of taxes in the prior year.

Proposition 22

Proposition 22 (“Proposition 22”), which was approved by California voters in April 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State’s ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See “—Proposition 1A” herein. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district’s share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The State’s Legislative Analyst’s Office (LAO) states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need.

Proposition 1A

As part of former Governor Schwarzenegger’s agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A (“Proposition 1A”) at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may borrow up to 8 percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than 2 fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

The 2009-10 State budget included a Proposition 1A diversion of \$1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State general fund spending. Such diverted revenues must be repaid, with interest, no later than June 30, 2013. The amount of the Proposition 1A diversion from the City was \$833,681. The City participated in a State-sponsored program financing the Proposition 1A diversion and, accordingly, received its full share of property tax revenues.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege;

(2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. The limitations imposed upon the City by these provisions hinder the City's ability to raise revenues through taxes or otherwise and may therefore prevent the City from meeting increased expenditure requirements. From time to time, other initiative measures could be adopted, some of which may place further limitations on the ability of the State, the City or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the City to undertake new responsibilities. Such other initiatives could have a material adverse effect on the City's financial condition.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but interest on the Bonds is exempt from State of California personal income tax.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which a Bond Owner may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. Bond Owners should consult their own tax advisor with respect to taking into account any original issue discount on the Bond.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Bond Owner's

particular situation. The ownership and disposal of a Bond and the accrual or receipt of interest with respect to the Bond may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

VALIDATION

On March 13, 2019, the City, acting pursuant to the provisions of Section 860 et seq. of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California in and for the County of Los Angeles seeking judicial validation of the transactions relating to the CalPERS Contract and the Bonds and certain other matters entitled *City of Glendora v. All Persons Interested et al.* (Case No. 19STCV08657). On May 14, 2019, the court entered the Validation Judgment to the effect, among other things, (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability by issuing the Bonds and applying the proceeds of the Bonds to the retirement of the its Unfunded Liability. Pursuant to Section 870 of the California Code of Civil Procedure, the last day to timely file a notice of appeal to this judgment was June 13, 2019. On June 14, 2019, the judgment became binding and conclusive in accordance with California law. The City is unaware of any threatened challenge to this judgment. In issuing its approving opinion, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, will rely, among other things, upon the above-described judgment.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney, for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto.

LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds, or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City, such other lawsuits and claims presently pending will not have a material adverse affect on the ability of the City to pay the principal of and interest on the Bonds.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned the rating of "AAA" to the Bonds. An explanation of the significance and status of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by any of S&P, if in its judgment, circumstances so warrant. A revision or withdrawal of any rating for the Bonds could have an effect on the market prices and marketability of the Bonds. The City cannot predict the timing or impact of future actions by S&P.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix A are the audited financial statements of the City as of and for the year ended June 30, 2018, together with the report thereon dated December 19, 2018 of The Pun Group Accountants & Advisors (the “Auditor”). The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 19, 2018.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate (the “Disclosure Certificate”), the City has agreed to provide, or cause to be provided, certain annual financial and operating data, including its audited financial statements and certain of the information of the type set forth in Tables 2 through 4, and 6 through 8 of this Official Statement under the heading “THE CITY,” by no later than April 1 of each year commencing April 1, 2020, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access platform (EMMA). Additionally pursuant to the Disclosure Certificate, the City has agreed to provide, or cause to be provided, notice of certain enumerated events in a timely manner not in excess of ten (10) business days from the occurrence of the event. For a detailed description of the City’s responsibilities under the Disclosure Certificate see APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

In the past five years, the City and its related entities have been subject to continuing disclosure undertakings entered into pursuant to the Rule (the “Prior Continuing Disclosure Undertakings”). The City notes in that in the last five years; (i) in one instance the City’s audited financial statements were filed six days after the required date under the applicable Prior Continuing Disclosure Undertakings entered into by the Glendora Public Financing Authority and the former Glendora Community Development Agency; and (ii) a notice of a rating downgrade was not filed in a timely manner.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as Underwriter. The Underwriter has agreed to purchase the Bonds at a purchase price of \$63,952,955.00 (representing the principal amount of the Bonds less an underwriting discount of \$467,045.00). The Bond Purchase Agreement with respect to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to certain conditions contained in such Bond Purchase Agreement.

The Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Tustin, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Trust Agreement and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the

provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies of the Trust Agreement, in reasonable quantity, may be obtained during the offering period from the Underwriter and thereafter upon request to the principal corporate trust office of the Trustee. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the City. This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or owners of any of the Bonds.

CITY OF GLENDORA

By: /s/ Adam M. Raymond
City Manager

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APPENDIX A

**THE CITY OF GLENDORA AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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CALIFORNIA CITY OF GLENDORA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018

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CITY OF GLENDORA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH THE INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY
THE CITY OF GLENDORA FINANCE DEPARTMENT

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City of Glendora
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
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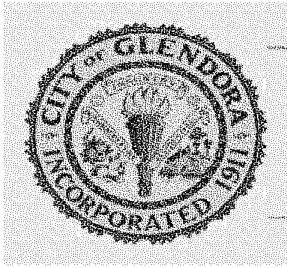
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Transmittal Letter

December 19, 2018

Honorable Mayor, City Council and Citizens of the City of Glendora:

It is a pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Glendora for the fiscal year ended June 30, 2018. The report and accompanying independent audit are published pursuant to State law and the requirements of Sections 2.08.070 and 2.20.030(2) of the Glendora Municipal Code. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by an independent auditing firm of licensed certified public accountants.

While traditionally addressed to the governing legislative body of the City, this report is also intended to provide relevant financial information to the citizens of the City of Glendora, City staff, creditors, investors and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

Purpose and Management Responsibility

The report consists of management's representations concerning the finances of the City of Glendora. Management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management of the City of Glendora has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Glendora's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Glendora.

The City is responsible for the completeness and fairness of the information presented in this report. To provide a basis for making these representations, management of the City has established an internal control system consisting of defined responsibility, authority and procedures.

Audited Financial Statements

The Pun Group LLP, a firm of licensed certified public accountants, has audited the City of Glendora's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Glendora for the fiscal year ended June 30, 2018, are presented fairly in all material respects. After a thorough evaluation of the City's internal controls and all required financial documents, the independent auditors rendered an unmodified ("clean") opinion that the City of Glendora's financial statements contained herewith are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

Organization of Report

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Glendora's MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

City of Glendora Profile

The City of Glendora was incorporated in 1911 and encompasses 19.86 square miles. The City is located in the foothills of the San Gabriel Mountains in Northeastern Los Angeles County. It is 28 miles east of downtown Los Angeles and 30 miles west of San Bernardino. Neighboring communities include San Dimas, Azusa, and Covina.

The City of Glendora is a California General Law city that operates under the Council-Manager form of government. The City Council, which consists of five members, is elected at large and each serves a term of four years. Annually the Council meets and elects from its membership, a Mayor and a Mayor Pro Tem to serve a single-year term. The Mayor serves as the presiding officer of the City Council. In October 2017, the City Council adopted the move to district elections, which will be implemented over two election cycles in March 2020 and 2022 (consolidated with State elections).

The City Council serves as the legislative and policy-making body of the City, the Housing Authority, and as the Successor Agency to the former Glendora Redevelopment Agency, enacting all ordinances and operating resolutions, adopting of the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager serves as chief executive officer and is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City, and for appointing, with City Council concurrence, department directors. The City Attorney is responsible for the legal affairs of the City and works in conjunction with the City Manager to implement the policies set forth by the City Council.

City Services

The City provides a wide range of services, including police protection, public works, water, storm drainage, planning and development, park and landscape maintenance, code enforcement, building inspection, library facilities, and administration. Fire protection and flood control services are provided by Los Angeles County. Many recreation programs for all age groups and services for the mature adult population are provided year round. The City provides for trash collection services through a contracted third party.

Glendora is a family friendly community with a population of over 52,000. The community enjoys over one million acres in park and open space area. The City has been recognized in the San Gabriel Valley as the Best Friendly City and the Best Downtown for seven consecutive years (2012 -2018). The City has also been recognized as Playful City USA for seven years and many other awards and acknowledgements, which can be found on the City's website.

The City is comprised of a majority of single-family homes, condominiums and apartments as well as a mixture of retail, office, light industrial, and service entities, providing a solid tax base for the City. Most businesses are oriented toward serving local residents and visitors. This local business environment and the availability of amenities in the community make Glendora a desirable community in which to live, work, and play.

Budgetary Policy and Control

The annual budget serves as the foundation for the City of Glendora's financial planning and control. The City Council adopts a budget recommended by the City Manager. The budget is prepared by department, fund and program. After adoption, the City Council may modify appropriations at any time with majority approval. Changes in appropriations at the fund level during the year must be submitted by the City Manager to the City Council for review and approval, and must be accompanied by appropriate fiscal impact analysis. The level of expenditures is controlled at the fund level. The City Manager is authorized to transfer budgeted appropriations within the control accounts, including capital projects, provided no change is made to the total amount provided for any one fund.

Economic Condition and Outlook

Information presented in the City's financial statements is best understood within the context of our broader economic conditions. The national economy continues to improve since the economic decline that began in 2008. Based on the most recent data from the Bureau of Economic Analysis, real GDP was 3.5% at the end of the third quarter of 2018, which is up from the 3.3% reported last year. Unemployment continues to decline from the high of 10% during the Great Recession. In October 2018, the national unemployment rate was reported at 3.7% and for California at 4.1% per the Bureau of Labor Statistics. Overall, it appears the U.S. economy is expected to continue improving.

Local Economy

According to the February 2017-2018 Economic Forecast and Industry Outlook prepared by the Los Angeles County Economic Development Corporation, *"In 2017, California's economy grew at an estimated rate of 2.5 percent, faster than the nation as a whole, which grew at 2.4 percent."*

While impressive, California's economy continued to slowdown from the 3.3 percent year-over-year growth achieved in 2016, and from the over 4 percent year-over-year percentage growth seen in 2014 and 2015. California currently accounts for 14.1 percent of the nation's GDP, far more than any other state, and its GDP is expected to expand by 2.7 percent in 2018 and 2.6 percent in 2019, again outpacing the nation."

The City of Glendora has also experienced improvement during the economic recovery, although challenges remain. The City's major revenue sources are property taxes, sales taxes, and licenses/fees. The City also receives revenue through the State of California, including gasoline taxes, which are apportioned by the State based upon population, and property taxes in-lieu of motor vehicle license fees, which are apportioned similarly to property taxes. Revenue projections for fiscal year 2017-18 were based on conservative estimates to account for changes in development projects and modest economic growth.

Property taxes have seen growth due to increased property values. According to data provided by HdL Companies, Glendora's median home prices increased by 3.57% in the 2018 tax year. Median home prices are almost \$600,000. Sales tax is the other largest revenue source that has seen steady improvement. This revenue source is most vulnerable to changes in the economy since consumer goods represent approximately 26% of Glendora's sales tax revenues and auto sales represent 33% of the sales tax revenues. The trends towards online purchasing and the push to use mass transit could adversely impact this revenue.

On the expense side, total General Fund expenditures (before transfers) increased by \$1 million in fiscal year 2017-2018 from the prior fiscal year largely associated with increased personnel costs specifically CalPERS related pension costs. Transfers of \$1.7 million were made to the City Capital Projects fund, Storm Water Reserve, Worker's Compensation Fund and Liability Insurance per Council action and policy.

Citywide expenditures totaled \$54 and \$51.3 million for the years ended June 30, 2018 and 2017 respectively. Programs and services have been maintained at prior year levels and service levels kept constant, except for City Council approved new projects and programs. Pressures to the cost of providing these programs and services include, but are not limited to, increased labor costs, increasing pension costs and unfunded state and federal mandates (i.e., increasing minimum wages and part time benefits, storm water runoff permit fees etc.).

Relevant Financial Policies

Financial Planning

Each year the City engages in two comprehensive processes of financial planning and review. The first occurs as part of the City Council/Successor Agency Board's review of the City Manager's proposed budget in June prior to the commencement of the fiscal year beginning July 1st. The second is the mid-year review that analyzes the operating results for the first half of the fiscal year. The mid-year review offers analyses of the City's financial position, with particular emphasis on the General Fund. The focal point of both reviews is the City's five-year General Fund revenue and expenditure projection. In this light, financial planning assumes a longer-range perspective. In addition to the budget process review, the City prepares monthly reports for

department review and quarterly reports for the City Council and public with narrative commentary along with financial data. The City Council and Executive staff meet semi-annually for strategic planning. Local, regional and statewide issues are shared and discussed publicly addressing the current and future financial planning of the City.

Financial Policies

The City Council adopts a comprehensive list of Financial Policies annually with the adoption of the budget. The Fiscal and Budgetary Policies address a wide range of fiscal management issues, budgetary control, treasury management, reserve ratios, infrastructure, financing methods and employee compensation. The entire Fiscal and Budgetary policy is included in the adopted budget for fiscal year 2017-2018.

Cash Management

The City manages a pooled investment program for all funds in which temporarily idle cash is invested in a variety of instruments. The investment program is managed in accordance with the Investment Policy approved by the City Council. Safety, liquidity, and yield, in that order, are the objectives of the investment program. Investments are diversified among investment tools that include certificates of deposit, Federal agency securities and the State of California's Local Agency Investment Fund (LAIF). Monthly reports on investment status and activity are presented to the City Council.

Risk Management

In 1986, the City became an originating member of the Independent Cities Risk Management Authority (ICRMA), a joint powers authority of 20 California cities, for the purpose of pooling the City of Glendora's risk for general liability and workers' compensation losses with those of other member cities. The City maintains self-insurance programs for worker's compensation and general liability insurance up to a maximum of \$500,000 and \$300,000 per occurrence, respectively. General liability claims that exceed the self-insured retention (SIR) are covered by ICRMA up to a maximum of \$20,000,000 per incident. Worker's compensation claims that exceed the (SIR) are insured by ICRMA up to the California statutory limits for worker's compensation. The City contracts with third party administrators who handle all claims against the City.

Major Initiatives

The City of Glendora City Council and the City's executive management team have dedicated significant attention and resources to accomplishing the objectives set forth under the umbrella of the Strategic Plan. Guiding the City's efforts are five individual goals: Enhance economic development with community involvement, maintain and improve the City's infrastructure and facilities, maintain financial stability, adapt services to support an evolving community in a changing environment, and enhance internal and external communication.

A number of capital projects were completed over the course of fiscal year 2017-2018, including the Finkbiner Park Restrooms, Louie Pompei Park Playground, water main replacements, and street improvements. Future major capital projects include facility repairs and upgrades, Street Improvements, and Water Main and Booster Improvements. There is approximately \$21 million in ongoing and new capital projects.

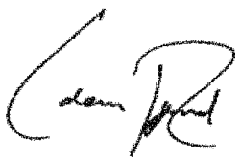
The City continues to address various labor compensation changes imposed through legislation in the area of the Fair Labor Standards Act (FLSA) overtime calculation, Affordable Care Act (ACA), changes in collection regarding union dues and pension increases due to the CalPERS changes to the discount rate.

Award and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Glendora for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 17th year within the last 18 years the government has received this prestigious award. (In 2006 the City did not submit application due to the challenges and complications of its accounting system computer conversion). In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report satisfied generally accepted accounting principles (GAAP), government accounting standard board (GASB) pronouncements and other legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the requirements for a continued receipt of the Certificate of Achievement, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The preparation and publication of this report was made possible by the dedicated service of the entire Finance Department under the leadership of the Finance Director/City Treasurer, June Overholt, Assistant Finance Director, Kyle Johnson and Accounting Manager, Brittany Aguilar. Appreciation is also extended to City departments for their support in planning and conducting the fiscal functions of the City, the commitment of all City employees, as well as the Mayor and City Council for their support and encouragement toward achieving and maintaining the highest standards for the management of the City of Glendora's finances. Through continued partnership with the community that we serve, the City of Glendora will continue to be a leader in effective municipal governance and maintain its high quality of life.

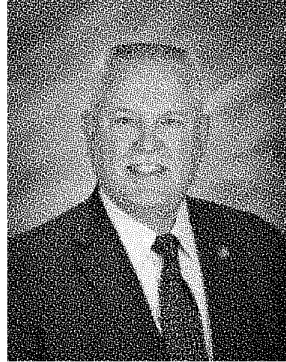


Adam Raymond
City Manager

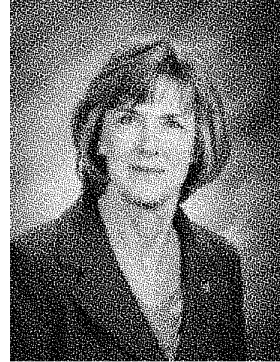


June Overholt
Finance Director/City Treasurer

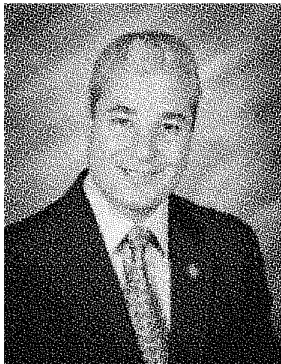
ELECTED AND APPOINTED OFFICIALS



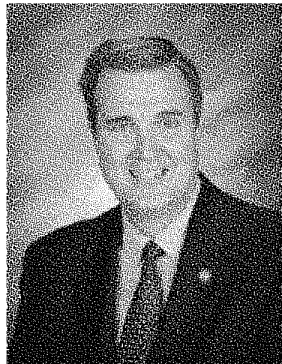
Mendell Thompson
MAYOR



Judy Nelson
MAYOR PRO-TEM



Michael Allawos
COUNCIL MEMBER



Gary Boyer
COUNCIL MEMBER



Karen Davis
COUNCIL MEMBER

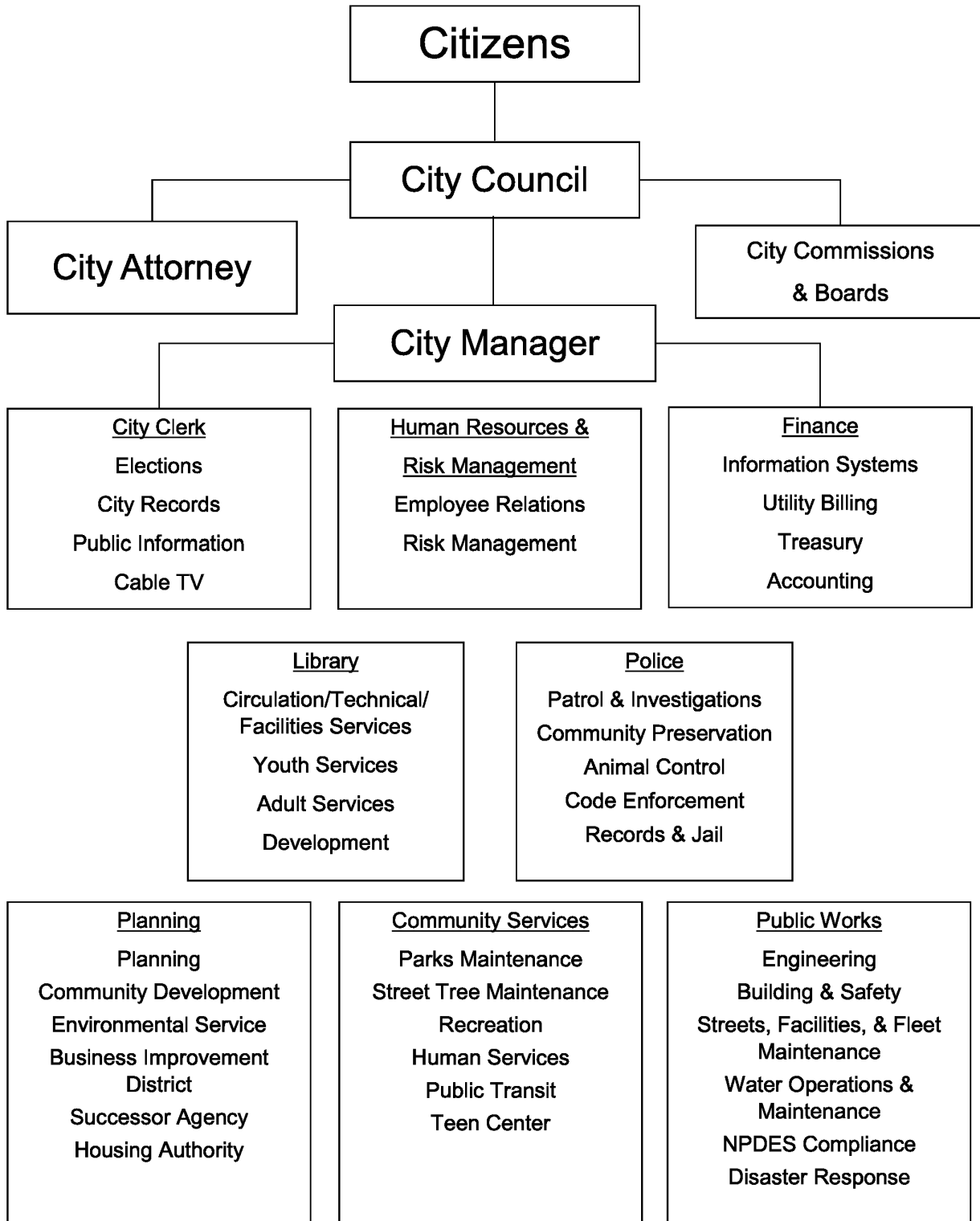
ADVISORY BODIES

- Community Services Commission • Planning Commission •
- Board of Library Trustees • Water Commission •
- Business Improvement District Advisory Board •

APPOINTED OFFICIALS & DEPARTMENT HEADS

Adam Raymond.....	City Manager
Kathleen R. Sessman.....	City Clerk
Victoria Cross.....	Human Resources/Risk Management Director
June Overholt.....	Finance Director/City Treasurer
Lisa Rosales.....	Police Chief
Jeff Kugel.....	Planning Director
David Davies.....	Public Works Director
Janet Stone.....	Library Director
Bridget Amaya.....	Acting Community Services Director

CITY-WIDE ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Glendora
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Glendora
Glendora, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Glendora, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Honorable Mayor and the Members of the City Council
of the City of Glendora
Glendora, California
Page 2

Emphasis of Matter

Implementation of GASB 75

As discussed in Note 1T to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 as described in Note 14 to the basic financial statements. In addition, net OPEB liability is reported in the Statement of Net Position in the amount of \$11,800,341 as of the measurement date. Net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of Jun 30, 2017, which is also the measurement date. Our opinion is not modified with respect to this matter.

Financial Condition

As discussed in Note 15 to the basic financial statements, the City declared a fiscal emergency on September 25, 2018. Management's plans regarding the matter are described in the Note 15. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. In addition, the City's governmental activities reported unrestricted net deficit in the amount of \$18,774,514 at June 30, 2018 due to the aggregate net pension liabilities and net OPEB liability in the amounts of \$49,107,265 and \$8,496,242, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Miscellaneous Plan, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios – CalPERS Safety Plan, the Schedule of Contributions - Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 16 and 97 to 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

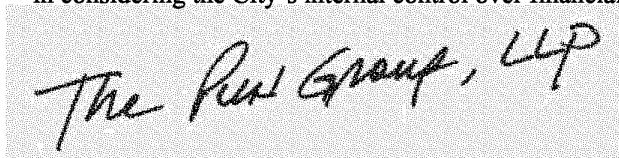
To the Honorable Mayor and the Members of the City Council
of the City of Glendora
Glendora, California
Page 3

The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

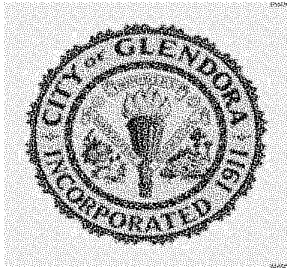
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style. The letters "PwC" are prominent and stylized. The signature is placed over a light gray, textured rectangular background.

Santa Ana, California
December 19, 2018

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Management's Discussion and Analysis

The management of the City of Glendora, California (City) presents this narrative overview and analysis of the financial activities of the City as of, and for the fiscal year ended, June 30, 2018. Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying Basic Financial Statements.

Financial Highlights

- At June 30, 2018, the City's net position was \$147.7 million. Of this amount, the negative \$4.6 million is unrestricted, due to an increase in long-term liabilities and deferred inflows of resources primarily related to pension (GASB 68) and other post employment benefits (GASB 75) liabilities.
- The City's total net position increased from the prior fiscal year 2016-2017 by \$3.88 million. This is comprised of governmental activities which decreased by \$3.6 million and business-type activities which increased net position by \$7.5 million. The overall fund balance decreased \$0.6 million, as long-term debt is not recorded on the governmental fund statements. The net investment in capital assets in Governmental Activities did not materially change from fiscal year 2017. The net investment in capital assets in Business-Type Activities increased by \$3.8 million due to the continuation of the water meter replacement project, water main replacements, and various infrastructure improvements throughout the City.
- The City's total governmental funds reported combined fiscal year 2017-2018 fund balances of \$47 million, a decrease of \$0.6 million in comparison with the prior fiscal year of \$47.6 million. Of this total, \$6.4 million, or approximately 13.6% of this total is nonspendable (not available for new spending). There is \$18.8 million, or 40% in the restricted fund balance category, which is spendable. The committed fund balance category of \$12 million represents the City's contingency reserve. The assigned fund balance of \$9.9 million represents amounts intended to be used for specific purposes, but are not formally restricted or committed.
- General Fund operational revenues exceeded operational expenditures by \$1,716,535. After net transfers related to the General Fund reserve policy of \$1,748,065 (a maximum of 45% of the fund balance should be committed for emergency contingencies which include economic uncertainties, local disasters, recession or other financial hardships and to subsidize unforeseen operating or capital needs and finally, for cash flow requirements) to the Capital Projects Fund, Stormwater Fund, Workers Compensation Fund, Liability Insurance Fund and other non-reserve policy transfers of \$90,710 the net change in fund balance was a negative \$122,240. However, the General Fund reports a positive unassigned fund balance of \$14,031.

- Total Committed General Fund balance of \$12 million is for future contingencies. Total Assigned General Fund balance of \$2 million is comprised of \$0.02 million for capital projects, \$0.56 million for compensated absences, \$1.4 million for CalPERS retirement costs and other post-employment benefits, and the remainder for general government. This combined Committed and Assigned amount represents a 49% reserve ratio to General Fund expenditures.
- Operating income for the City's business-type water enterprise activity (Water Fund Operation and related Capital Projects) for fiscal year 2017-2018 was \$8.3 million. Total net position for the water enterprise is \$67.6 million. Net position in the prior year was \$60.1 million after restatement due to the implementation of GASB 75. The increase is largely due to improved revenues.

Overview of the Financial Statements

The City is required to present its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB) pronouncements.

The City of Glendora's Basic Financial Statements are comprised of three components:

- ❖ Government-Wide Financial Statements
- ❖ Fund Financial Statements
- ❖ Notes to the Financial Statements

This report also contains other supplementary information in addition to the Basic Financial Statements.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, reported in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Glendora is improving or declining.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, with the use of the accrual basis of accounting, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Government-Wide Financial Statements distinguish City functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community services, library, and public works. The business-type activities of the City are the Water Enterprise, and the La Fetra Senior Center.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Pursuant to ABX1 26 ("AB 26") approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Community Redevelopment Agency of the City of Glendora ("Agency") was dissolved on January 31, 2012. The Net Position and changes in Net Position of the Agency, as of June 30, 2018, can be found in the Fiduciary Fund Section of the Government-Wide Financial Statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Glendora, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The City of Glendora maintains 32 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Capital Projects Funds which are considered to be major funds for the purposes of this report. Data from the remaining 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *nonmajor* governmental funds is aggregated into *combining statements* elsewhere in this report.

The City of Glendora adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

Proprietary Funds – The City of Glendora maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Operations. Internal service funds utilize an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting. The City uses internal service funds to account for its Worker's Compensation Self-Insurance, General Liability Self-Insurance, Vehicles and Technology operations. Because these services predominantly benefit the governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The nonmajor proprietary funds financial statements can be found immediately following the nonmajor governmental fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources legally held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the government-wide financial statements because the assets of those funds are *not* available to support the City's own programs. As a result of the dissolution of the Community Redevelopment Agency per AB 1484, the activities of the Successor Agency to the Former Community Redevelopment Agency are reported as a Private-Purpose Trust Fund in the Fiduciary Fund section. The fiduciary fund statements follow the proprietary fund financial statements.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information consisting of budgetary comparison schedules, notes to the budgetary comparison schedules, the City's proportionate share of the net pension liability, the related schedule of contributions and the schedule of funding progress.

Government-Wide Financial Analysis

The government-wide financial statements provide information about the City's overall financial picture from the perspective of all the City's governmental and business-type funds combined together. This form of financial reporting is intended to provide a perspective similar to that found in the private sector with its full accrual accounting basis and elimination or reclassification of internal service activities. The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. The following analysis addresses the financial statements of the City as a whole.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Statement of Net Position – Over time, Net Position may serve as a useful indicator of a government's financial condition. In the case of the City of Glendora, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$147.7 million as of June 30, 2018. By far the largest portion of the City's net position, \$133.5 million, or 90.4%, reflects its net investment in capital assets (e.g. land, intangibles, infrastructure, buildings and improvements, and equipment) less any related debt still outstanding that was used to acquire those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available to fund future spending.

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2018 with the comparative data for the fiscal year ended June 30, 2017.

City of Glendora
Summary of Net Position
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Assets:						
Current and other assets	\$ 58,493,564	\$ 58,848,373	\$ 26,218,738	\$ 22,823,408	\$ 84,712,302	\$ 81,671,781
Capital assets	81,826,070	81,778,328	73,059,861	70,497,358	154,885,931	152,275,686
Total assets	140,319,634	140,626,701	99,278,599	93,320,766	239,598,233	233,947,467
Deferred Outflows of Resources:						
Pension related items	12,304,854	9,814,374	1,717,149	1,714,636	14,022,003	11,529,010
OPEB related items	282,098	263,734 ⁽¹⁾	109,705	102,564 ⁽¹⁾	391,803	366,298
Deferred charges on refunding	-	-	1,294,815	1,368,353	1,294,815	1,368,353
Total outflows of resources	12,586,952	10,078,108	3,121,669	3,185,553	15,708,621	13,263,661
Liabilities:						
Current liabilities	7,219,273	6,550,671	4,227,070	4,317,934	11,446,343	10,868,605
Long-term liabilities	62,126,139	57,438,080 ⁽¹⁾	31,289,834	33,173,722 ⁽¹⁾	93,415,973	90,611,802
Total liabilities	69,345,412	63,988,751	35,516,904	37,491,656	104,862,316	101,480,407
Deferred Inflows of Resources:						
Pension related items	1,309,608	1,620,443	294,895	228,063	1,604,503	1,848,506
OPEB related items	775,402	-	301,546	-	1,076,948	-
Total inflows of resources	2,085,010	1,620,443	596,441	228,063	2,681,451	1,848,506
Net position:						
Net investment in capital assets	81,015,708	80,916,032	52,520,608	48,714,652	133,536,316	129,630,684
Restricted	19,234,970	17,975,891	-	-	19,234,970	17,975,891
Unrestricted	(18,774,514)	(13,796,308) ⁽¹⁾	13,766,315	10,071,948 ⁽¹⁾	(5,008,199)	(3,724,360)
Total Net Position	\$ 81,476,164	\$ 85,095,615	\$ 66,286,923	\$ 58,786,600	\$ 147,763,087	\$ 143,882,215

⁽¹⁾ Amount restated, due to implementation of GASB 75.

Changes in Net Position – In fiscal year 2017-2018, the City's governmental activities total revenues and transfers of \$36.9 million was less than expenses of \$40.5 million by \$3.6 million. The City's expenses cover a range of services. For governmental activities, the expenditures were in Public Safety (\$18.9 million), followed by Public Works (\$8.1 million), Community Services (\$7.5 million), General Government (\$3.5 million), Library (\$2.3 million), and Interest and Fiscal Charges (\$0.2m). Further analysis is provided within the governmental and business-type sections on the following pages.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

A large portion of the net position is restricted for specific purposes such as \$2.8 million for Public Works, \$12.6 million for Community Services, and \$1.9 million for Affordable Housing. The deficit balance in unrestricted net position is due to compliance with GASB 68 and 75, which requires the City to record the liabilities for Pension and OPEB related items in the government-wide statements previously only required to report the accumulated difference between annual cost and the annual required contribution.

Governmental Activities

Governmental Activities - Governmental activities reflects a decrease of \$3.6 million in net position and Business-Type Activities had an increase of \$7.5 million in net position for the fiscal year 2017-2018. A comparison of the cost of services by function for the City's governmental activities is shown below, along with the revenues used to cover the net expenditures of the governmental activities, and with the comparative data from fiscal year 2016-2017.

City of Glendora Statement of Changes in Net Position Fiscal Year Ended June 30, 2018 With comparative data for fiscal year ended June 30, 2017						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for services	\$ 6,075,395	\$ 7,118,565	\$ 20,832,928	\$ 17,874,134	\$ 26,908,323	\$ 24,992,699
Operating grants and contributions	4,514,126	4,431,830 ⁽²⁾	-	-	4,514,126	4,431,830
Capital grants and contributions	855,331	532,873	-	-	855,331	532,873
Total program revenues	11,444,852	12,083,268	20,832,928	17,874,134	32,277,780	29,957,402
General Revenues:						
Property taxes	12,574,759	14,399,988	-	-	12,574,759	14,399,988
Transient occupancy taxes	142,169	137,647	-	-	142,169	137,647
Sales taxes	8,955,740	8,368,272	-	-	8,955,740	8,368,272
Franchise taxes	2,119,473	2,090,881	-	-	2,119,473	2,090,881
Business license taxes	409,943	391,801	-	-	409,943	391,801
Other taxes	298,883	601,779	-	-	298,883	601,779
Motor vehicle in lieu - unrestricted	27,692	23,457	-	-	27,692	23,457
Use of money and property	721,025	663,555	(19,251)	22,253	701,774	685,808
Other	266,278	71,600	-	-	266,278	71,600
Gain/(Loss) on sale of property	(9,013)	29,728	-	11,774	(9,013)	41,502
Total general revenues	25,506,949	26,778,708	(19,251)	34,027	25,487,698	26,812,735
Program Expenses:						
General government	3,561,244	3,206,125	-	-	3,561,244	3,206,125
Public safety	18,914,850	17,981,945	-	-	18,914,850	17,981,945
Community services	7,494,693	5,938,690	-	-	7,494,693	5,938,690
Library	2,283,735	2,117,089	-	-	2,283,735	2,117,089
Public works	8,052,948	7,394,070	-	-	8,052,948	7,394,070
Interest and fiscal charges	173,515	214,084	-	-	173,515	214,084
Water	-	-	13,349,460	12,581,983	13,349,460	12,581,983
Transit	-	-	-	1,878,580	-	1,878,580
La Petra Rental	-	-	54,161	39,066	54,161	39,066
Total expenses	40,480,985	36,852,003	13,403,621	14,499,629	53,884,606	51,351,632
Excess/(Deficiency) Before Transfers	(3,529,184)	2,009,973	7,410,056	3,408,532	3,880,872	5,418,505
Transfers	(90,267)	(1,419,169)	90,267	1,419,169	-	-
Change in Net Position	(3,619,451)	590,804	7,500,323	4,827,701	3,880,872	5,418,505
Net Position - Beginning of Year	85,095,615	90,363,443	58,786,600	57,328,557	143,882,215	147,692,000
Restatement of Net Position ⁽¹⁾	-	(5,858,632)	-	(3,369,658)	-	(9,228,290)
Net Position - End of Year	\$ 81,476,164	\$ 85,095,615	\$ 66,286,923	\$ 58,786,600	\$ 147,763,087	\$ 143,882,215

⁽¹⁾ Due to the implementation of GASB 75.

⁽²⁾ Restated due to reclassification of transfers from Successor Agency into operating grant.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Total Program Revenues from governmental activities were \$11.4 million in fiscal year 2017-2018. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizens. Program Revenues reduce the net cost of the functions financed from the government's general revenues. As reflected in the table above, 53.1% of the Governmental Program Revenues came from Charges for Services (which includes licenses and permits, plan check fees, recreation fees, police special service fees, and other revenues), 39.4% from the Operating Grants and Contributions category (including restricted revenues such as Gas Tax, Asset Forfeitures and Federal/State Grants), and 7.5% are from Capital Grants and Contributions.

Program revenues decreased by \$0.6 million primarily due to a decrease in charges for services.

As illustrated, 63% of government services were funded by General Revenues net of transfers. General Revenues consist of all other revenues not categorized as program revenues such as various taxes, and the use of money and property. Items such as public safety services (Pension Obligation Bond) are supported through General Revenues.

General Revenues from governmental activities accounted for 69% of total City revenues, and Program revenues were 31%. Total General Revenues from governmental activities were \$25.4 million in fiscal year 2017-2018. Property taxes comprised the largest percentage of General Revenues, 49.3% or \$12.6 million received during the fiscal year.

Business-Type Activities Net Position was \$66.3 million, an increase of \$7.5 million from the prior fiscal year. Total program revenues from Business-Type Activities were \$20.8 million. Total expenses for the Business-Type activities were \$13.4 million for fiscal year 2017-2018. The increase in net position was due to improved revenues.

Revenue Highlights

As demonstrated in the chart below, revenues received by the entire City's governmental funds were \$36.9 million in fiscal year 2017-2018, a decrease of \$2 million from fiscal year 2016-2017. This decrease consists primarily of decreases in taxes revenue (\$1.1 million) due to a one time payment in 2017 and use of money and property revenue (\$0.95 million). The City received a one-time property tax settlement payment in fiscal year 2016-2017 of \$2.5 million. Use of money and property decreased due to a one-time lease payment received from the refinancing of the loan from the Housing Authority received in fiscal year 2016-2017 and GASB 31 unrealized losses.

Statement of Revenues by Category
All Governmental Funds

	2018	%	2017	%
Taxes	\$ 25,329,122	68.67%	\$ 26,436,812	67.92%
Licenses & permits	1,445,308	3.92%	1,654,897	4.25%
Intergovernmental	6,113,910	16.57%	6,100,974	15.68%
Charges for service	2,269,061	6.15%	2,110,926	5.42%
Use of money & property	902,218	2.45%	1,851,491	4.76%
Fines and forfeitures	390,042	1.06%	466,809	1.20%
Contributions	48,824	0.13%	52,135	0.13%
Miscellaneous	389,258	1.06%	247,597	0.64%
Total	\$ 36,887,743	100.00%	\$ 38,921,641	100.00%

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

General Fund revenues for fiscal year 2017-2018 decreased by \$0.4 million from fiscal year 2016-2017. The decrease in revenue in fiscal year 2017-2018 is primarily attributable to a \$1.2 million decrease in taxes. Fiscal year 2016-2017 property taxes also included a one-time settlement payment from the County.

Statement of Revenues by Category
General Fund

	2018	%	2017	%	% Change
Taxes	\$ 24,500,967	81.13%	\$ 25,713,208	84.00%	-4.7%
Licenses & permits	1,445,308	4.79%	1,654,897	5.41%	-12.7%
Intergovernmental	811,358	2.69%	88,991	0.29%	811.7%
Charges for service	2,079,530	6.89%	1,933,035	6.31%	7.6%
Use of money & property	768,552	2.54%	644,338	2.10%	19.3%
Fines and forfeitures	390,042	1.29%	466,809	1.52%	-16.4%
Miscellaneous	204,609	0.68%	110,551	0.36%	85.1%
Total	<u>\$ 30,200,366</u>	<u>100.00%</u>	<u>\$ 30,611,829</u>	<u>100.00%</u>	-1.3%

Expense Highlights

Functional expenses for the years ended June 30, 2018 and 2017 for Governmental Activities were as follows:

	Cost of Governmental Activities			
	Total Cost		Net Cost	
	of Services		of Services	
	2018	2017	2018	2017
General Government	\$ 3,561,244	\$ 3,206,125	\$ 2,899,833	\$ 2,705,012
Public Safety	18,914,850	17,981,945	17,431,085	15,303,103
Community Services	7,494,693	5,938,690	4,509,696	2,906,041
Library	2,283,735	2,117,089	2,152,384	1,971,974
Public Works	8,052,948	7,394,070	1,869,620	1,986,080
Interest on LT Debt	173,515	214,084	173,515	214,084
Total	<u>\$ 40,480,985</u>	<u>\$ 36,852,003</u>	<u>\$ 29,036,133</u>	<u>\$ 25,086,294</u>

Expenses for the City totaled \$54 and \$51.4 million for the years ended June 30, 2018 and 2017, respectively. Of these total expenses, governmental activities incurred \$40.5 and \$36.9 million and business-type activities incurred \$13.4 and \$14.5 million during the years ended June 30, 2018, and 2017, respectively.

Financial Analysis of the Government Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Governmental Funds - The City's governmental funds focus information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$47 million, a decrease of \$0.6 million from the prior year. Of this total \$47 million of fund balance, approximately \$6.4 million is "Nonspendable" as it represents an advance receivable from the Successor Agency. \$18.8 million is "Restricted" to complete special activities and capital improvement projects or debt service commitments, \$12 million is "Committed" for future contingencies, and \$9.9 million is "Assigned" for various purposes. The remainder of the combined fund balance is negative \$0.04 million and currently classified as unassigned due to special revenue funds for grants processed on a reimbursement basis.

The General Fund is the primary operating fund of the City of Glendora. As a measure of the General Fund's accumulated resources, it is useful to compare spendable fund balance to total expenditures. Spendable fund balance of \$14 million, represents 49.1% of 2018 General Fund expenditures.

A component of spendable fund balance, \$12 million, has been committed by the City Council (and incorporated into the City's Financial Policies) for future emergency contingencies. The committed fund balance for emergency contingencies reserve is established at a maximum of 45% of prior year operating General Fund expenditures (excluding capital outlay and debt service expenditure), and that amounts in excess of 45% at year-end should be transferred per the policy to the Capital Projects Fund, Stormwater Reserve and any deficit internal service fund. As of June 30, 2018 the contingencies reserve (excluding \$1.4 million for PERS and other post-employment obligations) equal 42.1% of fiscal year 2018 operating expenditures. As of June 30, 2018 the City transferred \$1.74 million, \$0.87 million into the Capital Projects Fund, \$0.52 million into Stormwater projects, \$0.16 million into Worker's Compensation Fund, and \$0.19 million into Liability Insurance Fund.

The Glendora Housing Authority was established by City Council on January 10, 2012. City Council designated the Authority to retain the housing functions previously performed by the Glendora Community Redevelopment Agency. The City elected to become the Housing Successor and retained the housing assets as of February 1, 2012. The assets are used in accordance with the low and moderate income housing provisions of California Law. The Authority assumed assets of \$2,290,834 from the former Low and Moderate Housing capital projects fund. Revenue decreased by \$1.04 million in fiscal year 2017-2018 from the prior fiscal year as the Authority received one-time payment of \$1.0 million in proceeds from a property refinancing in fiscal year 2016-2017.

Proprietary Funds - The City's presentation of proprietary funds (Water and other enterprises) provides the same type of information found in the government-wide financial statements, but offers additional detail in the form of a Statement of Cash Flows. Net Position of the Water Fund, inclusive of capital assets, is \$67.6 million as of June 30, 2018. Unrestricted net position are \$15.1 million. Assets invested in capital infrastructure, and thus unavailable for disbursement, equal \$52.5 million, net of accumulated depreciation.

General Fund Budgetary Highlights

The City's adopted General Fund budget was amended throughout the fiscal year. The amendments included adjustments for various transfers between line items and adjustments approved by Council.

City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

The variance between the final adopted revenue budget and actual results of \$1,052,844 represents a 3.6% increase. Although a few of the General Fund revenues reached their budgeted forecasts, the economy still continues to recover. Taxes exceeded budget by \$878,710; licenses and permits by \$101,458; intergovernmental by \$11,858; charges for services by \$94,480; use of money and property did not meet budget by \$54,048; fines and forfeitures did not meet budget by \$27,958, and miscellaneous revenue exceeded budget by \$48,344 of its budgeted forecast. Additionally, revenues were closely monitored during the year and adjusted when updated information became available.

The positive variance of \$1,226,861 between the final adopted expenditure budget and actual results is a result of prudent budget management and monitoring by the departments of public safety, community development, parks and recreation and public works where their actual expenditures were less than the budgeted amount.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its Governmental and Business-Type activities as of June 30, 2018 and 2017 amounts to \$154.9 million and \$152.3 million respectively, net of depreciation. This investment in capital assets includes land, intangibles, buildings, park improvements, roadways, sewers, storm drains, vehicles, computer equipment, furniture, machinery, other equipment, and construction in progress. The total increase in the City's investment in capital assets net of depreciation for the current fiscal year was \$2.6 million. Most of the increase can be attributed to Business-Type infrastructure assets.

More detailed information is available regarding the City's capital assets in Note 6 of the basic financial statement.

City of Glendora
Capital Assets
(Net of Accumulated Depreciation)
June 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 11,694,092	\$ 11,694,092	\$ 642,000	\$ 642,000	\$ 12,336,092	\$ 12,336,092
Construction in progress	1,177,111	2,111,039	4,401,848	16,993,816	5,578,959	19,104,855
Water pumping rights	-	-	4,715,599	4,715,599	4,715,599	4,715,599
Intangibles	653,593	653,593	223,845	223,845	877,438	877,438
Buildings and improvements	16,140,398	14,696,451	10,310,864	1,252,741	26,451,262	15,949,192
Machinery and equipment	8,780,169	8,280,752	38,484,793	35,111,603	47,264,962	43,392,355
Infrastructure	43,380,707	44,342,401	14,280,912	11,557,754	57,661,619	55,900,155
Total	\$ 81,826,070	\$ 81,778,328	\$ 73,059,861	\$ 70,497,358	\$ 154,885,931	\$ 152,275,686

Long-Term Debt – As of June 30, 2018, the City's Governmental long-term debt outstanding included \$2.2 million for 2009 Taxable Pension Obligation Bonds, Series A, \$0.8 million for a lease with Pinnacle Public Finance, and \$5.7 million for Claims and Judgements payable. For the same period, the City's Business-Type long-term debt included \$11.7 million and \$7.6 million respectively for 2012 and 2016 Series A CSCDA water and wastewater revenue bonds. The total long-term debt, including the City's other post-employment obligation and aggregate net pension liabilities, for both Governmental and Business-Type activities was \$99.6 million, compared to \$96.4 million in fiscal year 2016-2017. The increase was due to rising pension costs. The City's net other post-employment liability, \$8.5 million

**City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018**

Governmental and \$3.3 million Business Type, and aggregate net pension liabilities, \$49.1 million Governmental and \$7.3 million Business-Type, have been presented as separate and distinct line items on the City's Statement of Net Position and therefore have been excluded from the Long-Term Debt chart below. Further details related to the other post-employment benefits and aggregate net pension liabilities can be found in Note 10 to the Basic Financial Statements.

City of Glendora Long-Term Debt June 30, 2018						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
2009 Taxable Pension Obligation Bonds, Series A	\$ 2,225,000	\$ 2,835,000	\$ -	\$ -	\$ 2,225,000	\$ 2,835,000
Pinnacle Public Finance - Lease	810,362	862,296	-	-	810,362	862,296
2012 Series A CSCDA Water & Wastewater						
Pooled Revenue Bonds	-	-	11,735,000	12,540,000	11,735,000	12,540,000
Bond premium	-	-	1,001,060	1,053,907	1,001,060	1,053,907
2016 Water Revenue Refunding Bonds						
Wastewater Revenue Bonds	-	-	7,570,000	7,920,000	7,570,000	7,920,000
Bond discount	-	-	1,528,008	1,637,152	1,528,008	1,637,152
Total Bonds Payable	3,035,362	3,697,296	21,834,068	23,151,059	24,869,430	26,848,355
Compensated absences - Govt Funds	611,646	686,462	-	-	611,646	686,462
Compensated absences - Int Srvc Funds	28,241	30,035	-	-	28,241	30,035
Compensated absences	-	-	141,609	168,832	141,609	168,832
Claims and judgments payable	5,739,258	6,113,437	-	-	5,739,258	6,113,437
Total Long-Term Debt	\$ 9,414,507	\$ 10,527,230	\$ 21,975,677	\$ 23,319,891	\$ 31,390,184	\$ 33,847,121

Further details on long-term debt for governmental and business-type activities can be found in Note 7 of the financial statements.

Economic Factors and Next Year's Budget

The fiscal year ended June 30, 2018 saw growth in general revenues. The Los Angeles area economy continues to recover from the Great Recession. In Glendora, the recovery continues like many other areas in the state and nation. The City's sales tax revenue just finished its eighth year of positive growth with an 7.0% increase from the prior fiscal year ended June 30, 2017. As home prices continue to increase in value, property taxes, our single largest revenue source, increased 7.7% when adjusted for the one-time settlement payment of \$2.5 million received in fiscal year 2016-2017. In October 2018, the national unemployment rate was reported at 3.7% and for California at 4.1% per the Bureau of Labor Statistics. Based on these trends, the City of Glendora is optimistic revenues will continue to increase.

The budget for fiscal year 2017-2018 was presented to Council and approved with the budgetary deficit in the General Fund primarily due to rising pension costs. Budget increases in revenues were not enough to offset budget increases in expenditures due to negotiated bargaining unit agreements, pension costs, moderate changes in staffing and other increased costs of services. All departments made cuts and have continued to look for ways to reduce costs and create efficiencies. All departments continue their efforts to provide programs and services to the community efficiently, and within the current resources available. The community is active in participating in City programs, especially on a volunteer basis.

**City of Glendora
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018**

As a primary goal of the City Council and Management, the City continues to follow the City's Mission Statement and Strategic Plan, which is "to provide the citizens and business community effective municipal services while maintaining our historical sense of community values."

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the financial position of the City of Glendora and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be directed to the Finance Department at the City of Glendora, 116 East Foothill Boulevard, Glendora, CA 91741.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Glendora
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 38,461,715	\$ 23,381,493	\$ 61,843,208
Receivables:			
Accounts	646,448	4,027,394	4,673,842
Taxes	2,090,784	-	2,090,784
Accrued interest	118,031	79,180	197,211
Internal balances	1,363,739	(1,363,739)	-
Due from other government	428,945	-	428,945
Prepaid items	-	-	-
Total current assets	43,109,662	26,124,328	69,233,990
Noncurrent assets:			
Restricted cash and investments:			
Cash and investments	425,150	-	425,150
Cash with fiscal agent	2,871	28	2,899
Cash in escrow	-	94,382	94,382
Notes and loans	8,539,729	-	8,539,729
Advances to the Successor Agency	6,416,152	-	6,416,152
Capital assets:			
Nondepreciable	13,524,796	9,983,292	23,508,088
Depreciable, net	68,301,274	63,076,569	131,377,843
Total capital assets	81,826,070	73,059,861	154,885,931
Total noncurrent assets	97,209,972	73,154,271	170,364,243
Total assets	140,319,634	99,278,599	239,598,233
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	282,098	109,705	391,803
Pension related items	12,304,854	1,717,149	14,022,003
Deferred charges on refunding	-	1,294,815	1,294,815
Total deferred outflows of resources	12,586,952	3,121,669	15,708,621

City of Glendora
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,168,148	2,313,685	3,481,833
Accrued liabilities	1,129,206	-	1,129,206
Accrued interest payable	20,839	201,790	222,629
Unearned revenue	8,939	-	8,939
Deposits payable	266	384,986	385,252
Long-term liabilities - due within one year	4,891,875	1,326,609	6,218,484
Total current liabilities	7,219,273	4,227,070	11,446,343
Noncurrent liabilities:			
Long-term liabilities - due in more than one year	4,522,632	20,649,068	25,171,700
Net OPEB Liability	8,496,242	3,304,099	11,800,341
Aggregate net pension liability	49,107,265	7,336,667	56,443,932
Total noncurrent liabilities	62,126,139	31,289,834	93,415,973
Total liabilities	69,345,412	35,516,904	104,862,316
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	775,402	301,546	1,076,948
Pension related items	1,309,608	294,895	1,604,503
Total deferred inflows of resources	2,085,010	596,441	2,681,451
NET POSITION			
Net investment in capital assets	81,015,708	52,520,608	133,536,316
Restricted for:			
Community development projects	1,117,636	-	1,117,636
Public safety	387,161	-	387,161
Public works and capital projects	2,775,387	-	2,775,387
Community services	12,589,468	-	12,589,468
PEG Cable TV	446,297	-	446,297
Glendora Village Business District	42,219	-	42,219
Affordable Housing	1,869,998	-	1,869,998
Library	6,804	-	6,804
Total restricted	19,234,970	-	19,234,970
Unrestricted	(18,774,514)	13,766,315	(5,008,199)
Total net position	\$ 81,476,164	\$ 66,286,923	\$ 147,763,087

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,561,244	\$ 572,351	\$ 89,060	\$ -
Public safety	18,914,850	599,103	884,662	-
Community services	7,494,693	1,953,506	665,185	366,306
Library	2,283,735	39,741	91,610	-
Public works	8,052,948	2,910,694	2,783,609	489,025
Interest and fiscal charges	173,515	-	-	-
Total governmental activities	40,480,985	6,075,395	4,514,126	855,331
Business-type Activities:				
Water	13,349,460	20,783,257	-	-
La Fetra Rental	54,161	49,671	-	-
Total business-type activities	13,403,621	20,832,928	-	-
Total primary government	\$ 53,884,606	\$ 26,908,323	\$ 4,514,126	\$ 855,331

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Statement of Activities (Continued)
For the Year Ended June 30, 2018

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (2,899,833)	\$ -	\$ (2,899,833)
Public safety	(17,431,085)	-	(17,431,085)
Community services	(4,509,696)	-	(4,509,696)
Library	(2,152,384)	-	(2,152,384)
Public works	(1,869,620)	-	(1,869,620)
Interest and fiscal charges	(173,515)	-	(173,515)
Total governmental activities	(29,036,133)	-	(29,036,133)
Business-type Activities:			
Water	-	7,433,797	7,433,797
La Fetra Rental	-	(4,490)	(4,490)
Total business-type activities	-	7,429,307	7,429,307
Total primary government	(29,036,133)	7,429,307	(21,606,826)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes, levied for general purpose	12,574,759	-	12,574,759
Transient occupancy taxes	142,169	-	142,169
Sales taxes	8,955,740	-	8,955,740
Franchise taxes	2,119,473	-	2,119,473
Business license taxes	409,943	-	409,943
Other taxes	298,883	-	298,883
Total taxes	24,500,967	-	24,500,967
Motor vehicle in lieu - unrestricted	27,692	-	27,692
Use of money and property	721,025	(19,251)	701,774
Miscellaneous revenue	266,278	-	266,278
Loss on sale of property	(9,013)	-	(9,013)
Total general revenues	25,506,949	(19,251)	25,487,698
Transfers	(90,267)	90,267	-
Changes in net position	(3,619,451)	7,500,323	3,880,872
Net position - beginning of year, as restated (Note 14)	85,095,615	58,786,600	143,882,215
Net position - end of year	\$ 81,476,164	\$ 66,286,923	\$ 147,763,087

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**City of Glendora
Balance Sheet
Governmental Funds
June 30, 2018**

	General	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 12,948,288	7,176,108	\$ 10,361,092	\$ 30,485,488
Receivable:				
Accounts	555,407	-	91,041	646,448
Taxes	1,963,952	-	126,832	2,090,784
Notes and loans	-	208,277	8,331,452	8,539,729
Accrued interest	77,906	5,533	34,592	118,031
Due from other governments	-	-	428,945	428,945
Due from other funds	112,093	260,277	-	372,370
Prepaid items	-	-	-	-
Advances to Successor Agency	6,416,152	-	-	6,416,152
Restricted assets:				
Cash and investments	-	425,150	-	425,150
Cash and investments with fiscal agents	2,871	-	-	2,871
Total assets	<u>\$ 22,076,669</u>	<u>\$ 8,075,345</u>	<u>\$ 19,373,954</u>	<u>\$ 49,525,968</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 527,132	\$ 203,868	\$ 193,935	\$ 924,935
Accrued liabilities	1,129,206	-	-	1,129,206
Due to other funds	-	-	372,370	372,370
Deposit payable	266	-	-	266
Unearned revenue	-	-	8,939	8,939
Total Liabilities	<u>1,656,604</u>	<u>203,868</u>	<u>575,244</u>	<u>2,435,716</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	102,863	102,863
Fund balances:				
Nonspendable:				
Advances to Successor Agency	6,416,152	-	-	6,416,152
Restricted for:				
Community development projects	-	-	692,486	692,486
Public safety	-	-	387,161	387,161
Public works and capital projects	-	-	2,762,075	2,762,075
Community services	-	-	12,567,068	12,567,068
PEG Cable TV	-	-	446,297	446,297
Glendora Village Business District	-	-	42,219	42,219
Affordable housing	-	-	1,869,998	1,869,998
Library	-	-	6,804	6,804
Gold line rail station	-	425,150	-	425,150
Committed to:				
Contingency Reserve	11,981,471	-	-	11,981,471
Assigned to:				
Capital projects	22,117	5,270,489	-	5,292,606
Stormwater	0	2,175,838	-	2,175,838
General government	65,202	-	-	65,202
Compensated absences	561,092	-	-	561,092
PERS and OPEB	1,360,000	-	-	1,360,000
Unassigned	<u>14,031</u>	<u>-</u>	<u>(78,261)</u>	<u>(64,230)</u>
Total fund balances	<u>20,420,065</u>	<u>7,871,477</u>	<u>18,695,847</u>	<u>46,987,389</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,076,669</u>	<u>\$ 8,075,345</u>	<u>\$ 19,373,954</u>	<u>\$ 49,525,968</u>

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 46,987,389
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Nondepreciable assets	\$ 13,524,796	
Depreciable assets, net of \$3,655,543 reported in Internal Service Funds	64,645,731	78,170,527

Some of the City's receivables for operating and capital grant reimbursements will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore, are either not reported or are reported with an offset to unavailable revenues in the funds.

102,863

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources, net of \$543,045 reported under Internal Service Funds		11,761,809
Aggregate net pension liabilities, net of \$(2,320,204) reported under Internal Service Funds		(46,787,061)
Pension related deferred inflows of resources, net of \$(93,260) reported under Internal Service Funds		(1,216,348)

Net other postemployment benefits liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources, net of \$32,048 reported under Internal Service Funds		250,050
Net OPEB liabilities, net of \$(965,268) reported under Internal Service Funds		(7,530,974)
OPEB related deferred inflows of resources, net of \$(88,093) reported under Internal Service Funds		(687,309)

Internal service funds are used by the City to charge the cost of materials and supplies, maintenance and repair of vehicles and equipment and printing services provided to the various departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal Service funds net position, net of deficit in the amount of \$(1,363,739) reported in Business-type activities.

4,093,065

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.

(20,839)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position. Balances at June 30, 2018 are:

Lease payable		(810,362)
Pension obligation bonds		(2,225,000)
Compensated absences, net of \$(28,241) reported under Internal Service Funds		(611,646)

Net position of governmental activities	\$ 81,476,164
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City of Glendora
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 24,500,967	\$ -	\$ 828,155	\$ 25,329,122
Licenses and Permits	1,445,308	-	-	1,445,308
Intergovernmental	811,358	-	5,302,552	6,113,910
Charges for services	2,079,530	-	189,531	2,269,061
Use of money and property	768,552	(21,829)	155,495	902,218
Fines and forfeitures	390,042	-	-	390,042
Contributions	-	-	48,824	48,824
Miscellaneous	204,609	60,893	123,756	389,258
Total revenues	30,200,366	39,064	6,648,313	36,887,743
EXPENDITURES:				
Current:				
General government	2,884,177	-	235,255	3,119,432
Public safety	15,623,919	-	984,774	16,608,693
Community services	4,235,797	54,249	1,965,133	6,255,179
Library	1,944,471	-	91,611	2,036,082
Public works	3,030,225	65,955	1,960,197	5,056,377
Capital outlay	-	2,668,276	927,516	3,595,792
Debt service:				
Principal retirement	610,000	-	51,934	661,934
Interest and fiscal charges	155,242	-	21,660	176,902
Total expenditures	28,483,831	2,788,480	6,238,080	37,510,391
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,716,535	(2,749,416)	410,233	(622,648)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,435,401	699,266	2,134,667
Transfers out	(1,838,775)	-	(305,949)	(2,144,724)
Total other financing sources (uses)	(1,838,775)	1,435,401	393,317	(10,057)
NET CHANGES IN FUND BALANCES	(122,240)	(1,314,015)	803,550	(632,705)
FUND BALANCES:				
Beginning of year	20,542,305	9,185,492	17,892,297	47,620,094
End of year	<u>\$ 20,420,065</u>	<u>\$ 7,871,477</u>	<u>\$ 18,695,847</u>	<u>\$ 46,987,389</u>

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds: \$ (632,705)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expenditures exceeded depreciation in the current period:

Capital outlay expenditures, net of \$1,323,505 reported in Internal Service Funds	\$ 3,543,489	
Net effect on disposal of capital assets, net of \$41,939 reported in Internal Service Funds	(11,954)	
Depreciation expense, net of \$777,235 reported in Internal Service Funds	<u>(4,144,483)</u>	(612,948)

Certain accrued revenues such as grants do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period.

76,012

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences		84,615
Pension expense, net of pension contribution made after measurement date in the amount of \$3,908,869 and the pension expense adjustment reported under internal service funds \$301,543		(2,558,109)
OPEB expense, net of OPEB contribution made after measurement date in the amount of \$282,098 and the OPEB expense adjustment reported under internal service funds \$36,893		(287,829)
Pension obligation bond payment		610,000
Accrued expenses for long-term liabilities		3,387
Lease payment		51,934

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation self-insurance, general liability self-insurance, vehicles, and technology to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities (net of \$70,290) allocated to business-type activities).

76,015

Transfer of the Transit Enterprise Fund capital assets and long-term liabilities to the governmental activities to close the fund.

(429,823)

Change in net position of governmental activities

\$ (3,619,451)

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Glendora
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Other Enterprise Funds	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 23,300,196	\$ 81,297	\$ 23,381,493	\$ 7,976,227
Receivables:				
Accounts	4,027,394	-	4,027,394	-
Accrued interest	79,180	-	79,180	-
Restricted:				
Cash with fiscal agents	28	-	28	-
Cash in escrow	94,382	-	94,382	-
Total current assets	27,501,180	81,297	27,582,477	7,976,227
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	9,983,292	-	9,983,292	-
Capital assets, being depreciated, net	63,047,614	28,955	63,076,569	3,655,543
Total capital assets	73,030,906	28,955	73,059,861	3,655,543
Total noncurrent assets	73,030,906	28,955	73,059,861	3,655,543
Total assets	100,532,086	110,252	100,642,338	11,631,770
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	109,705	-	109,705	32,048
Pension related items	1,710,575	6,574	1,717,149	543,045
Deferred charges	1,294,815	-	1,294,815	-
Total deferred outflows of resources	3,115,095	6,574	3,121,669	575,093

(Continued)

City of Glendora
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Other Enterprise Funds	Totals	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,313,085	\$ 600	\$ 2,313,685	\$ 243,213
Accrued interest	201,790	-	201,790	-
Deposits payable	384,986	-	384,986	-
Compensated absences, due within one year	141,193	416	141,609	28,241
Claims and judgments, due within one year	-	-	-	3,525,092
Bonds, notes, and capital lease, due within one year	1,185,000	-	1,185,000	-
Total current liabilities	4,226,054	1,016	4,227,070	3,796,546
Noncurrent liabilities:				
Bonds, notes, and capital lease, due in more than one year	20,649,068	-	20,649,068	-
Claims and judgments, due in more than one year	-	-	-	2,214,166
Net OPEB liability	3,304,099	-	3,304,099	965,268
Net pension liability	7,308,581	28,086	7,336,667	2,320,204
Total noncurrent liabilities	31,261,748	28,086	31,289,834	5,499,638
Total liabilities	35,487,802	29,102	35,516,904	9,296,184
DEFERRED INFLOWS OF RESOURCES				
Pension related items	293,766	1,129	294,895	93,260
OPEB related items	301,546	-	301,546	88,093
Total deferred inflows of resources	595,312	1,129	596,441	181,353
NET POSITION				
Net investment in capital assets	52,491,653	28,955	52,520,608	3,655,543
Unrestricted (deficit)	15,072,414	57,640	15,130,054	(926,217)
Total net position (deficit)	\$ 67,564,067	\$ 86,595	\$ 67,650,662	\$ 2,729,326
Adjustments to reflect the consolidation of internal service fund activities related to the proprietary funds	(1,361,760)	(1,979)	(1,363,739)	
Net position (deficit) of business-type activities	\$ 66,202,307	\$ 84,616	\$ 66,286,923	

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City of Glendora
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Other Enterprise Funds	Totals	
OPERATING REVENUES:				
Sales, service charges and rent	\$ 20,377,943	\$ 28,383	\$ 20,406,326	\$ -
Interdepartmental charges	-	-	-	5,335,690
Miscellaneous	405,314	21,288	426,602	900,167
Total operating revenues	20,783,257	49,671	20,832,928	6,235,857
OPERATING EXPENSES:				
Administration and general	5,130,163	27,158	5,157,321	1,890,915
Transmission/collection	5,542,374	-	5,542,374	-
Cost of sales and services	-	25,255	25,255	2,761,015
Claims expense	-	-	-	1,114,448
Depreciation	1,863,725	1,646	1,865,371	777,235
Total operating expenses	12,536,262	54,059	12,590,321	6,543,613
OPERATING INCOME (LOSS)	8,246,995	(4,388)	8,242,607	(307,756)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue (loss)	(19,027)	(224)	(19,251)	(37,429)
Interest expense	(743,010)	-	(743,010)	-
Gain on disposal of capital assets	-	-	-	1,297
Intergovernmental revenue	-	429,823	429,823	-
Total nonoperating revenues (expenses)	(762,037)	429,599	(332,438)	(36,132)
INCOME (LOSS) BEFORE TRANSFERS	7,484,958	425,211	7,910,169	(343,888)
TRANSFERS:				
Transfers in	-	-	-	349,613
Transfers out	(34,914)	(304,642)	(339,556)	-
Total transfers	(34,914)	(304,642)	(339,556)	349,613
CHANGES IN NET POSITION	7,450,044	120,569	7,570,613	5,725
NET POSITION:				
Beginning of the year, as restated (Note 14)	60,114,023	(33,974)	60,080,049	2,723,601
End of the year	<u>\$ 67,564,067</u>	<u>\$ 86,595</u>	<u>\$ 67,650,662</u>	<u>\$ 2,729,326</u>
Adjustments to reflect the consolidation of the Internal Service Funds activities related to the Proprietary Fund	(70,188)	(102)	(70,290)	
Changes in net position of business-type activities	<u>\$ 7,379,856</u>	<u>\$ 120,467</u>	<u>\$ 7,500,323</u>	

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 19,608,952	\$ 28,383	\$ 19,637,335	\$ 5,335,690
Cash paid to suppliers for goods and services	(6,090,234)	(27,131)	(6,117,365)	(3,075,168)
Cash paid to employees for services	(4,193,821)	(28,329)	(4,222,150)	(1,181,541)
Cash paid for insurance or claims	-	-	-	(1,488,627)
Other receipts	405,314	21,288	426,602	900,167
Net cash provided by (used in) operating activities	9,730,211	(5,789)	9,724,422	490,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	-	349,613
Transfers to other funds	(34,914)	(392,447)	(427,361)	-
Net cash provided by (used in) noncapital financing activities	(34,914)	(392,447)	(427,361)	349,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(4,584,233)	-	(4,584,233)	(1,323,505)
Proceeds from sale of capital assets	-	-	-	43,236
Principal paid on revenue bonds and loan	(1,155,000)	-	(1,155,000)	-
Interest paid on revenue bonds	(841,963)	-	(841,963)	-
Net cash used in capital and related financing activities	(6,581,196)	-	(6,581,196)	(1,280,269)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	(35,282)	62	(35,220)	(25,924)
Net cash provided by investing activities	(35,282)	62	(35,220)	(25,924)
Net increase (decrease) in cash and cash equivalents	3,078,819	(398,174)	2,680,645	(466,059)
CASH AND CASH EQUIVALENTS:				
Beginning of year	20,315,787	479,471	20,795,258	8,442,286
End of year	<u>\$ 23,394,606</u>	<u>\$ 81,297</u>	<u>\$ 23,475,903</u>	<u>\$ 7,976,227</u>
CASH AND CASH EQUIVALENTS:				
Cash and investment	\$ 23,300,196	\$ 81,297	\$ 23,381,493	\$ 7,976,227
Cash with fiscal agent	28	-	28	-
Cash in escrow	94,382	-	94,382	-
Total cash and cash equivalents	\$ 23,394,606	\$ 81,297	\$ 23,475,903	\$ 7,976,227

See accompanying Notes to the Basic Financial Statements.

City of Glendora
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Other Enterprise Funds	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 8,246,995	\$ (4,388)	\$ 8,242,607	(307,756)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,863,725	1,646	1,865,371	777,235
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(769,006)	-	(769,006)	-
(Increase) decrease in deferred outflows of resources related to OPEB	(109,705)	-	(109,705)	(2,084)
(Increase) decrease in deferred outflows of resources related to pension	(160,436)	10,969	(149,467)	(110,482)
Increase (decrease) in accounts payable	143,165	(330)	142,835	91,839
Increase (decrease) in accrued liabilities	(137,262)	(924)	(138,186)	(33,260)
Increase (decrease) in compensated absences	(13,226)	-	(13,226)	(1,794)
Increase (decrease) in deposits payable	15	-	15	-
Increase (decrease) in claims payable	-	-	-	(374,179)
Increase (decrease) in net pension liabilities	342,376	(2,189)	340,187	376,300
Increase (decrease) in OPEB liabilities	(65,559)	-	(65,559)	(49,116)
Increase (decrease) in deferred inflows of resources related to OPEB	301,546	-	301,546	88,093
Increase (decrease) in deferred inflows of resources related to pension	87,583	(10,573)	77,010	35,725
Total adjustment	1,483,216	(1,401)	1,481,815	798,277
Net cash provided by (used in) operating activities	\$ 9,730,211	\$ (5,789)	\$ 9,724,422	\$ 490,521

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Glendora
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Fund	Private- Purpose Trust Fund
	Special Deposits Fund	Successor Agency of the Former RDA
ASSETS:		
Pooled cash and investments	\$ 4,021,510	\$ 2,028,976
Receivables:		
Accounts	-	57,072
Accrued interest	-	6,820
Land held for resale	-	3,555,905
Restricted assets:		
Cash and investments with fiscal agents	-	80
Total assets	\$ 4,021,510	5,648,853
LIABILITIES:		
Accrued interest	-	213,803
Deposits payable	4,021,510	-
Long-term liabilities:		
Advances from the City of Glendora	-	6,416,152
Due within one year	-	1,425,000
Due in more than one year	-	12,049,723
Total liabilities	\$ 4,021,510	20,104,678
NET POSITION:		
Held in trust for other purposes		\$ (14,455,825)
Total net position		\$ (14,455,825)

City of Glendora
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private- Purpose Trust Fund Successor Agency of the Former RDA
ADDITIONS:	
Redevelopment property tax trust fund	\$ 2,313,368
Investment income	65,943
Miscellaneous	76
Total additions	<u>2,379,387</u>
DEDUCTIONS:	
Contractual services	10,324
Interest expense	744,186
Contributions to other governments	55,833
Administrative expenses	250,000
Total deductions	<u>1,060,343</u>
CHANGE IN NET POSITION	1,319,044
NET POSITION (DEFICIT):	
Beginning of year	<u>(15,774,869)</u>
End of year	<u><u>\$ (14,455,825)</u></u>

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Glendora
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For the Year Ended June 30, 2018

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City of Glendora
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For the Year Ended June 30, 2018

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City of Glendora
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Glendora, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1911, as a “General Law” city governed by an elected five-member City Council in the State of California. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude it. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Unit

Management determined that the following component unit should be blended based on the criteria above.

Although the following unit is legally separate from the City, it has been “blended” as though it is part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

The Glendora Public Financing Authority (the “Authority”) is a joint powers authority organized pursuant to Government Code Section 6500 of the State of California. The Authority exists pursuant to a Joint Exercise of Powers Agreement dated January 9, 1990, between the City and the former Glendora Community Redevelopment Agency (the “Agency”). Its purpose is to provide, through the issuance of debt, loans and other financing to the City or Agency for the construction of public improvements. Separate financial statements are not prepared. There was no activity in the current year.

The City had no discretely presented component units.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent, and the means by which spending activities are controlled.

The Statement of Net Position and Balance Sheet of the Governmental Funds report separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Government-Wide Statements

The City's Government-Wide Financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "*economic resources*" measurement focus, utilizing the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the primary government total column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Fund Financial Statements

A Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances are presented for all major governmental funds and aggregated nonmajor funds. Accompanying schedules are presented to reconcile and explain the differences in fund balances as presented in these statements, to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, franchise taxes, special assessments, licenses, interest revenue, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

The City reports the following major governmental funds:

- General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- City Capital Projects Fund – The City Capital Projects Fund is used to account for the funds that are assigned for the development or maintenance of the City's capital projects.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period which they are earned while expenses are recognized in the period in which the liability is incurred.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

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

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include four individual funds which provide services directly to other City funds. These areas of service include workers' compensation self-insurance, general liability self-insurance, vehicles, and technology.

The City reports the following major proprietary fund:

- Water Enterprise Fund - The Water Enterprise Fund accounts for the activities associated with a residential and commercial water utility within the City.

The City also reports Internal Service Funds which account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis as proprietary funds.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's fiduciary funds consist of an agency fund and a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private purpose trust fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions (revenues) and deductions (expenses) in total Fiduciary Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The City reports the following fiduciary funds:

- Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for the assets and liabilities of the former Glendora Community Redevelopment Agency, and the allocated revenues to pay estimated installment payments of enforceable obligations until the obligations of the former Glendora Community Redevelopment Agency are paid in full and all assets have been liquidated.
- Agency Fund - The Agency Fund is used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

D. Cash and Investments with Fiscal Agents

Cash and investments with fiscal agents are restricted for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

The three levels of the fair value measurement hierarchy are described below:

- Level 1 - Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Prepaid Items

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 under the purchase method.

G. Property Taxes

Property taxes are attached as an enforceable lien on property at January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. Any unpaid amounts at the end of the fiscal year are recorded as accounts receivable. The County of Los Angeles bills and collects the property taxes and substantially remits the amount due to the City in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied. The County is permitted by state law (Article XIII A of the California Constitution) to levy taxes at one percent (1%) of full market value (at time of purchase) and can increase the property’s value no more than two percent (2%) per year.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, infrastructure assets (e.g., roads, sidewalks and similar items) and intangible assets, are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition cost on the date donated. City policy has set the capitalization threshold for reporting individual capital assets at \$5,000.

Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Machinery and equipment	5-20
Vehicles	3-15
Transmission and distribution	30-50
Source of supply	15-70
Pumping equipment	15
Infrastructure	6-50

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, bridges, reservoirs and parklands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic signal poles, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding subsystems.

Intangible assets included in the City’s capital assets consist of right of way purchases which are amortized over the life of the right of way, or life of the infrastructure it is related to if not defined in the right of way agreement, and water rights, which are not amortized.

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property at June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriated for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category. The first is the deferred charge on debt refunding reported in the statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is deferred outflows relating to the net pension liabilities and net other postemployment benefits liabilities (“OPEB”) reported in the statement of net position. These outflows are the result of contributions made after the measurement period and other pension and OPEB related items.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items reported in this category. The first item relates to pension and OPEB. The second item arises only under a modified accrual basis of accounting for unavailable revenue. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in when period that the amounts become available.

K. Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements: Long-term debt and other financed obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Governmental Fund Financial Statements: The governmental fund financial statements do not present long-term debt, but it is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Compensated Absences

Governmental fund financial statements recognize the vested vacation and compensatory time as expenditures in the current year to the extent that they are paid during the year. Accrued vacation and compensatory time relating to long-term liability is reported in the government-wide financial statements. All vested vacation and compensatory leave time is recognized as an expense and as a liability in the proprietary type funds at the time the liability vests.

Since the City consistently liquidates its business-type activities compensated absences balances each fiscal year, the City reports that balance as long-term liabilities due within one year.

M. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and will be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

N. Net Other Postemployment Benefit ("OPEB") Liability

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Net Other Postemployment Benefit (“OPEB”) Liability (Continued)

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. Gain and loss are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

O. Net Position

In the government-wide financial statements, Net Position is reported in one of three categories:

Net Investment in Capital Assets - This amount consists of capital assets (including reported intangible assets) net of accumulated depreciation/amortization and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets (net of unspent debt proceed) and related deferred outflows and inflows of resources.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments. It consists of the restricted assets plus deferred outflows of resources, and reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position – This component of net position is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of “*Net Investment in Capital Assets*” or “*Restricted Net Position*.”

P. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Fund Balance

In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for the specific purposes determined by a formal action (Resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Administrative Policy provides the Finance Director authorization to assign amounts to a specific purpose.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. Positive unassigned balances are only presented in the General Fund.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of these classifications.

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Unassigned
- Committed
- Assigned

R. Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Tax Abatement

Tax abatement (for financial reporting purposes) results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. See Note 13 for details.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Implementation of New GASB Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement resulted in restatement of beginning net position on the City's financial statements for the year ended June 30, 2018.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2018.

Note 2 – Cash and Investments

At June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position		Fiduciary Fund Statement of Net Position	Total
	Governmental Activities	Business-type Activities		
Unrestricted assets:				
Cash and investments	\$ 38,461,715	\$ 23,381,493	\$ 6,050,486	\$ 67,893,694
Restricted assets:				
Cash and investments	425,150	-	-	425,150
Cash in escrow	-	94,382	-	94,382
Cash and investments with fiscal agents	2,871	28	80	2,979
Total cash and investments	\$ 38,889,736	\$ 23,475,903	\$ 6,050,566	\$ 68,416,205

The City of Glendora maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

The City had following cash and investments at June 30, 2018:

Deposits with financial institution	\$ 523,268
Petty cash	2,834
Escrow deposits	94,382
Total cash	<u>620,484</u>
Investments:	
Local Agency Investment Fund	15,782,526
U.S. government sponsored enterprise securities	24,465,958
Corporate notes	3,890,760
Negotiable CDs	23,653,498
Investments with fiscal agent:	
Money market funds	<u>2,979</u>
Total investments	<u>67,795,721</u>
Total cash and investments	<u><u>\$ 68,416,205</u></u>

A. Demand Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$523,268 and the bank balance was \$1,125,529. The \$602,261 difference represents outstanding checks, deposits in transit and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

B. Investment Policy

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investments in One Issuer
United States Treasury Bills, Bonds and Notes	5 Years	None	None
United States Government Sponsored Agency Securities	5 Years	None	None
Municipal Obligations	5 Years	None	None
Time Certificates of Deposit	1 Year	None	\$250,000
Negotiable Certificates of Deposit	5 Years	30%	None
Banker's Acceptance Notes	180 days	40%	30%
Corporate Notes (Bonds)	5 Years	30%	None
Commercial Paper	270 days	25%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million per account
Repurchase Agreement	1 Year	None	None
Mutual Funds	N/A	20%	None
Investment Pools	N/A	None	None

N/A - Not Applicable

C. Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee or fiscal agent. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

D. Fair Value Measurement

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

Investment Type	Measurement Input		Total
	Significant Other Observable Inputs (Level 2)	Uncategorized	
Local Agency Investment Fund	\$ -	\$ 15,782,526	\$ 15,782,526
United States Government Sponsored Agency Securities	24,465,958 ⁽¹⁾	-	24,465,958
Negotiable Certificates of Deposit	23,653,498 ⁽²⁾	-	23,653,498
Corporate Notes (Bonds)	3,890,760 ⁽¹⁾	-	3,890,760
Held by Bond Trustee:			
Money Market Mutual Funds	-	2,979	2,979
Total	\$ 52,010,216	\$ 15,785,505	\$ 67,795,721

⁽¹⁾ Priced based on IDSI Institutional Bond Quotes

⁽²⁾ IDSI CD Pricing

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer of maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy provides that the City manages its exposure to interest rate risks 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. At June 30, 2018, the City had the following investment maturities:

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Local Agency Investment Fund	\$ 15,782,526	\$ -	\$ -	\$ 15,782,526
United States Government Sponsored				
Agency Securities	1,986,710	3,916,950	18,562,298	24,465,958
Negotiable Certificates of Deposit	3,717,580	2,418,864	17,517,054	23,653,498
Corporate Notes (Bonds)	-	-	3,890,760	3,890,760
Held by Bond Trustee:				
Money Market Mutual Funds	2,979	-	-	2,979
Total	\$ 21,489,795	\$ 6,335,814	\$ 39,970,112	\$ 67,795,721

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor's at June 30, 2018 for each investment type:

Investment Type	Fair Value at June 30, 2018	Minimum Legal Rating	AAA	Other	Not Required to be Rated
Local Agency Investment Fund	\$ 15,782,526	N/A	\$ -	\$ -	\$ 15,782,526
United States Government Sponsored					
Agency Securities	24,465,958	N/A	-	-	24,465,958
Negotiable Certificates of Deposit	23,653,498	N/A	-	-	23,653,498
Corporate Notes (Bonds)	3,890,760	A	958,910	2,931,850	-
Held by Bond Trustee:					
Money Market Mutual Funds	2,979	A	2,979	-	-
Total	\$ 67,795,721		\$ 961,889	\$ 2,931,850	\$ 63,901,982

N/A - Not Applicable

The actual rating for the "Other" category above as follows:

Investment Type	AA+	A-	Total
Corporate Notes (Bonds)	963,430	1,968,420	2,931,850
Total	\$ 963,430	\$ 1,968,420	\$ 2,931,850

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

G. Concentration of Credit Risk

The City's investment policy states that the City operates its investment pool with many state and self-imposed constraints. It does not buy stocks and it does not speculate. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

The City will diversify its investments by security type, institution and maturity/call dates. The City's investment policy states that no more than 50% of the City's total investment portfolio shall be invested in a single security type or with a single financial institution. The only exception to these maturity limits shall be the investment in U.S. Treasury securities and authorized pools. Unless matched to a specific cash flow, the City shall not directly invest in securities maturing more than five years from the date of purchase.

At June 30, 2018, investment in any one issuer that represents 5% or more of total City investments is as follows:

Issuers	Investment Type	Amount	Percentage
Federal National Mortgage Association	United States Government Sponsored Sponsored Enterprise Securities	\$ 8,721,960	13%
Federal Farm Credit Union	United States Government Sponsored Sponsored Enterprise Securities	5,864,340	9%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Sponsored Enterprise Securities	4,880,120	7%

H. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of a third party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of the third party. At June 30, 2018, none of the City's deposits or investments were exposed to custodial credit risk.

I. Local Agency Investment Fund

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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value 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, which are recorded on an amortized cost basis. The City's investment in LAIF at June 30, 2018 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: Generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

I. Local Agency Investment Fund (Continued)

At June 30, 2018, the City had \$15,782,526 invested in LAIF, which had invested 2.67% of the total pool investment funds in Structured Notes and Asset-Backed Securities. The investment in LAIF is reported at amortized cost.

Note 3 – Receivables

Government-Wide Financial Statements: At June 30, 2018, the Government-Wide Financial Statements show the following receivables, net of allowances for uncollectible amounts:

	Government-Wide Financial Statements		
	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 646,448	\$ 4,027,394	\$ 4,673,842
Taxes	2,090,784	-	2,090,784
Accrued interest	118,031	79,180	197,211
Notes and loans	8,539,729	-	8,539,729
Advance to Successor Agency	6,416,152	-	6,416,152
Total	\$ 17,811,144	\$ 4,106,574	\$ 21,917,718

Fund Financial Statements: At June 30, 2018, the Fund Financial Statements show the following receivables:

A. Accounts Receivable

Accounts receivable consisted of amounts accrued in separate funds in the ordinary course of operations. The total amount of accounts receivable for each major fund and nonmajor fund in the aggregate at June 30, 2018, were as follows:

Governmental Funds:	
General fund	\$ 555,407
Nonmajor funds	91,041
Total Governmental Funds	<u>646,448</u>
Proprietary Funds:	
Water Fund	<u>4,027,394</u>
Total Proprietary Funds:	<u>4,027,394</u>
Total Accounts Receivable	<u>\$ 4,673,842</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Receivables (Continued)

B. Taxes Receivable

At June 30, 2018, the City had taxes receivable from the County of Los Angeles and State of California in the following major funds and nonmajor funds in the aggregate:

Governmental Funds:	
General fund	\$ 1,963,952
Nonmajor funds	126,832
Total Governmental Funds	<u>\$ 2,090,784</u>

C. Accrued Interest Receivable

Accrued Interest receivable consisted of interest from investments pooled by the City and was distributed among the funds according to their ending cash balances. The accrued interest receivable at June 30, 2018 was as follows:

Governmental Funds:	
General Fund	\$ 77,906
City Capital Project Fund	5,533
Nonmajor Funds	<u>34,592</u>
Total Governmental Funds	<u>118,031</u>
Proprietary Funds:	
Water Fund	<u>79,180</u>
Total Proprietary Funds:	<u>79,180</u>
Total Interest Receivable	<u>\$ 197,211</u>

D. Notes, Loans, and Advances Receivable

At June 30, 2018, the balances of notes and loans receivable and advances were as follows:

	Major Funds		Nomajor	
	General	City Capital	Governmental	Total
	Fund	Projects Fund	Funds	
Notes and Loans:				
Home rehabilitation loans	\$ -	\$ -	\$ 1,853,051	\$ 1,853,051
Business rehabilitation loans	-	-	680,514	680,514
Glendora Housing Investors, Inc.	-	-	5,797,887	5,797,887
Monrovia Nursery	-	208,277	-	208,277
Total Notes and Loans	<u>\$ -</u>	<u>\$ 208,277</u>	<u>\$ 8,331,452</u>	<u>\$ 8,539,729</u>
Advances to Successor Agency	<u>\$ 6,416,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,416,152</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Receivables (Continued)

D. Notes, Loans, and Advances Receivable (Continued)

Home Rehabilitation Loans

The City provides financial assistance to qualifying low-income households in connection with the housing rehabilitation program through home rehabilitation loans. At June 30, 2018, the total outstanding balance was \$1,853,051.

Business Rehabilitation Deferred Loans

The City's Community Development Block Grant program provides low-income housing and economic assistance to qualifying households and businesses. Due to the long-term nature of the deferred loans, the City has deferred recognition of revenues until receipt and these amounts have been recorded as loans receivable and classified as restricted fund balance in the Housing and Community Development Act Special Revenue Fund. The loans do not require monthly repayment. At June 30, 2018, the outstanding loan balance was \$680,514.

Glendora Housing Investors, L.P.

On June 27, 2006, the former Glendora Community Redevelopment Agency ("Agency") entered into an owner participation agreement with Glendora Housing Investors, L.P. for the construction of 87 affordable workforce housing units. As a result, the Agency loaned \$2,750,000 to Glendora Housing Investors, L.P. Payments are due beginning on July 1, 2017 and continuing for 40 years. Interest shall begin accruing upon completion of the improvements at a rate of 3% per annum. On January 27, 2009, the City loaned an additional \$1,900,000 to Glendora Housing Investors, L.P. The principal balance with all accrued unpaid interest is due and payable in full on the fifty-sixth anniversary of the January 27, 2009, date of the promissory note. Interest shall accrue at the long-term applicable federal rate. Upon dissolution of redevelopment agencies pursuant to Assembly Bill 1X26, the Affordable Housing Fund of the City of Glendora assumed the administration of the Affordable Housing Agreement with Glendora Housing Investors, L.P. This property is not part of the Long Term Property Management Plan. At June 30, 2018, the outstanding loan balance was in the amount of \$5,797,887.

Monrovia Nursery Loan

On December 14, 2010, the City signed the resolution of 2010-46 to approve Monrovia Nursery Specific Plan to allow a 50 lot single-family residential subdivision project on certain property located on 34.5 acres in Glendora, California. The original loan amount was \$370,610 and the outstanding balance at June 30, 2018 was \$208,277.

Advance to Successor Agency

The City had previously loaned funds to the Agency in order to carry out Agency activities as provided for in Health and Safety Code Section 33000. ABX1 26 dissolved redevelopment agencies and contained language that stipulated that agreements, contracts or arrangements between the City that created the redevelopment agency are generally not binding on the Agency unless the Agency desires to enter or re-enter into these agreements with the approval of its oversight board. On June 26, 2012, the Agency Oversight Board adopted Resolution 2012-09, approving an advance of \$5,595,000 relating to these previous loans between the City of Glendora acting as a municipal Corporation and the City of Glendora, California acting as Successor Agency to the Glendora Community Redevelopment Agency. Repayment of the loan will be made by the Successor Agency from the Redevelopment Property Tax Trust Fund over a term of not to exceed fifteen years, with an interest rate not to exceed the Local Agency Investment Fund (LAIF) interest rate. The balance outstanding at June 30, 2018 was \$6,416,152, including accrued interest.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances - At June 30, 2018, the City had the following internal receivables and payables, which represents internal borrowing and lending between the governmental activities and business-type activities:

Internal Payable	
Internal Receivable	Business-Type Activities
Governmental Activities	\$ 1,363,739

Transfers – For the year ended June 30, 2018, the City had the following transfers:

Transfers Out	
Transfers In	Business-Type Activities
Governmental Activities	\$ 90,267

B. Fund Financial Statements

Due to/from Other Funds - At June 30, 2018, the City had the following due to/from other funds:

Due To Other Funds	
Governmental Funds	
Due From Other Funds	Nonmajor Governmental Funds
Governmental Funds:	
General Fund	\$ 112,093
City Capital Project Fund	260,277
Total	\$ 372,370

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2018.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers In/Out – At June 30, 2018, the City had the following transfers in and out:

	Transfers In					Total
	Governmental Funds		Proprietary Funds			
	City Capital Projects Fund	Nonmajor Funds	Internal Service Funds	Nonmajor Enterprise Funds		
Transfers Out						
Governmental Funds:						
General Fund	\$ 1,398,452	\$ 90,710	\$ 349,613	\$ -	\$ 1,838,775	
Nonmajor Governmental Funds	36,949	269,000	-	-	305,949	
Enterprise Funds:						
Water Fund	-	34,914	-	-	34,914	
Nonmajor Enterprise Funds	-	304,642	-	-	304,642	
Governmental Activities	-	-	-	429,823	429,823	
	\$ 1,435,401	\$ 699,266	\$ 349,613	\$ 429,823	\$ 2,914,103	

- The General Fund transferred \$1,398,452 and \$349,613 to City Capital Projects Fund and Internal Service Funds per the City's reserve policy.
- The General Fund transferred \$90,710 to the Nonmajor Governmental Funds:
 - \$17,837 was to provide funding for landscape district zone.
 - \$31,293 was to provide funding for operations held at the teen center due to a delay in Measure A funding to begin in FY19.
 - \$41,580 was to cover the semiannual lease payments for the energy efficient upgrade project.
- The nonmajor governmental funds transferred \$36,949 to the City Capital Project Fund to transfer TDA funds to fund the San Dimas Wash Urban Trail project, approved by Metro.
- The nonmajor governmental funds transferred \$269,000 to the nonmajor governmental funds:
 - The Local Transit Prop C Fund transferred \$269,000 to the Local Transit Prop A Fund to provide funding for Prop C eligible expenses housed in the Prop A fund.
- The Water Enterprise Fund transferred \$34,914 to the nonmajor governmental funds:
 - \$2,900 was transferred to the Landscape Assessment Nonmajor Special Revenue Fund to provide funding for landscape district zone.
 - \$32,014 was transferred to the Energy Efficiency Project Nonmajor Capital Project Fund to cover the semiannual lease payments for the energy efficient upgrade project.
- The nonmajor enterprise funds transferred \$304,642 to nonmajor governmental funds due to closing of Transit Enterprise Fund at July 1, 2017.
- The nonmajor enterprise funds transferred noncurrent assets and liabilities totaled to \$(429,823) to Governmental Activities due to closing of Transit Enterprise nonmajor fund at July 1, 2017.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 - Land Held for Resale

The Successor Agency currently has 2 properties that are held for resale in the value of \$3,555,905. The Successor Agency is legally obligated to meet certain requirements before disposition of the former RDA properties. These requirements include: 1) completion of a Long Range Property Management Plan to be approved by the State Department of Finance and 2) remittance by the Successor Agency of all monies due in accordance with AB 1484. The Oversight Board of the Successor Agency approved a long-term Property Management Plan on September 24, 2013 and a revised plan on May 28, 2015. The long-term Property Management Plan was subsequently approved by the State of California Department of Finance on June 30, 2014 and February 24, 2016.

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes to the governmental activities capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Transfers	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 11,694,092	\$ -	\$ -	\$ -	\$ 11,694,092
Construction in progress	2,111,039	(1,827,397)	905,423	(11,954)	1,177,111
Intangible assets - right of way	653,593	-	-	-	653,593
Total capital assets, not being depreciated	14,458,724	(1,827,397)	905,423	(11,954)	13,524,796
Capital assets, being depreciated:					
Buildings and improvements	28,288,931	1,253,865	1,082,067	-	30,624,863
Machinery and equipment	23,089,818	1,022,423	1,619,648	(685,632)	25,046,257
Infrastructure	101,573,318	279,484	1,259,856	-	103,112,658
Total capital assets, being depreciated	152,952,067	2,555,772	3,961,579	(685,632)	158,783,778
Less accumulated depreciation for:					
Buildings and improvements	(13,592,480)	-	(891,985)	-	(14,484,465)
Machinery and equipment	(14,809,066)	(572,016)	(1,528,699)	643,693	(16,266,088)
Infrastructure	(57,230,917)	-	(2,501,034)	-	(59,731,951)
Total accumulated depreciation	(85,632,463)	(572,016)	(4,921,718)	643,693	(90,482,504)
Total capital assets, being depreciated, net	67,319,604	1,983,756	(960,139)	(41,939)	68,301,274
Governmental activities capital assets, net	\$ 81,778,328	\$ 156,359	\$ (54,716)	\$ (53,893)	\$ 81,826,070

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

General government	\$ 173,406
Public safety	449,548
Community services	894,944
Public works	2,549,518
Library	77,067
Internal service	777,235
Total depreciation expense - governmental activities	\$ 4,921,718

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes to the business-type activities capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Transfers	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 642,000	\$ -	\$ -	\$ -	\$ 642,000
Water and pumping rights	4,715,599	-	-	-	4,715,599
Intangibles	223,845	-	-	-	223,845
Construction in progress	16,993,816	(15,991,511)	3,399,543		4,401,848
Total capital assets, not being depreciated	22,575,260	(15,991,511)	3,399,543	-	9,983,292
Capital assets, being depreciated:					
Buildings and improvements	1,325,797	9,271,512	-	-	10,597,309
Machinery and equipment	59,799,284	3,521,524	528,760	(105,950)	63,743,618
Infrastructure	17,940,136	2,470,100	655,930	-	21,066,166
Total capital assets, being depreciated	79,065,217	15,263,136	1,184,690	(105,950)	95,407,093
Less accumulated depreciation for:					
Buildings and improvements	(73,056)	-	(213,389)	-	(286,445)
Machinery and equipment	(24,687,681)	572,016	(1,249,110)	105,950	(25,258,825)
Infrastructure	(6,382,382)	-	(402,872)	-	(6,785,254)
Total accumulated depreciation	(31,143,119)	572,016	(1,865,371)	105,950	(32,330,524)
Total capital assets, being depreciated, net	47,922,098	15,835,152	(680,681)	-	63,076,569
Business-type activities capital assets, net	\$ 70,497,358	\$ (156,359)	\$ 2,718,862	\$ -	\$ 73,059,861

Depreciation expenses charged to the business-type activities are as follows:

Business-type activities:	
Water Fund	\$ 1,863,725
La Fetra Rental Fund	1,646
Total depreciation expense - business-type activities	\$ 1,865,371

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes to the governmental activities long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Transfer	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Governmental Activities:							
2009 Taxable pension obligation bonds, Series A	\$ 2,835,000	\$ -	\$ -	\$ (610,000)	\$ 2,225,000	\$ 670,000	\$ 1,555,000
Pinnacle public finance - lease	862,296	-	-	(51,934)	810,362	56,896	753,466
Compensated absences	716,497	13,997	822,340	(912,947)	639,887	639,887	-
Claims and judgments	6,113,437	-	889,036	(1,263,215)	5,739,258	3,525,092	2,214,166
Total governmental activities	<u>\$ 10,527,230</u>	<u>\$ 13,997</u>	<u>\$ 1,711,376</u>	<u>\$ (2,838,096)</u>	<u>\$ 9,414,507</u>	<u>\$ 4,891,875</u>	<u>\$ 4,522,632</u>

2009 Taxable Pension Obligation Bonds, Series A

In June 2009, the City issued \$5,890,000 pension obligation bonds to fund the City's actuarial accrued liability. The bonds bear interest at 5.950% and the principal matures in amounts ranging from \$65,000 to \$210,000 through June 2021. The annual principal requirements to amortize the outstanding 2009 Pension Obligation Bond are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 670,000	\$ 117,587	\$ 787,587
2020	740,000	76,234	816,234
2021	815,000	30,569	845,569
Total	<u>\$ 2,225,000</u>	<u>\$ 224,390</u>	<u>\$ 2,449,390</u>

Pinnacle Public Finance – Capital Lease

In June 2013, the City entered into a lease agreement for the Energy Efficiency Performance project with Pinnacle Finance Inc. with an outstanding principal balance of \$1,015,000 and semi-annual payments which vary annually with an interest rate of 2.55%. At June 30, 2018, the accumulated depreciation of the leased equipment was \$180,956.

At June 30, 2018, the outstanding balance for the Pinnacle Public Finance Lease was \$810,362.

Future minimum lease payments under the lease at June 30, 2018 are as follows:

Fiscal Year	
2019	\$ 77,200
2020	81,005
2021	85,019
2022	89,257
2023	93,731
2024-2028	501,905
Subtotal	<u>928,117</u>
Less amount representing interest	<u>(117,755)</u>
Present Value of Future Minimum Lease Payable	<u>\$ 810,362</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Compensated Absences

The balance at June 30, 2018, was \$639,887. See Note 8 for more detailed information.

Claims and Judgments

The balance at June 30, 2018, was \$5,739,258. See Note 9 for more detailed information.

B. Business-Type Activities

Summary of long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Transfer	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Business-type activities							
2012 Series A CSCDA water and wastewater pooled revenue bond	\$ 12,540,000	\$ -	\$ -	\$ (805,000)	\$ 11,735,000	\$ 830,000	\$ 10,905,000
Bond premium	1,053,907	-	-	(52,847)	1,001,060	-	1,001,060
2016 Series A CSCDA water and wastewater pooled revenue bond	7,920,000	-	-	(350,000)	7,570,000	355,000	7,215,000
Bond premium	1,637,152	-	-	(109,144)	1,528,008	-	1,528,008
Compensated absences	168,832	(13,997)	113,471	(126,697)	141,609	141,609	-
Total business-type activities	<u>\$ 23,319,891</u>	<u>\$ (13,997)</u>	<u>\$ 113,471</u>	<u>\$ (1,443,688)</u>	<u>\$ 21,975,677</u>	<u>\$ 1,326,609</u>	<u>\$ 20,649,068</u>

2012 Series A CSCDA Water and Wastewater Pooled Revenue Bonds - Original Issue \$14,785,000

The California Statewide Communities Development Authority (CSCDA) issued Water Revenue Bonds dated May 30, 2012, of which \$14,785,000 was owed by the City of Glendora. The CSCDA is a joint exercise of powers authority duly organized on June 1, 1988. It operates pursuant to the California Government Code and an agreement by and among various cities, counties and special districts, and is qualified to issue the bonds under the law. The purpose of the bonds was to advance refund portions of the 2003 Series A and 2004 Series C CSCDA Water and Wastewater Pooled Revenue Bonds which were for public capital improvements, in effect reducing the aggregate debt service payments by almost \$0.44 million over the 14 years from issuance and obtaining an economic gain (difference between the present values of the old and new debt service payments) of \$0.16 million.

The interest on the bonds are payable at the rate of 1.00% to 5.00%. Interest is payable on October 1 and April 1, commencing October 1, 2012. Principal is due annually beginning on October 1, 2014, in amounts ranging from \$535,000 to \$1,220,000. The bonds are payable from the net revenues of the Water Fund.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2012 Series A CSCDA Water and Wastewater Pooled Revenue Bonds - Original Issue \$14,785,000 (Continued)

The annual debt service requirements for the 2012 Series A Water Revenue Bonds at June 30, 2018 were as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 830,000	\$ 434,562	\$ 1,264,562
2020	865,000	400,662	1,265,662
2021	905,000	365,262	1,270,262
2022	935,000	328,462	1,263,462
2023	975,000	290,262	1,265,262
2024-2028	5,420,000	894,935	6,314,935
2029-2030	1,805,000	52,918	1,857,918
Total	<u>\$ 11,735,000</u>	<u>\$ 2,767,063</u>	<u>\$ 14,502,063</u>

2016 Series A Water Revenue Refunding Bonds - Original Issue \$8,395,000

On January 26, 2016, the City refunded the 2006 Series A CSCDA bonds with the 2016 Series A Water Revenue Refunding bonds. The purpose of the bonds was to advance refund the remaining 2006 Series A CSCDA Water and Wastewater Pooled Revenue Bonds which were issued for public capital improvements, in effect reducing the aggregate debt service payments by almost \$1.8 million over the 17 years from issuance, and obtaining an economic gain (difference between the present values of the old and new debt service payments) of \$1.5 million. On March 2, 2017, the outstanding 2006 Series A bonds were redeemed.

The interest on the bonds is payable at rates of 2.00% to 5.00%. Interest is payable on October 1 and April 1, commencing October 1, 2016. Principal is due annually beginning on October 1, 2016, in amounts ranging from \$350,000 to \$690,000. The bonds are payable from the net revenues of the Water Fund.

The annual debt service requirements for the 2016 Series A Water Revenue Refunding Bonds at June 30, 2018 were as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 355,000	\$ 362,350	\$ 717,350
2020	370,000	346,000	716,000
2021	390,000	327,000	717,000
2022	405,000	307,125	712,125
2023	420,000	286,500	706,500
2024-2028	2,490,000	1,083,750	3,573,750
2029-2033	3,140,000	407,250	3,547,250
Total	<u>\$ 7,570,000</u>	<u>\$ 3,119,975</u>	<u>\$ 10,689,975</u>

Compensated Absences

The balance at June 30, 2018, was \$141,609. See Note 8 for more detailed information.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund

The Successor Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Glendora Community Redevelopment Agency, property taxes allocated to redevelopment agencies no longer were deemed tax increment but rather property tax revenues and will be allocated to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies. Total principal and interest remaining on the bonds is \$16,537,222 with annual debt service requirements indicated below. For the current year, the debt service obligation on the bonds was \$2,061,057 and taxes received to pay enforceable obligations were in the amount totaled to \$2,313,368.

The following long-term debt was transferred from the Glendora Community Redevelopment Agency to the Successor Agency on February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency at June 30, 2018, follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Fiduciary Activities						
Loan from the City of Glendora	\$ 6,339,892	\$ 76,260	\$ -	\$ 6,416,152	\$ -	\$ 6,416,152
1998 Revenue Tax Allocation Bond, Series A	510,000	-	(250,000)	260,000	260,000	-
2003 Tax Allocation Bond, Non Taxable Series A	8,300,000	-	(380,000)	7,920,000	395,000	7,525,000
Bond Discount	(8,130)	-	1,085	(7,045)	-	(7,045)
2003 Tax Allocation Bond, Taxable Series B	1,365,000	-	(430,000)	935,000	455,000	480,000
Bond Discount	(4,054)	-	1,192	(2,862)	-	(2,862)
2006 Revenue Bonds, Series A	4,710,000	-	(305,000)	4,405,000	315,000	4,090,000
Bond Discount	(39,909)	-	4,539	(35,370)	-	(35,370)
Total fiduciary activities	\$ 21,172,799	\$ 76,260	\$ (1,358,184)	\$ 19,890,875	\$ 1,425,000	\$ 18,465,875

Loan from the City of Glendora

The City of Glendora had previously loaned funds to the former Glendora Community Redevelopment Agency in order to carry out Agency activities as provided for in Health and Safety Code Section 33000. ABX1 26 dissolved redevelopment agencies and contained language that stipulated that agreements, contracts or arrangements are generally not binding on the successor agency unless the successor agency desires to enter or re-enter with the approval of its oversight board. On June 26, 2012, the Oversight Board of the Successor Agency adopted Resolution 2012-09, approving an advance of \$5,595,000 relating to these previous loans between the City of Glendora, acting as a Municipal Corporation and the City of Glendora acting as Successor Agency to the Glendora Community Redevelopment Agency. The City has accrued interest due on the loans since inception. The loan balance at June 30, 2018 was \$6,416,152.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund (Continued)

1998 Series A Revenue (Tax Allocation) Bonds - Original Issue \$7,570,000

On October 1, 1998, the Glendora Public Financing Authority, on behalf of the Agency, issued \$7,570,000 1998 Series A Refunding Revenue Bonds. Bond proceeds were used to refund 1990 Series A Revenue Bonds incurred for Project Area One and Project Area Three, to satisfy costs of issuance, and to set aside reserve requirements pursuant to the escrow agreement. Principal on the bonds is due annually in installments ranging from \$195,000 to \$585,000. Interest is payable semi-annually with rates ranging from 3.15% to 4.50%. Payments are made from property tax revenues. The annual requirements to amortize the outstanding bond indebtedness at June 30, 2018 including interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 260,000	\$ 5,850	\$ 265,850
Total	<u>\$ 260,000</u>	<u>\$ 5,850</u>	<u>\$ 265,850</u>

2003 Tax Allocation Bonds, Nontaxable Series A and B - Original Issue \$ 16,070,000

On September 1, 2003, the Public Financing Authority issued on behalf of the Agency, \$11,255,000 in Series A Nontaxable Tax Allocation Bonds and \$4,815,000 in Series B Taxable Tax Allocation Bonds. The proceeds of the Series A Bonds were used to redeem the 1993 Revenue Tax Allocation Bonds related to Project Area No. 1 in the amount of \$3,215,000, to finance redevelopment activities within Project Area No. 1, to satisfy costs of issuance and to set aside reserve requirements pursuant to escrow agreements.

Principal payments on the Series A Bonds are due annually beginning on September 1, 2004, and continuing through 2024. Installments range from \$100,000 to \$1,500,000 and interest is payable semi-annually with rates ranging from 2.0% to 5.0%.

Principal payments on the Series B Bonds are due annually beginning on September 1, 2004 and continuing through 2019. Installments range from \$150,000 to \$480,000 and interest is payable semiannually with rates ranging from 3.79% to 5.62%.

The annual requirements to amortize the outstanding bond indebtedness at June 30, 2018, including interest, are as follows:

2003 Tax Allocation Bonds, Taxable Series A:

Year Ending June 30	Principal	Interest	Total
2019	\$ 395,000	\$ 384,743	\$ 779,743
2020	695,000	358,875	1,053,875
2021	1,235,000	310,625	1,545,625
2022	1,300,000	247,250	1,547,250
2023	1,365,000	180,625	1,545,625
2024-2025	2,930,000	148,250	3,078,250
Total	<u>\$ 7,920,000</u>	<u>\$ 1,630,368</u>	<u>\$ 9,550,368</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Fund (Continued)

2003 Tax Allocation Bonds, Nontaxable Series A and B - Original Issue \$ 16,070,000 (Continued)

2003 Tax Allocation Bonds, Nontaxable Series B:

Year Ending June 30	Principal	Interest	Total
2019	\$ 455,000	\$ 39,762	\$ 494,762
2020	480,000	13,488	493,488
Total	<u>\$ 935,000</u>	<u>\$ 53,250</u>	<u>\$ 988,250</u>

2006 Revenue Bonds, Series B – Original Issue \$6,945,000

On March 29, 2006, the Agency issued \$6,945,000 in Series B Revenue Tax Allocation Bonds. The proceeds of the bonds were used to fund the completion of the infrastructure improvements related to the Diamond Ridge and Pompei Park projects within Project Area No. 1 boundaries.

Principal payments on the bonds are due annually beginning on September 1, 2009, and continuing through 2025, in installments ranging from \$235,000 to \$1,910,000. Interest is payable semi-annually with rates ranging from 3.25% to 4.50%.

The annual debt service requirements to amortize the 2006 Revenue Tax Allocation Bonds outstanding at June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 315,000	\$ 186,469	\$ 501,469
2020	325,000	173,465	498,465
2021	340,000	159,538	499,538
2022	355,000	144,769	499,769
2023	370,000	129,362	499,362
2023-2025	2,700,000	250,875	2,950,875
Total	<u>\$ 4,405,000</u>	<u>\$ 1,044,478</u>	<u>\$ 5,449,478</u>

Note 8 – Compensated Absences

The following is a summary of compensated absences payable transactions for the year ended June 30 2018:

	Balance July 1, 2017	Transfer	Additions	Deletions	Balance June 30, 2018	Due within One Year
Governmental activities:						
Compensated absences	<u>\$ 716,497</u>	<u>\$ 13,997</u>	<u>\$ 822,340</u>	<u>\$ (912,947)</u>	<u>\$ 639,887</u>	<u>\$ 639,887</u>
Business-type activities						
Compensated absences	<u>\$ 168,832</u>	<u>\$ (13,997)</u>	<u>\$ 113,471</u>	<u>\$ (126,697)</u>	<u>\$ 141,609</u>	<u>\$ 141,609</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Compensated Absences (Continued)

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the business-type funds at the time the liability vests. The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statement. In prior years, the General Fund and Water Fund have typically been used to liquidate these liabilities. There is no fixed payment schedule to pay these liabilities.

Note 9 – 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 maintains self-insurance programs for workers' compensation and general public liability up to a maximum of \$500,000 and \$300,000 per occurrence, respectively. General liability claims, which exceed the limit, are insured through Independent Cities Risk Management Authority ("ICRMA") up to a maximum per incident of \$27,000,000. Workers' compensation claims that exceed the limit are insured by ICRMA up to the California statutory limits for workers' compensation.

The City is a member of the ICRMA, a public entity risk pool currently operating as a common risk management and insurance program for 15 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for information of the ICRMA provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial companies for all other risks of loss, which include property insurance, earthquake and flood, public official bond, boiler and machinery, group accident, crime shield, and special events insurance.

Estimates for all liabilities, up to the self-insured levels, have been accrued in the Workers' Compensation and the General Liability Self-Insurance Internal Service Funds including an estimate for incurred but not reported claims. Estimates are based on recommended reserves established by the City's third-party administrators who administer the City's claims and insurance programs. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

The ICRMA has published its own financial report for the year ended June 30, 2018, which can be obtained from Independent Cities Risk Management Authority, 14156 Magnolia Park, Sherman Oaks, California.

Changes in the balances of claims liabilities for the current and the last two fiscal years follow:

Fiscal Year Ended	Annual Claims Payable July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
June 30, 2016	\$ 4,309,979	\$ 1,949,535	\$ (1,370,006)	\$ 4,889,508	\$ 2,781,105
June 30, 2017	4,889,508	2,980,025	(1,756,096)	6,113,437	3,513,390
June 30, 2018	6,113,437	889,036	(1,263,215)	5,739,258	3,525,092

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans

A. Defined Benefit Pension Plans

The following summarizes the net pension liabilities and related deferred outflows of resources and deferred inflows of resources at June 30, 2018 with the corresponding pension expenses for the year then ended:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contributions after measurement date:			
Miscellaneous	\$ 1,602,431	\$ 559,086	\$ 2,161,517
Safety	2,306,438	-	2,306,438
Subtotal	3,908,869	559,086	4,467,955
Difference between expected and actual experience			
Safety	216,537	-	216,537
Difference in projected and actual earnings on pension investments:			
Miscellaneous	759,684	265,054	1,024,738
Safety	926,201	-	926,201
Subtotal	1,685,885	265,054	1,950,939
Change in assumptions:			
Miscellaneous	2,559,503	893,009	3,452,512
Safety	3,921,954	-	3,921,954
Subtotal	6,481,457	893,009	7,374,466
Adjustment due to difference proportion:			
Safety	12,106	-	12,106
Total deferred outflows of resources	\$ 12,304,854	\$ 1,717,149	\$ 14,022,003
Net pension liabilities:			
Miscellaneous	\$ 21,028,054	\$ 7,336,667	\$ 28,364,721
Safety	28,079,211	-	28,079,211
Total net pension liabilities	\$ 49,107,265	\$ 7,336,667	\$ 56,443,932
Deferred inflows of Resources:			
Difference between expected and actual experience			
Miscellaneous	\$ 845,217	\$ 294,895	\$ 1,140,112
Difference between City's contribution and proportionate share of contribution:			
Safety	464,391	-	464,391
Total deferred inflows of resources	\$ 1,309,608	\$ 294,895	\$ 1,604,503
Pension Expenses:			
Miscellaneous	\$ 3,137,317	\$ 826,816	\$ 3,964,133
Safety	3,631,204	-	3,631,204
Total pension expense	\$ 6,768,521	\$ 826,816	\$ 7,595,337

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

General Information About the Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer defined benefit plan for safety employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements, are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions under both plans are established by State Statute and City Resolution as follows:

	Miscellaneous Agent Plans		
	Classic	Tier 2	PEPRA
	Prior to	Between May 1	After
	May 1, 2012	through	December 31, 2012
Hire date	May 1, 2012	December 31, 2012	December 31, 2012
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
	2.0%-2.5%,	1.1%-2.0%,	1.0%-2.0%,
	50 yrs -55+ yrs,	50 yrs - 60yrs,	52 yrs -62 yrs,
	respectively	respectively	respectively
Monthly benefits, as a % of eligible compensation			
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contributions rates (FY17-18)	9.201%	9.201%	9.201%
Required employer contributions rates (Measurement Period)	20.986%	20.986%	20.986%

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

General Information About the Pension Plan (Continued)

Benefit Provided (Continued)

	Safety Cost-Sharing Plans		
	Classic	Tier 2	PEPRA
	Prior to October 16, 2012	Between October 16, 2012 through December 31, 2012	After December 31, 2012
Hire date	3.0% @ 55	2.0% @ 50	2.7% @ 57
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	Monthly for life	Monthly for life	Monthly for life
Benefit payments	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
Retirement age			2.0% - 2.7% 50 yrs -57 yrs, respectively
Monthly benefits, as a % of eligible compensation	3.0%, 50 yrs	2.0%, 50 yrs	12.25%
Required employee contribution rates	9.00%	9.00%	12.729%
Required employer contributions rates (FY17-18)	21.418%	16.498%	12.821%
Required employer contributions rates (Measurement Period)	21.230%	16.312%	

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service years.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefits to safety employees only. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee becomes deceased while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six month's salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

General Information About the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2016, the valuation date, the following number of employees were covered by the benefit terms:

	Plans			
	Miscellaneous	Safety		
		Classic	Tier 2	PEPRA
Active employees	152	44	2	7
Transferred and terminated employees	193	19	1	3
Retired Employees and Beneficiaries	225	96	0	0
Total	570	159	3	10

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The required contribution rates are shown in the Benefit Provided Section at pages 79 and 80.

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

¹ An expected inflation rate of 2.5% used

² An expected inflation rate of 3.0% used

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability for the City's miscellaneous plan recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 94,870,274	\$ 68,771,766	\$ 26,098,508
Changes Recognized for the Measurement Period:			
Service Cost	1,704,274	-	1,704,274
Interest on the total pension liability	6,946,828	-	6,946,828
Changes of benefit terms	-	-	-
Changes of assumptions	5,610,332	-	5,610,332
Difference between expected and actual experience	(1,644,990)	-	(1,644,990)
Contributions from the employer	-	2,086,064	(2,086,064)
Contributions from employees	-	793,140	(793,140)
Net investment income	-	7,572,564	(7,572,564)
Benefit payments, including refunds of employee contributions	(5,058,663)	(5,058,663)	-
Administrative Expense	-	(101,537)	101,537
Other	-	-	-
Net Changes during July 1, 2016 to June 30, 2017	7,557,781	5,291,568	2,266,213
Balance at June 30, 2017 (Measurement Date)	\$ 102,428,055	\$ 74,063,334	\$ 28,364,721

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the City's safety plan's proportionate share of the risk pool collective net pension liability over the measure period.

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 91,752,088	\$ 67,271,042	\$ 24,481,046
Balance at June 30, 2017 (Measurement Date)	100,296,346	72,217,135	28,079,211
Net changes during 2016-2017	8,544,258	4,946,093	3,598,165

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016-17).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP at the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL at the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP at the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of contributions made during the measurement period.

The City's proportionate share of the net pension liability was as follows:

	<u>Safety Plan</u>
June 30, 2016	0.2829%
June 30, 2017	<u>0.2831%</u>
Change - Increase (Decrease)	<u>0.0002%</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the plans at the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 41,833,412	\$ 28,364,721	\$ 17,248,303
Safety Plan	\$ 41,982,141	\$ 28,079,211	\$ 16,714,259

Pension Plan Fiduciary Net Position

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

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

For the year ending June 30, 2018, the City recognized pension expense in the amounts of \$3,964,133 and \$3,631,204 for the miscellaneous plan and safety plan, respectively.

At measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after measurement period	\$ 2,161,517	\$ -
Changes of assumptions	3,452,512	-
Difference between expected and actual experience	-	(1,140,112)
Net difference between projected and actual earning on pension plan investments	1,024,738	-
Total	\$ 6,638,767	\$ (1,140,112)

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

A. Defined Benefit Pension Plans (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after measurement period	\$ 2,306,438	\$ -
Changes of assumptions	3,921,954	-
Difference between expected and actual experience	216,537	-
Net difference between projected and actual earning on pension plan investments	926,201	-
Adjustment due to differences in proportions	12,106	-
Difference between City's contribution and proportionate share of contribution:	-	(464,391)
Total	<u>\$ 7,383,236</u>	<u>\$ (464,391)</u>

The amounts above are net of outflows and inflows recognized in the 2016-2017 measurement period expense.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2016-17 measurement period is 2.6 and 3.8 years, which was obtained by dividing the total service years of 1,494 and 490,088 (the sum of remaining service lifetimes of the active employees) by 570 and 130,595 (the total number of participants: active, inactive, and retired), respectively.

\$2,161,517 and \$2,306,438 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the miscellaneous plan and as reduction to the collective net pension liability for the safety plan in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
	Miscellaneous Plan	Safety Plan
2018	\$ 1,348,587	\$ 1,016,641
2019	2,099,882	2,555,121
2020	437,757	1,582,599
2021	(549,088)	(541,954)
	<u>\$ 3,337,138</u>	<u>\$ 4,612,407</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

B. Defined Contribution Pension Plan

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Public Agency Retirement Systems (PARS). All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2017, the City's payroll covered by the plan was \$992,533. The City made employer contributions of \$74,440 (3.75% of current covered payroll), and employees contributed \$74,440 (3.75% of current covered payroll). Number of participants of the Plan at June 30, 2018 were 190.

C. Other Postretirement Health Care Benefits

At June 30, 2018, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contributions after measurement date:	\$ 282,098	\$ 109,705	\$ 391,803
Total deferred outflows of resources	\$ 282,098	\$ 109,705	\$ 391,803
Net OPEB liabilities:	\$ 8,496,242	\$ 3,304,099	\$ 11,800,341
Total net OPEB liabilities	\$ 8,496,242	\$ 3,304,099	\$ 11,800,341
Deferred inflows of Resources:			
Change in assumption	\$ 775,402	\$ 301,546	\$ 1,076,948
Total deferred inflows of resources	\$ 775,402	\$ 301,546	\$ 1,076,948
OPEB Expenses	\$ 606,820	\$ 235,987	\$ 842,807

General Information About the OPEB Plan

Plan Description

The City provides a single-employer other postemployment health care benefit to Glendora's Executive Managers, General Employees, Management, Police, and Police Management who retire after a minimum of 10 to 20 years with a regular service retirement and who, at the time of retirement, have a minimum balance of either 500 hours (for Management) or 1,000 hours (for General Employees) of accumulated sick leave. The City will provide a supplemental medical payment to age 65. Payments are made as follows: \$100 per month for mid-managers and general employees to a maximum of \$1,200; \$300 per month for department heads to a maximum of \$3,600; \$200 per month for police officers to a maximum of \$2,400; and \$300 per month for police management to a maximum of \$3,600. In addition to the temporary additional benefits described above, all employees who retire from the City and continue their medical coverage through CalPERS receive a monthly lifetime contribution from the City. This contribution is \$128 and \$133 per month during calendar years of 2017 and 2018, respectively, except for general employees who receive \$200 per month. Benefit liabilities now also include the indirect (implicit) subsidy created when pre-Medicare retirees pay the same premiums as active employees.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

C. Other Postretirement Health Care Benefits (Continued)

General Information About the OPEB Plan (Continued)

Eligibility and Membership Covered by Benefit Terms

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires attainment of age 50 (age 52, if a miscellaneous member new to PERS on or after January 1, 2013) with 5 years of State or public agency service or approved disability retirement. In addition, the employee must begin his or her retirement warrant within 120 days of terminating employment with the City to be eligible to continue medical coverage through the City and be entitled to the PEMHCA subsidy described below.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. Survivors may also continue coverage. Membership in the plan consisted of the follow at June 30, 2017 valuation date:

Active employees	214
Retirees and beneficiaries	76
Total	<u>290</u>

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the year ended June 30, 2018 the City made contribution on pay-as-you-go basis.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement period, unless otherwise specified:

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

C. Other Postretirement Health Care Benefits (Continued)

Net OPEB Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (Continued)

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Asset Valuation Method	Market value of assets; \$0 (the plan has not yet been funded)
Discount Rate	3.56% as of June 30, 2017 and 2.92% as of June 30, 2016
Inflation	2.75%
Salary Increases	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used as a component of assumed salary increases
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally.
Healthcare Trend	Medical plan premiums, benefit caps, and age-related claims costs are assumed to increase once each year. 8.0% for 2018, decreasing to an ultimate rate of 5.0% in 2024 and later years.
Medicare Eligibility	All individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Participation Rate	Active employees: 100% of those expected to qualify for the additional "MOU" benefits are assumed to receive them. In addition, (a) 70% of all future retirees eligible for an additional MOU benefit, and (b) 55% of those not eligible for or no longer receiving the additional MOU benefits are assumed to elect coverage in a CalPERS medical plan at retirement, thus qualifying for the PEMHCA resolution benefit. Retired participants: Existing medical plan elections are assumed to be continued until the retiree's death.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for (a) point retirement dates used for 3 employees and (b) a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

C. Other Postretirement Health Care Benefits (Continued)

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 12,400,780	\$ -	\$ 12,400,780
Changes Recognized for the Measurement Period:			
Service Cost	632,017	-	632,017
Interest on the total OPEB liability	375,210	-	375,210
Changes of benefit terms	-	-	-
Changes of assumptions	(1,241,368)	-	(1,241,368)
Difference between expected and actual experience	-	-	-
Contributions from the employer	-	366,298	(366,298)
Benefit payments, including refunds of employee contributions	(366,298)	(366,298)	-
Net Changes during July 1, 2016 to June 30, 2017	(600,439)	-	(600,439)
Balance at June 30, 2017 (Measurement Date)	<u>\$ 11,800,341</u>	<u>\$ -</u>	<u>\$ 11,800,341</u>

Sensitivity of the Net OPEB Liability to Change 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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (2.56%)	Current Discount Rate (3.56%)	Discount Rate + 1% (4.56%)
\$ 13,833,903	\$ 11,800,341	\$ 10,205,344

Sensitivity of the Total OPEB Liability to Changes in the Health Care 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 (6.5% to 4.0%) or 1-percentage-point higher (8.5%-6.0%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (6.5%-4.0%)	Current Discount Rate (7.5% - 5.0%)	Discount Rate + 1% (8.5%-6.0%)
\$ 9,850,444	\$ 11,800,341	\$ 14,968,129

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Employee Retirement Plans (Continued)

C. Other Postretirement Health Care Benefits (Continued)

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

For the measurement period ended June 30, 2017, the City recognized OPEB expense of \$842,807. At June 30, 2018, 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
Contribution made after measurement period	\$ 391,803	\$ -
Changes of assumptions	-	(1,076,948)
Total	<u>\$ 391,803</u>	<u>\$ (1,076,948)</u>

The gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 7.55 years, which was determined as of June 30, 2016, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

The \$391,803 reported as deferred outflows of resources related to OPBE resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources OPEB Plan
2018	\$ (164,420)
2019	(164,420)
2020	(164,420)
2021	(164,420)
2022	(164,420)
Thereafter	(254,848)
	<u>\$ (1,076,948)</u>

Note 11 – Contingencies

Liabilities

At June 30, 2018, the City is a party to various lawsuits involving eminent domain and inverse condemnation proceedings. In the opinion of counsel, the anticipated ultimate liability for the acquisition of these properties will not exceed the City's appraisals. There are certain personal injury lawsuits, which have been denied by the City Council. The outcome and eventual liability to the City, if any, in these cases are not known at this time. After reviewing these lawsuits with legal counsel, management estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Contingencies (Continued)

Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, would not materially affect the financial statements of the City.

Commitments

The City had contractual outstanding commitments in various funds totaling \$3,140,887 at June 30, 2018 as follows:

	<u>Outstanding Commitment</u>
Governmental Funds:	
General Fund	\$ 65,202
City Capital Projects Fund	1,152,795
Nonmajor Governmental Funds	432,452
Proprietary Funds:	
Water Fund	1,363,767
Internal Service Funds	<u>126,671</u>
Total	<u><u>\$ 3,140,887</u></u>

Note 12 – Other Required Disclosures

A. Expenditures over Appropriations

For the year ended, June 30, 2018, the following funds had expenditures over appropriations:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Expenditures over Appropriation</u>
Governmental Funds:			
General Fund:			
Public safety	\$ 15,608,352	\$ 15,623,919	\$ (15,567)
Nonmajor Governmental Funds:			
Transit Tax Local Prop A Special Revenue Fund			
General government	2,200	2,381	(181)
Supplemental Law Enforcement			
Special Revenue Fund			
Public safety	104,700	109,025	(4,325)
Prop A Operations Special Revenue Fund			
Community services	90,200	92,763	(2,563)
Affordable Housing Special Revenue Fund			
General government	37,400	37,474	(74)
Public works	75,200	75,556	(356)
Housing Authority Fund Special Revenue Fund			
General government	58,800	61,754	(2,954)

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Required Disclosures (Continued)

B. Deficit Fund Balances/Net Positions

At June 30, 2018, the following funds had deficit fund balances or net positions:

Nonmajor Special Revenue Funds:	
Parks Development	\$ (10,277)
Grants	(66,769)
Step OTS Grant	(829)
Highway Bridge Repair	(386)
Internal Service Funds:	
Workers' Compensation Self-Insurance	(1,843,374)
General Liability Self-Insurance	(167,181)
Technology	(312,455)

The governmental funds' deficits will be eliminated upon receipting grant revenues in the future years. The Internal Service Fund deficit will be eliminated through future charges to user departments.

Note 13 – Tax Abatements

The former Glendora Community Redevelopment Agency ("former RDA") entered into an Owner Participation Agreement ("OPA") with the Silletto Family trust on July 4, 2004 and the first amendment on March 9, 2010. The purpose of the OPA was to reimburse the Trust for costs associated with an expansion of the Glendora Dodge auto dealership. Under the OPA, the former RDA agreed to provide reimbursements annually, for a period of thirteen years, based on a minimum annual sales tax generated by the dealership.

For the year ended June 30, 2018, the Successor Agency abated sales taxes totaling \$55,833 under this program.

Note 14 – Restatement of Net Positions

The City implemented GASB Statement No. 75 during the year ended June 30, 2018. The beginning net positions at July 1, 2017 were restated as follows.

	Governmental Activities	Business-Type Activities	Proprietary Fund Water Enterprise Fund	Proprietary Fund Internal Service Funds
Net Position at July 1, 2017				
as previously reported	\$ 90,954,247	\$ 62,156,258	\$ 63,483,681	\$ 3,708,021
OPEB obligation	2,806,192	-		
Deferred Outflows of Resources - OPEB contribution				
during measurement period	263,734	102,564	102,564	29,964
Net OPEB Liabilities	(8,928,558)	(3,472,222)	(3,472,222)	(1,014,384)
Fund Position at July 1, 2017, as restated	<u>\$ 85,095,615</u>	<u>\$ 58,786,600</u>	<u>\$ 60,114,023</u>	<u>\$ 2,723,601</u>

City of Glendora
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 15 – Financial Condition

On September 25, 2018, the City Council approved Resolution No. CC 2018-43 declaring a fiscal emergency pursuant to Article XIII C Section 2(b) of the California Constitution and directed staff to work with the City Attorney to take the necessary steps to place a 0.75% transaction and use tax on the March 5, 2019 ballot. The fiscal emergency, is the result of projected expenditures exceeding revenues in the 2018-19 fiscal year and continuing into the future if significant changes are not made to operations. It is estimated the proposed transaction and use measure, if approved by voters, could generate annual revenues of \$5.0 million for the City's General Fund to address budget pressures and to continue the level of service expected by the residents.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Glendora
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 24,198,657	\$ 23,622,257	\$ 24,500,967	\$ 878,710
Licenses and Permits	986,800	1,343,850	1,445,308	101,458
Intergovernmental	64,000	799,500	811,358	11,858
Charges for services	2,265,950	1,985,050	2,079,530	94,480
Use of money and property	770,300	822,600	768,552	(54,048)
Fines and forfeitures	468,000	418,000	390,042	(27,958)
Miscellaneous	50,100	156,265	204,609	48,344
Total revenues	<u>28,803,807</u>	<u>29,147,522</u>	<u>30,200,366</u>	<u>1,052,844</u>
EXPENDITURES:				
Current:				
General government	3,461,900	3,378,065	2,884,177	493,888
Public safety	15,279,300	15,608,352	15,623,919	(15,567)
Community services	4,249,392	4,301,382	4,235,797	65,585
Library	2,208,694	2,102,750	1,944,471	158,279
Public works	3,394,694	3,554,843	3,030,225	524,618
Debt service:				
Principal retirement	610,000	610,000	610,000	-
Interest and fiscal charges	155,300	155,300	155,242	58
Total expenditures	<u>29,359,280</u>	<u>29,710,692</u>	<u>28,483,831</u>	<u>1,226,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(555,473)</u>	<u>(563,170)</u>	<u>1,716,535</u>	<u>2,279,705</u>
OTHER FINANCING USES:				
Transfers out	<u>(90,711)</u>	<u>(90,711)</u>	<u>(1,838,775)</u>	<u>(1,748,064)</u>
Total other financing uses	<u>(90,711)</u>	<u>(90,711)</u>	<u>(1,838,775)</u>	<u>(1,748,064)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (646,184)</u>	<u>\$ (653,881)</u>	<u>(122,240)</u>	<u>\$ 531,641</u>
FUND BALANCE:				
Beginning of year			<u>20,542,305</u>	
End of year			<u>\$ 20,420,065</u>	

City of Glendora
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2018

Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the City Council after the holding of public hearings and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" (as defined by GASB Code Section 2400.109) covers City expenditures in all governmental funds.
3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Encumbrances at year-end carry forward, and are added to the following year budgeted appropriations.
4. Annual budgets for the General Fund, Special Revenue funds, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Revisions to the originally adopted budget were made during the year and have been incorporated into the budgetary amounts presented except for the proprietary funds, as the City is not legally required to adopt budgets of these funds. No budgetary comparison is presented for the CAL Home Prop 1C Special Revenue Fund, and the Home-State Grant Special Revenue Fund since no budgets were adopted for these funds.

City of Glendora
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2018

Last Ten Fiscal Years¹

California Public Employees' Retirement System Defined Pension Plan - Miscellaneous Plan

Measurement period	2013-14	2014-15	2015-16	2016-17 ¹
Total pension liability				
Service cost	\$ 1,655,381	\$ 1,510,574	\$ 1,588,319	\$ 1,704,274
Interest	6,337,872	6,607,743	6,851,396	6,946,828
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(296,892)	(447,338)	(1,644,990)
Changes of assumptions	-	(1,573,360)	-	5,610,332
Benefit payments, including refunds of employee contributions	(3,982,032)	(4,377,624)	(4,672,043)	(5,058,663)
Net change in total pension liability	4,011,221	1,870,441	3,320,334	7,557,781
Total pension liability - beginning	85,668,278	89,679,499	91,549,940	94,870,274
Total pension liability - ending (a)	\$ 89,679,499	\$ 91,549,940	\$ 94,870,274	\$ 102,428,055
Pension fiduciary net position				
Contributions - employer	\$ 1,372,865	\$ 1,519,204	\$ 1,758,283	\$ 2,086,064
Contributions - employee	699,989	797,313	780,076	793,140
Net investment income	10,755,906	1,612,178	371,390	7,572,564
Benefit payments, including refunds of employee contributions	(3,982,032)	(4,377,624)	(4,672,043)	(5,058,663)
Administrative expense	-	(102,993)	(43,013)	(101,537)
Net change in plan fiduciary net position	8,846,728	(551,922)	(1,805,307)	5,291,568
Plan fiduciary net position - beginning	62,282,267	71,128,995	70,577,073	68,771,766
Plan fiduciary net position - ending (b)	\$ 71,128,995	\$ 70,577,073	\$ 68,771,766	\$ 74,063,334
Plan net pension liability - ending (a) - (b)	\$ 18,550,504	\$ 20,972,867	\$ 26,098,508	\$ 28,364,721
Plan fiduciary net position as a percentage of the total pension liability	79.31%	77.09%	72.49%	72.31%
Covered payroll	\$ 9,403,438	\$ 9,032,913	\$ 9,731,754	\$ 9,634,110
Plan net pension liability as a percentage of covered payroll	197.27%	232.18%	268.18%	294.42%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Glendora
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
June 30, 2018

Last Ten Fiscal Years¹

California Public Employees' Retirement System Defined Pension Plan - Safety Plan

Measurement period	2013-14	2014-15	2015-16	2016-17 ¹
City's proportion of the net pension liability	0.257500%	0.275312%	0.282917%	0.283135%
City's proportionate share of the net pension liability	\$ 16,023,117	\$ 18,897,174	\$ 24,481,046	\$ 28,079,211
City's covered payroll	\$ 5,478,044	\$ 5,630,131	\$ 5,671,207	\$ 5,857,254
City's proportionate share of the net pension liability as a percentage of its covered payroll	292.50%	335.64%	431.67%	479.39%
Plan's fiduciary net position	\$ 70,209,109	\$ 68,904,202	\$ 67,271,042	\$ 72,217,135
Plan fiduciary net position as a percentage of the total pension liability	81.42%	78.48%	73.32%	72.00%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

City of Glendora
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension
June 30, 2018

Last Ten Fiscal Years¹

California Public Employees' Retirement System Defined Pension Plan - Miscellaneous Plan

Fiscal year	2013-14	2014-15	2015-16	2016-17	2017-18 ¹
Actuarially determined contribution	\$ 1,372,865	\$ 1,519,204	\$ 1,758,283	\$ 2,086,064	\$ 869,124
Contributions in relation to the actuarially determined contribution	(1,372,865)	(1,519,204)	(1,758,283)	(2,086,064)	(2,161,517)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,292,393)</u>
Covered payroll ²	\$ 9,403,438	\$ 9,032,913	\$ 9,731,754	\$ 9,634,110	\$ 9,923,133
Contributions as a percentage of covered payroll. ²	14.60%	16.82%	18.07%	21.65%	21.78%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² Payroll from prior year \$9,634,110 was assumed to increase by 3.00 percent payroll growth assumption from 2016-17 to 2017-18.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2015 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

City of Glendora
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension (Continued)
June 30, 2018

Last Ten Fiscal Years¹

California Public Employees' Retirement System Defined Pension Plan - Safety Plan

Fiscal year	2013-14	2014-15	2015-16	2016-17	2017-18 ¹
Actuarially determined contribution	\$ 1,584,696	\$ 1,584,696	\$ 1,895,287	\$ 1,182,181	\$ 1,144,253
Contributions in relation to the actuarially determined contribution	(1,584,696)	(1,584,696)	(1,895,287)	(2,124,679)	(2,306,438)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (942,498)</u>	<u>\$ (1,162,185)</u>
Covered payroll ²	\$ 5,478,044	\$ 5,630,131	\$ 5,671,207	\$ 5,857,254	\$ 6,032,972
Contributions as a percentage of covered payroll	28.93%	28.15%	33.42%	36.27%	38.23%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

² Payroll from prior year \$5,857,254 was assumed to increase by 3.00 percent payroll growth assumption from 2016-17 to 2017-18.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Glendora
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2018

Last Ten Fiscal Years¹

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2016-17 ¹
Total OPEB liability	
Service cost	\$ 632,017
Interest	375,210
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,241,368)
Benefit payments, including refunds of employee contributions	(366,298)
Net change in total pension liability	(600,439)
Total OPEB liability - beginning	12,400,780
Total OPEB liability - ending (a)	<u>\$ 11,800,341</u>
OPEB fiduciary net position	
Contributions - employer	\$ 366,298
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(366,298)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 11,800,341</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>
Covered payroll	<u>\$ 15,142,000</u>
Plan net OPEB liability as a percentage of covered payroll	<u>77.93%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Changes of Assumptions: In 2017, the accounting discount rate increased from 2.92 percent to 3.56 percent.

City of Glendora
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
June 30, 2018

Last Ten Fiscal Years¹

Other Postemployment Benefits ("OPEB") Plan

Fiscal year	2016-17	2017-18 ¹
Actuarially determined contribution	\$ 1,047,271	N/A
Contributions in relation to the actuarially determined contribution	(366,298)	(391,803)
Contribution deficiency (excess)	<u>\$ 680,973</u>	<u>\$ (391,803)</u>
Covered payroll ²	\$ 15,142,000	\$ 15,634,115
Contributions as a percentage of covered payroll. ²	2.42%	2.51%

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

² Payroll from prior year \$15,142,000 was assumed to increase by 3.25 percent payroll growth assumption from 2016-17 to 2017-18.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Market valuation of assets (\$0; no OPEB trust has been established)
Discount Rate	4.0% for pay-as-you-go
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Payroll Growth	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year
Health Trend	8% at 1/1/18 to ultimate 5% in 2025. Benefit provided per PEMHCA resolutions are assumed to increased annually at 4.5%

SUPPLEMENTARY INFORMATION

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City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 35,000	\$ 35,000	\$ (21,829)	\$ (56,829)
Miscellaneous	-	-	60,893	60,893
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>39,064</u>	<u>4,064</u>
EXPENDITURES:				
Current:				
Community services	-	384,207	54,249	329,958
Public works	-	220,000	65,955	154,045
Capital outlay	<u>3,424,000</u>	<u>5,534,353</u>	<u>2,668,276</u>	<u>2,866,077</u>
Total expenditures	<u>3,424,000</u>	<u>6,138,560</u>	<u>2,788,480</u>	<u>3,350,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,389,000)</u>	<u>(6,103,560)</u>	<u>(2,749,416)</u>	<u>3,354,144</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>34,107</u>	<u>34,107</u>	<u>1,435,401</u>	<u>1,401,294</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,354,893)</u>	<u>\$ (6,069,453)</u>	<u>(1,314,015)</u>	<u>\$ 4,755,438</u>
FUND BALANCE:				
Beginning of year			<u>9,185,492</u>	
End of year			<u>\$ 7,871,477</u>	

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NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Special Assessments Fund – Accounts for monies received from property assessments restricted to fund special assessment district activities. The City maintains special assessment districts for Street Lighting and Landscaping.

Gas Tax and TDA Fund – Accounts for the receipt and disbursement of monies apportioned to the City under the Streets and Highways Code of the State of California for street and street related maintenance, and street construction. Transportation Development Act (TDA) receives revenue on a per capita basis from funds administered by the Los Angeles County Metropolitan Transportation Authority (MTA). These funds may be used for bicycle and pedestrian accessibility projects.

Parks Development Fund – Accounts for revenues from residential and commercial developer park in-lieu fees for park acquisition and improvement purposes.

Grants Fund – Accounts for various State and Federal short-term grants not requiring separate fund presentations. Currently, the fund is primarily police grants and changes from year to year.

Asset Forfeiture Fund – Accounts for receipts and expenditures of equitably shared, forfeited Federal and State funds recovered by the Glendora Police Department, used to support community policing activities, training and/or law enforcement operations.

Transit Tax Local Prop A Fund – Accounts for funds received from a Los Angeles County for a voter approved additional special ½ cent transportation sales tax which became effective in 1982. Funds may be used for developing and/or improving local public transit, paratransit, and related transportation infrastructure.

Supplemental Law Enforcement Services Fund – Accounts for the receipt and disbursement of monies awarded to the City under the Citizens Option for Public Safety program (otherwise known as COPS). The grant was established by State Assembly Bill (AB) 3229 and is appropriated through its Supplemental Law Enforcement Fund. AB 2339 revenues must be spent on front-line law enforcement costs.

Transit Tax Local Prop C Fund – Accounts for funds received from Los Angeles County for a voter approved additional special ½ cent transportation sales tax which became effective in 1992. Funds may only be used for certain public transportation purposes.

Housing and Community Development Act Fund – Accounts for funds received from the U.S. Department of Housing and Urban Development for use in community development eligible projects.

Used Oil Block Grant Fund – Accounts for funding received from California Integrated Waste Management for permanent and sustainable used oil recycling programs.

Air Quality Fund – Accounts for revenues apportioned to the City from Southern California AQMD fees on motor vehicle registrations, used to fund programs to reduce air pollution from mobile sources.

Prop A Operations Fund – Accounts for maintenance and service funds for capital projects funded in total or in part from the 1992 and 1996 Los Angeles County Parks and Open Space Bond Measures.

Affordable Housing Fund – Accounts for the collection of in-lieu affordable housing fees as obligated by the developer through a Development Agreement when the projects are approved.

CAL Home Prop 1C Fund – Accounts for funding received from the State of California, via the Housing Emergency Shelter Trust Fund Act of 2006, for lower income City housing and infrastructure programs. The City uses these funds for two programs: First Time Home Buyer (FTHB) Down Payment Assistance and Owner Occupied Rehabilitation.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Nonmajor Special Revenue Funds (Continued):

Proposition 1B Local Streets Fund – Accounts for funding received from the State of California Transportation Commission to support local transportation and street projects. The City uses the available funds for street improvement projects.

Surface Transportation Program Fund – Accounts for funds administered by the Federal Highway Administration and used for City transit purposes.

PEG Cable TV Fund – Accounts for Public, Education, and Government (PEG) fees collected by service providers through the franchise agreements with the City. These fees pay for capital equipment and projects that provide for the continuation of PEG programming.

Measure R Fund – Accounts funds received from Los Angeles County voter approved special ½ cent transportation sales tax which became effective July 2009. These funds may only be used for certain transportation purposes.

Beverage Recycling Grant Fund – Accounts for funds received from the California Department of Conservation, Division of Recycling that administers the California Beverage Container Recycling and Litter Reduction Act. The funds are used for programs that promote recycling.

Library Grant Fund – Accounts for fund primarily provided by the Glendora Public Friends Foundation to cover staffing costs dedicated to the Foundation. The fund also includes grant funding from the California State Library.

Glendora Village Business Improvement District (BID) Fund – Accounts for annual assessments received from businesses in the Glendora Village Business Improvement District for marketing programs, special events, and streetscape improvements.

State AB109 Realignment Fund – Accounts for funds received from the State of California through the County to address the local impacts of implementing AB109, which reduces the number inmates in State prisons that the legislation considers low-level inmates.

Step OTS Grant Fund – Accounts for funds received for the countywide Traffic Safety and Enforcement Program. Funds are used for DUI saturation patrols, checkpoints, and related programs.

Plan Maintenance Fees Fund – Accounts for funds received when permits are issued. The funds are used to maintain the permitting system and related documents.

Home-State Grant Fund – Accounts for grants received for housing projects.

Housing Authority Fund – Accounts for the assets transferred from the former Glendora Community Redevelopment Agency's Low and Moderate Housing Fund. Revenues are contributions for new housing developments.

Highway Bridge Repair Fund – Federal-aid program to assist the States in the replacements and rehabilitation of bridges declared unsafe because of structural deficiencies, physical deterioration, or functional obsolescence.

Measure M Fund - Accounts for an additional 0.5% sales tax for transportation improvements from Los Angeles County voters approved Measure M in November 2016.

Road Rehabilitation Maintenance Fund - Accounts for the State Legislature passed SB1 which increases the funding for street projects. Revenue is restricted for street-related construction and/or maintenance projects starting from 2017.

Nonmajor Capital Projects Funds:

Capital Projects Funds are used to account for resources used for the construction and acquisition of capital facilities.

Energy Efficiency Project Fund – Accounts for funds received through a lease to fund various energy saving projects at City facilities and repayment of the lease.

City of Glendora
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Special Assessments	Gas Tax and TDA	Parks Development	Grants
ASSETS				
Pooled cash and investments	\$ 179,896	\$ 369,516	\$ -	\$ -
Receivables:				
Accounts	-	-	-	38,238
Taxes	11,930	-	-	-
Notes and loans	-	-	-	-
Accrued interest	599	1,288	-	-
Due from other governments	-	34,107	250,000	63,695
Total assets	<u>\$ 192,425</u>	<u>\$ 404,911</u>	<u>\$ 250,000</u>	<u>\$ 101,933</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 34,501	\$ 24,715	\$ -	\$ 15,328
Unearned revenue	-	-	-	21
Due to other funds	-	-	260,277	64,184
Total liabilities	<u>34,501</u>	<u>24,715</u>	<u>260,277</u>	<u>79,533</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	89,169
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,169</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works and capital projects	157,924	380,196	-	-
Community services	-	-	-	-
Peg Cable TV	-	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	-
Unassigned (deficits)	<u>-</u>	<u>-</u>	<u>(10,277)</u>	<u>(66,769)</u>
Total fund balances (deficits)	<u>157,924</u>	<u>380,196</u>	<u>(10,277)</u>	<u>(66,769)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 192,425</u>	<u>\$ 404,911</u>	<u>\$ 250,000</u>	<u>\$ 101,933</u>

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Asset Forfeiture	Transit Tax Local Prop A	Supplemental Law Enforcement Services	Transit Tax Local Prop C
ASSETS				
Pooled cash and investments	\$ 154,367	\$ 804,294	\$ 136,289	\$ 1,764,210
Receivables:				
Accounts	-	1,700	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	479	1,774	428	6,834
Due from other governments	-	-	-	-
Total assets	<u>\$ 154,846</u>	<u>\$ 807,768</u>	<u>\$ 136,717</u>	<u>\$ 1,771,044</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,888	\$ 85,633	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>1,888</u>	<u>85,633</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	152,958	-	136,717	-
Public works and capital projects	-	-	-	-
Community services	-	722,135	-	1,771,044
Peg Cable TV	-	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	-
Unassigned (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>152,958</u>	<u>722,135</u>	<u>136,717</u>	<u>1,771,044</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 154,846</u>	<u>\$ 807,768</u>	<u>\$ 136,717</u>	<u>\$ 1,771,044</u>

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Housing and Community Development Act	Used Oil Block Grant	Air Quality	Prop A Operations
ASSETS				
Pooled cash and investments	\$ -	\$ 24,599	\$ 130,131	\$ 41,903
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	680,514	-	-	-
Accrued interest	-	83	437	201
Due from other governments	17,211	-	17,320	-
Total assets	\$ 697,725	\$ 24,682	\$ 147,888	\$ 42,104
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,443	\$ 451	\$ 20	\$ 3,695
Unearned revenue	-	8,918	-	-
Due to other funds	3,796	-	-	-
Total liabilities	5,239	9,369	20	3,695
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (Deficits):				
Restricted for:				
Community development projects	692,486	-	-	-
Public safety	-	-	-	-
Public works and capital projects	-	15,313	-	-
Community services	-	-	147,868	38,409
Peg Cable TV	-	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	-
Unassigned (deficits)	-	-	-	-
Total fund balances (deficits)	692,486	15,313	147,868	38,409
Total liabilities, deferred inflows of resources and fund balances	\$ 697,725	\$ 24,682	\$ 147,888	\$ 42,104

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Affordable Housing	CAL Home Prop 1C	Proposition 1B Local Streets	Surface Transportation Program
ASSETS				
Pooled cash and investments	\$ 1,863,872	\$ 44,189	\$ 52,054	\$ 255,055
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	191,994	-	-
Accrued interest	6,231	149	175	857
Due from other governments	-	-	-	-
Total assets	<u><u>\$ 1,870,103</u></u>	<u><u>\$ 236,332</u></u>	<u><u>\$ 52,229</u></u>	<u><u>\$ 255,912</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 105	\$ -	\$ 13,465	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>105</u>	<u>-</u>	<u>13,465</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works and capital projects	-	-	38,764	255,912
Community services	-	236,332	-	-
Peg Cable TV	-	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	1,869,998	-	-	-
Library	-	-	-	-
Unassigned (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>1,869,998</u>	<u>236,332</u>	<u>38,764</u>	<u>255,912</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,870,103</u></u>	<u><u>\$ 236,332</u></u>	<u><u>\$ 52,229</u></u>	<u><u>\$ 255,912</u></u>

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	PEG Cable TV	Measure R	Beverage Recycling Grant	Library Grant
ASSETS				
Pooled cash and investments	\$ 410,781	\$ 590,296	\$ 30,108	\$ -
Receivables:				
Accounts	34,100	-	-	17,003
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	1,416	1,844	101	-
Due from other governments	-	-	13,312	-
Total assets	<u>\$ 446,297</u>	<u>\$ 592,140</u>	<u>\$ 43,521</u>	<u>\$ 17,003</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	10,199
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,199</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	13,312	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>13,312</u>	<u>-</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works and capital projects	-	592,140	30,209	-
Community services	-	-	-	-
Peg Cable TV	446,297	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	6,804
Unassigned (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>446,297</u>	<u>592,140</u>	<u>30,209</u>	<u>6,804</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 446,297</u>	<u>\$ 592,140</u>	<u>\$ 43,521</u>	<u>\$ 17,003</u>

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Glendora Village BID	State AB109 Realignment	Step OTS Grant	Plan Maintenance Fee
ASSETS				
Pooled cash and investments	\$ 38,729	\$ 97,159	\$ -	\$ 645,738
Receivables:				
Accounts	-	-	-	-
Taxes	3,400	-	-	-
Notes and loans	-	-	-	-
Accrued interest	130	327	-	2,171
Due from other governments	-	-	32,918	-
Total assets	<u>\$ 42,259</u>	<u>\$ 97,486</u>	<u>\$ 32,918</u>	<u>\$ 647,909</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 40	\$ -	\$ 219	\$ 2,123
Unearned revenue	-	-	-	-
Due to other funds	-	-	33,528	-
Total liabilities	<u>40</u>	<u>-</u>	<u>33,747</u>	<u>2,123</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	97,486	-	-
Public works and capital projects	-	-	-	645,786
Community services	-	-	-	-
Peg Cable TV	-	-	-	-
Glendora Village Business District	42,219	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	-
Unassigned (deficits)	<u>-</u>	<u>-</u>	<u>(829)</u>	<u>-</u>
Total fund balances (deficits)	<u>42,219</u>	<u>97,486</u>	<u>(829)</u>	<u>645,786</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,259</u>	<u>\$ 97,486</u>	<u>\$ 32,918</u>	<u>\$ 647,909</u>

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds			
	Home-State Grant Fund	Housing Authority	Highway Bridge Repair	Measure M
ASSETS				
Pooled cash and investments	\$ 86,850	\$ 2,099,257	\$ -	\$ 496,170
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	2,634,355	4,824,589	-	-
Accrued interest	292	7,006	-	1,668
Due from other governments	-	-	382	-
Total assets	\$ 2,721,497	\$ 6,930,852	\$ 382	\$ 497,838
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,069	\$ -	\$ 9,240
Unearned revenue	-	-	-	-
Due to other funds	-	-	386	-
Total liabilities	-	1,069	386	9,240
Deferred Inflows of Resources:				
Unavailable revenues	-	-	382	-
Total deferred inflows of resources	-	-	382	-
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works and capital projects	-	-	-	488,598
Community services	2,721,497	6,929,783	-	-
Peg Cable TV	-	-	-	-
Glendora Village Business District	-	-	-	-
Affordable Housing	-	-	-	-
Library	-	-	-	-
Unassigned (deficits)	-	-	(386)	-
Total fund balances (deficits)	2,721,497	6,929,783	(386)	488,598
Total liabilities, deferred inflows of resources and fund balances	\$ 2,721,497	\$ 6,930,852	\$ 382	\$ 497,838

City of Glendora
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Road Maintenance Rehabilitation	Energy Efficiency Project	
ASSETS			
Pooled cash and investments	\$ 30,247	\$ 15,382	\$ 10,361,092
Receivables:			
Accounts	-	-	91,041
Taxes	111,502	-	126,832
Notes and loans	-	-	8,331,452
Accrued interest	102	-	34,592
Due from other governments	-	-	428,945
Total assets	\$ 141,851	\$ 15,382	\$ 19,373,954
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 193,935
Unearned revenue	-	-	8,939
Due to other funds	-	-	372,370
Total liabilities	-	-	575,244
Deferred Inflows of Resources:			
Unavailable revenues	-	-	102,863
Total deferred inflows of resources	-	-	102,863
Fund Balances (Deficits):			
Restricted for:			
Community development projects	-	-	692,486
Public safety	-	-	387,161
Public works and capital projects	141,851	15,382	2,762,075
Community services	-	-	12,567,068
Peg Cable TV	-	-	446,297
Glendora Village Business District	-	-	42,219
Affordable Housing	-	-	1,869,998
Library	-	-	6,804
Unassigned (deficits)	-	-	(78,261)
Total fund balances (deficits)	141,851	15,382	18,695,847
Total liabilities, deferred inflows of resources and fund balances	\$ 141,851	\$ 15,382	\$ 19,373,954

(Concluded)

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Special Assessments	Gas Tax and TDA	Parks Development	Grants
REVENUES:				
Taxes	\$ 437,985	\$ -	\$ 335,959	\$ -
Intergovernmental	-	1,139,563	-	111,893
Charges for services	-	-	-	-
Use of money and property	(1,026)	(1,971)	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	750	-
Total revenues	436,959	1,137,592	336,709	111,893
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	56,571
Community services	54,416	133,805	-	65,841
Library	-	-	-	16,948
Public works	343,911	805,188	-	35,000
Capital outlay	-	75	199,528	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	398,327	939,068	199,528	174,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,632	198,524	137,181	(62,467)
OTHER FINANCING SOURCES (USES):				
Transfers in	20,737	-	-	-
Transfers out	-	(36,949)	-	-
Total other financing sources (uses)	20,737	(36,949)	-	-
NET CHANGES IN FUND BALANCES	59,369	161,575	137,181	(62,467)
FUND BALANCES (DEFICITS):				
Beginning of year	98,555	218,621	(147,458)	(4,302)
End of year	\$ 157,924	\$ 380,196	\$ (10,277)	\$ (66,769)

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Asset Forfeiture	Transit Tax Local Prop A	Supplemental Law Enforcement Services	Transit Tax Local Prop C
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	90,028	1,034,626	139,416	809,338
Charges for services	-	57,212	-	-
Use of money and property	7,747	3,409	115	(5,495)
Contributions	-	-	-	-
Miscellaneous	-	1,700	-	-
Total revenues	<u>97,775</u>	<u>1,096,947</u>	<u>139,531</u>	<u>803,843</u>
EXPENDITURES:				
Current:				
General government	-	2,381	-	-
Public safety	722,362	-	109,025	-
Community services	-	1,536,208	-	-
Library	-	-	-	-
Public works	-	-	-	-
Capital outlay	66,888	14,930	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>789,250</u>	<u>1,553,519</u>	<u>109,025</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(691,475)</u>	<u>(456,572)</u>	<u>30,506</u>	<u>803,843</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	573,642	-	-
Transfers out	-	-	-	(269,000)
Total other financing sources (uses)	<u>-</u>	<u>573,642</u>	<u>-</u>	<u>(269,000)</u>
NET CHANGES IN FUND BALANCES	<u>(691,475)</u>	<u>117,070</u>	<u>30,506</u>	<u>534,843</u>
FUND BALANCES (DEFICITS):				
Beginning of year	844,433	605,065	106,211	1,236,201
End of year	<u>\$ 152,958</u>	<u>\$ 722,135</u>	<u>\$ 136,717</u>	<u>\$ 1,771,044</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Housing and Community Development Act	Used Oil Block Grant	Air Quality	Prop A Operations
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	247,745	28,585	67,411	39,780
Charges for services	-	-	-	-
Use of money and property	57	(50)	(467)	(90)
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>247,802</u>	<u>28,535</u>	<u>66,944</u>	<u>39,690</u>
EXPENDITURES:				
Current:				
General government	-	-	1,245	-
Public safety	-	-	-	-
Community services	55,321	-	16,355	92,763
Library	-	-	-	-
Public works	-	13,740	-	-
Capital outlay	231,055	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>286,376</u>	<u>13,740</u>	<u>17,600</u>	<u>92,763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,574)</u>	<u>14,795</u>	<u>49,344</u>	<u>(53,073)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	31,293
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,293</u>
NET CHANGES IN FUND BALANCES	<u>(38,574)</u>	<u>14,795</u>	<u>49,344</u>	<u>(21,780)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	731,060	518	98,524	60,189
End of year	<u>\$ 692,486</u>	<u>\$ 15,313</u>	<u>\$ 147,868</u>	<u>\$ 38,409</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Affordable Housing	CAL Home Prop 1C	Proposition 1B Local Streets	Surface Transportation Program
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	3,014	43	49	151
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,014</u>	<u>43</u>	<u>49</u>	<u>151</u>
EXPENDITURES:				
Current:				
General government	37,474	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Library	-	-	-	-
Public works	75,556	-	-	-
Capital outlay	-	-	13,465	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>113,030</u>	<u>-</u>	<u>13,465</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,016)</u>	<u>43</u>	<u>(13,416)</u>	<u>151</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(110,016)</u>	<u>43</u>	<u>(13,416)</u>	<u>151</u>
FUND BALANCES (DEFICITS):				
Beginning of year	1,980,014	236,289	52,180	255,761
End of year	<u>\$ 1,869,998</u>	<u>\$ 236,332</u>	<u>\$ 38,764</u>	<u>\$ 255,912</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	PEG Cable TV	Measure R	Beverage Recycling Grant	Library Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	606,805	-	25,838
Charges for services	-	-	-	-
Use of money and property	510	(333)	267	-
Contributions	-	-	-	48,824
Miscellaneous	116,306	-	-	-
Total revenues	116,816	606,472	267	74,662
EXPENDITURES:				
Current:				
General government	36,973	-	-	-
Public safety	-	-	-	-
Community services	-	10,424	-	-
Library	-	-	-	74,663
Public works	-	494,370	37,160	-
Capital outlay	99,210	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	136,183	504,794	37,160	74,663
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,367)	101,678	(36,893)	(1)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	(19,367)	101,678	(36,893)	(1)
FUND BALANCES (DEFICITS):				
Beginning of year	465,664	490,462	67,102	6,805
End of year	<u>\$ 446,297</u>	<u>\$ 592,140</u>	<u>\$ 30,209</u>	<u>\$ 6,804</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Glendora Village BID	State AB109 Realignment	Step OTS Grant	Plan Maintenance Fee
REVENUES:				
Taxes	\$ 54,211	\$ -	\$ -	\$ -
Intergovernmental	-	7,159	95,993	-
Charges for services	44,702	-	-	87,617
Use of money and property	(85)	13	-	(8,556)
Contributions	-	-	-	-
Miscellaneous	5,000	-	-	-
Total revenues	103,828	7,172	95,993	79,061
EXPENDITURES:				
Current:				
General government	95,428	-	-	-
Public safety	-	-	96,816	-
Community services	-	-	-	-
Library	-	-	-	-
Public works	-	-	-	38,814
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	95,428	-	96,816	38,814
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,400	7,172	(823)	40,247
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	8,400	7,172	(823)	40,247
FUND BALANCES (DEFICITS):				
Beginning of year	33,819	90,314	(6)	605,539
End of year	<u>\$ 42,219</u>	<u>\$ 97,486</u>	<u>\$ (829)</u>	<u>\$ 645,786</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			
	Home-State Grant Fund	Housing Authority	Highway Bridge Repair	Measure M
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	208	549,904
Charges for services	-	-	-	-
Use of money and property	62,278	101,500	(4)	(5,448)
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>62,278</u>	<u>101,500</u>	<u>204</u>	<u>544,456</u>
EXPENDITURES:				
Current:				
General government	-	61,754	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Library	-	-	-	-
Public works	-	116,458	-	-
Capital outlay	-	-	590	55,858
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>178,212</u>	<u>590</u>	<u>55,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>62,278</u>	<u>(76,712)</u>	<u>(386)</u>	<u>488,598</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>62,278</u>	<u>(76,712)</u>	<u>(386)</u>	<u>488,598</u>
FUND BALANCES (DEFICITS):				
Beginning of year	2,659,219	7,006,495	-	-
End of year	<u>\$ 2,721,497</u>	<u>\$ 6,929,783</u>	<u>\$ (386)</u>	<u>\$ 488,598</u>

City of Glendora
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Road Maintenance Rehabilitation	Energy Efficiency Project	
REVENUES:			
Taxes	\$ -	\$ -	\$ 828,155
Intergovernmental	308,260	-	5,302,552
Charges for services	-	-	189,531
Use of money and property	(133)	-	155,495
Contributions	-	-	48,824
Miscellaneous	-	-	123,756
Total revenues	308,127	-	6,648,313
EXPENDITURES:			
Current:			
General government	-	-	235,255
Public safety	-	-	984,774
Community services	-	-	1,965,133
Library	-	-	91,611
Public works	-	-	1,960,197
Capital outlay	166,276	79,641	927,516
Debt service:			
Principal retirement	-	51,934	51,934
Interest and fiscal charges	-	21,660	21,660
Total expenditures	166,276	153,235	6,238,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	141,851	(153,235)	410,233
OTHER FINANCING SOURCES (USES):			
Transfers in	-	73,594	699,266
Transfers out	-	-	(305,949)
Total other financing sources (uses)	-	73,594	393,317
NET CHANGES IN FUND BALANCES	141,851	(79,641)	803,550
FUND BALANCES (DEFICITS):			
Beginning of year	-	95,023	17,892,297
End of year	\$ 141,851	\$ 15,382	\$ 18,695,847

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Assessments Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 412,769	\$ 412,769	\$ 437,985	\$ 25,216
Use of money and property	200	200	(1,026)	(1,226)
Total revenues	<u>412,969</u>	<u>412,969</u>	<u>436,959</u>	<u>23,990</u>
EXPENDITURES:				
Current:				
Community services	48,269	61,584	54,416	7,168
Public works	<u>352,750</u>	<u>367,050</u>	<u>343,911</u>	<u>23,139</u>
Total expenditures	<u>401,019</u>	<u>428,634</u>	<u>398,327</u>	<u>30,307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,950</u>	<u>(15,665)</u>	<u>38,632</u>	<u>54,297</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>7,000</u>	<u>-</u>	<u>20,737</u>	<u>20,737</u>
NET CHANGE IN FUND BALANCE	<u>\$ 18,950</u>	<u>\$ (15,665)</u>	<u>59,369</u>	<u>\$ 75,034</u>
FUND BALANCE:				
Beginning of year			<u>98,555</u>	
End of year			<u>\$ 157,924</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax and TDA Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,499,240	\$ 1,173,121	\$ 1,139,563	\$ (33,558)
Use of money and property	2,500	2,500	(1,971)	(4,471)
Total revenues	<u>1,501,740</u>	<u>1,175,621</u>	<u>1,137,592</u>	<u>(38,029)</u>
EXPENDITURES:				
Current:				
Community services	157,300	157,300	133,805	23,495
Public works	1,027,600	1,042,300	805,188	237,112
Capital outlay	85,255	28,100	75	28,025
Total expenditures	<u>1,270,155</u>	<u>1,227,700</u>	<u>939,068</u>	<u>288,632</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>231,585</u>	<u>(52,079)</u>	<u>198,524</u>	<u>250,603</u>
OTHER FINANCING USES:				
Transfers out	<u>(34,107)</u>	<u>(34,107)</u>	<u>(36,949)</u>	<u>(2,842)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 197,478</u>	<u>\$ (86,186)</u>	<u>161,575</u>	<u>\$ 247,761</u>
FUND BALANCE:				
Beginning of year			<u>218,621</u>	
End of year			<u>\$ 380,196</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Parks Development Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 200,000	\$ 480,000	\$ 335,959	\$ (144,041)
Miscellaneous		-	750	750
Total revenues	<u>200,000</u>	<u>480,000</u>	<u>336,709</u>	<u>(143,291)</u>
EXPENDITURES:				
Capital outlay	-	209,119	199,528	9,591
Total expenditures	<u>-</u>	<u>209,119</u>	<u>199,528</u>	<u>9,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>200,000</u>	<u>270,881</u>	<u>137,181</u>	<u>(133,700)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	4,405	-	(4,405)
NET CHANGE IN FUND BALANCE	<u>\$ 200,000</u>	<u>\$ 275,286</u>	<u>137,181</u>	<u>\$ (138,105)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(147,458)	
End of year			<u>\$ (10,277)</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grants Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 213,530	\$ 111,893	\$ (101,637)
Total revenues	<u>-</u>	<u>213,530</u>	<u>111,893</u>	<u>(101,637)</u>
EXPENDITURES:				
Current:				
Public safety	-	60,786	56,571	4,215
Community services	-	100,775	65,841	34,934
Library	-	16,969	16,948	21
Public works	-	35,000	35,000	-
Total expenditures	<u>-</u>	<u>213,530</u>	<u>174,360</u>	<u>39,170</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(62,467)	<u>\$ (62,467)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(4,302)	
End of year			<u>\$ (66,769)</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 451,000	\$ 451,000	\$ 90,028	\$ (360,972)
Use of money and property	14,500	14,500	7,747	(6,753)
Total revenues	<u>465,500</u>	<u>465,500</u>	<u>97,775</u>	<u>(367,725)</u>
EXPENDITURES:				
Current:				
Public safety	890,800	741,850	722,362	19,488
Capital outlay	175,000	382,665	66,888	315,777
Total expenditures	<u>1,065,800</u>	<u>1,124,515</u>	<u>789,250</u>	<u>335,265</u>
NET CHANGE IN FUND BALANCE	<u>\$ (600,300)</u>	<u>\$ (659,015)</u>	<u>(691,475)</u>	<u>\$ (32,460)</u>
FUND BALANCE:				
Beginning of year			844,433	
End of year			<u>\$ 152,958</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transit Tax Local Prop A Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,031,862	\$ 1,031,862	\$ 1,034,626	\$ 2,764
Charges for services	28,000	36,000	57,212	21,212
Use of money and property	3,500	6,500	3,409	(3,091)
Miscellaneous	6,000	-	1,700	1,700
Total revenues	<u>1,069,362</u>	<u>1,074,362</u>	<u>1,096,947</u>	<u>22,585</u>
EXPENDITURES:				
Current:				
General government	2,200	2,200	2,381	(181)
Community services	1,564,483	1,564,483	1,536,208	28,275
Capital outlay	85,000	85,000	14,930	70,070
Total expenditures	<u>1,651,683</u>	<u>1,651,683</u>	<u>1,553,519</u>	<u>98,164</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(582,321)</u>	<u>(577,321)</u>	<u>(456,572)</u>	<u>120,749</u>
OTHER FINANCING SOURCES:				
Transfers in	324,000	324,000	573,642	249,642
NET CHANGE IN FUND BALANCE	<u>\$ (258,321)</u>	<u>\$ (253,321)</u>	<u>117,070</u>	<u>\$ 370,391</u>
FUND BALANCE:				
Beginning of year			605,065	
End of year			<u>\$ 722,135</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Services Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 120,000	\$ 130,000	\$ 139,416	\$ 9,416
Use of money and property	500	500	115	(385)
Total revenues	<u>120,500</u>	<u>130,500</u>	<u>139,531</u>	<u>9,031</u>
EXPENDITURES:				
Current:				
Public safety	104,700	104,700	109,025	(4,325)
Total expenditures	<u>104,700</u>	<u>104,700</u>	<u>109,025</u>	<u>(4,325)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 15,800</u>	<u>\$ 25,800</u>	30,506	<u>\$ 4,706</u>
FUND BALANCE:				
Beginning of year			106,211	
End of year			<u>\$ 136,717</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transit Tax Local Prop C Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 807,793	\$ 807,793	\$ 809,338	\$ 1,545
Use of money and property	10,000	10,000	(5,495)	(15,495)
Total revenues	<u>817,793</u>	<u>817,793</u>	<u>803,843</u>	<u>(13,950)</u>
EXPENDITURES:				
Capital outlay	102,500	1,342,997	-	1,342,997
Total expenditures	<u>102,500</u>	<u>1,342,997</u>	<u>-</u>	<u>1,342,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>715,293</u>	<u>(525,204)</u>	<u>803,843</u>	<u>1,329,047</u>
OTHER FINANCING USES:				
Transfers out	<u>(324,000)</u>	<u>(324,000)</u>	<u>(269,000)</u>	<u>55,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 391,293</u>	<u>\$ (849,204)</u>	<u>534,843</u>	<u>\$ 1,384,047</u>
FUND BALANCE:				
Beginning of year			<u>1,236,201</u>	
End of year			<u>\$ 1,771,044</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Community Development Act Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 326,468	\$ 326,468	\$ 247,745	\$ (78,723)
Use of money and property	-	-	57	57
Total revenues	<u>326,468</u>	<u>326,468</u>	<u>247,802</u>	<u>(78,666)</u>
EXPENDITURES:				
Current:				
Community services	75,300	80,844	55,321	25,523
Capital outlay	<u>251,175</u>	<u>251,175</u>	<u>231,055</u>	<u>20,120</u>
Total expenditures	<u>326,475</u>	<u>332,019</u>	<u>286,376</u>	<u>45,643</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7)</u>	<u>\$ (5,551)</u>	<u>(38,574)</u>	<u>\$ (33,023)</u>
FUND BALANCE:				
Beginning of year			<u>731,060</u>	
End of year			<u>\$ 692,486</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Used Oil Block Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 16,500	\$ 16,500	\$ 28,585	\$ 12,085
Use of money and property		-	(50)	(50)
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>28,535</u>	<u>12,035</u>
EXPENDITURES:				
Current:				
Public works	14,500	14,500	13,740	760
Total expenditures	<u>14,500</u>	<u>14,500</u>	<u>13,740</u>	<u>760</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,000</u>	<u>\$ 2,000</u>	14,795	<u>\$ 12,795</u>
FUND BALANCE:				
Beginning of year			518	
End of year			<u>\$ 15,313</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 63,950	\$ 63,950	\$ 67,411	\$ 3,461
Use of money and property	-	-	(467)	(467)
Total revenues	<u>63,950</u>	<u>63,950</u>	<u>66,944</u>	<u>2,994</u>
EXPENDITURES:				
Current:				
General government	2,200	2,200	1,245	955
Community services	<u>21,000</u>	<u>24,479</u>	<u>16,355</u>	<u>8,124</u>
Total expenditures	<u>23,200</u>	<u>26,679</u>	<u>17,600</u>	<u>9,079</u>
NET CHANGE IN FUND BALANCE	<u>\$ 40,750</u>	<u>\$ 37,271</u>	49,344	<u>\$ 12,073</u>
FUND BALANCE:				
Beginning of year			98,524	
End of year			<u>\$ 147,868</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Operations Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 42,907	\$ 25,676	\$ 39,780	\$ 14,104
Use of money and property	-	-	(90)	(90)
Total revenues	<u>42,907</u>	<u>25,676</u>	<u>39,690</u>	<u>14,014</u>
EXPENDITURES:				
Current:				
Community services	<u>90,200</u>	<u>90,200</u>	<u>92,763</u>	<u>(2,563)</u>
Total expenditures	<u>90,200</u>	<u>90,200</u>	<u>92,763</u>	<u>(2,563)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,293)</u>	<u>(64,524)</u>	<u>(53,073)</u>	<u>11,451</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>31,293</u>	<u>31,293</u>	<u>31,293</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (16,000)</u>	<u>\$ (33,231)</u>	<u>(21,780)</u>	<u>\$ 11,451</u>
FUND BALANCE:				
Beginning of year			<u>60,189</u>	
End of year			<u>\$ 38,409</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Affordable Housing Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 20,000	\$ 20,000	\$ 3,014	\$ (16,986)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>3,014</u>	<u>(16,986)</u>
EXPENDITURES:				
Current:				
General government	37,400	37,400	37,474	(74)
Public works	<u>75,200</u>	<u>75,200</u>	<u>75,556</u>	<u>(356)</u>
Total expenditures	<u>112,600</u>	<u>112,600</u>	<u>113,030</u>	<u>(430)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (92,600)</u>	<u>\$ (92,600)</u>	(110,016)	<u>\$ (17,416)</u>
FUND BALANCE:				
Beginning of year			<u>1,980,014</u>	
End of year			<u>\$ 1,869,998</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition 1B Local Streets Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 49	\$ 49
Total revenues	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
EXPENDITURES:				
Capital outlay	-	50,674	13,465	37,209
Total expenditures	<u>-</u>	<u>50,674</u>	<u>13,465</u>	<u>37,209</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (50,674)</u>	(13,416)	<u>\$ 37,258</u>
FUND BALANCE:				
Beginning of year			52,180	
End of year			<u>\$ 38,764</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Surface Transportation Program Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 1,200	\$ 1,200	\$ 151	\$ (1,049)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>151</u>	<u>(1,049)</u>
EXPENDITURES:				
Capital outlay	-	94,323	-	94,323
Total expenditures	<u>-</u>	<u>94,323</u>	<u>-</u>	<u>94,323</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,200</u>	<u>\$ (93,123)</u>	151	<u>\$ 93,274</u>
FUND BALANCE:				
Beginning of year			255,761	
End of year			<u>\$ 255,912</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PEG Cable TV Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 3,000	\$ 3,000	\$ 510	\$ (2,490)
Miscellaneous	100,000	100,000	116,306	16,306
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>116,816</u>	<u>13,816</u>
EXPENDITURES:				
Current:				
General government	63,500	63,500	36,973	26,527
Capital outlay	10,000	275,196	99,210	175,986
Total expenditures	<u>73,500</u>	<u>338,696</u>	<u>136,183</u>	<u>202,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,500</u>	<u>(235,696)</u>	<u>(19,367)</u>	<u>216,329</u>
NET CHANGE IN FUND BALANCE	<u>\$ 29,500</u>	<u>\$ (235,696)</u>	<u>(19,367)</u>	<u>\$ 216,329</u>
FUND BALANCE:				
Beginning of year			465,664	
End of year			<u>\$ 446,297</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 605,857	\$ 605,857	\$ 606,805	\$ 948
Use of money and property	4,200	4,200	(333)	(4,533)
Total revenues	<u>610,057</u>	<u>610,057</u>	<u>606,472</u>	<u>(3,585)</u>
EXPENDITURES:				
Current:				
Community services	11,100	11,100	10,424	676
Public works	521,100	529,000	494,370	34,630
Capital outlay	100,000	100,000	-	100,000
Total expenditures	<u>632,200</u>	<u>640,100</u>	<u>504,794</u>	<u>135,306</u>
NET CHANGE IN FUND BALANCE	<u>\$ (22,143)</u>	<u>\$ (30,043)</u>	101,678	<u>\$ 131,721</u>
FUND BALANCE:				
Beginning of year			490,462	
End of year			<u>\$ 592,140</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Beverage Recycling Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 13,400	\$ 13,400	\$ -	\$ (13,400)
Use of money and property	-	-	267	267
Total revenues	<u>13,400</u>	<u>13,400</u>	<u>267</u>	<u>(13,133)</u>
EXPENDITURES:				
Current:				
Public works	13,000	59,306	37,160	22,146
Total expenditures	<u>13,000</u>	<u>59,306</u>	<u>37,160</u>	<u>22,146</u>
NET CHANGE IN FUND BALANCE	<u>\$ 400</u>	<u>\$ (45,906)</u>	(36,893)	<u>\$ 9,013</u>
FUND BALANCE:				
Beginning of year			67,102	
End of year			<u>\$ 30,209</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 138,000	\$ 18,000	\$ 25,838	\$ 7,838
Contributions	-	120,000	48,824	(71,176)
Total revenues	<u>138,000</u>	<u>138,000</u>	<u>74,662</u>	<u>(63,338)</u>
EXPENDITURES:				
Current:				
Library	137,400	137,400	74,663	62,737
Total expenditures	<u>137,400</u>	<u>137,400</u>	<u>74,663</u>	<u>62,737</u>
NET CHANGE IN FUND BALANCE	<u>\$ 600</u>	<u>\$ 600</u>	(1)	<u>\$ (601)</u>
FUND BALANCE:				
Beginning of year			6,805	
End of year			<u>\$ 6,804</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Glendora Village Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 35,200	\$ 55,200	\$ 54,211	\$ (989)
Charges for services	43,200	43,200	44,702	1,502
Use of money and property	300	300	(85)	(385)
Miscellaneous	-	5,000	5,000	-
Total revenues	<u>78,700</u>	<u>103,700</u>	<u>103,828</u>	<u>128</u>
EXPENDITURES:				
Current:				
General government	<u>112,700</u>	<u>112,700</u>	<u>95,428</u>	<u>17,272</u>
Total expenditures	<u>112,700</u>	<u>112,700</u>	<u>95,428</u>	<u>17,272</u>
NET CHANGE IN FUND BALANCE	<u>\$ (34,000)</u>	<u>\$ (9,000)</u>	8,400	<u>\$ 17,400</u>
FUND BALANCE:				
Beginning of year			<u>33,819</u>	
End of year			<u>\$ 42,219</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State AB109 Realignment Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 7,158	\$ 7,159	\$ 1
Use of money and property	-	-	13	13
Total revenues	-	7,158	7,172	14
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 7,158</u>	7,172	<u>\$ 14</u>
FUND BALANCE:				
Beginning of year			90,314	
End of year			<u>\$ 97,486</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Step OTS Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 127,461	\$ 95,993	\$ (31,468)
Total revenues	<u>-</u>	<u>127,461</u>	<u>95,993</u>	<u>(31,468)</u>
EXPENDITURES:				
Current:				
Public safety	-	124,530	96,816	27,714
Total expenditures	<u>-</u>	<u>124,530</u>	<u>96,816</u>	<u>27,714</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 2,931</u>	(823)	<u>\$ (3,754)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(6)	
End of year			<u>\$ (829)</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Plan Maintenance Fees Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 75,000	\$ 75,000	\$ 87,617	\$ 12,617
Use of money and property	10,000	10,000	(8,556)	(18,556)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>79,061</u>	<u>(5,939)</u>
EXPENDITURES:				
Current:				
Public works	75,000	87,710	38,814	48,896
Total expenditures	<u>75,000</u>	<u>87,710</u>	<u>38,814</u>	<u>48,896</u>
NET CHANGE IN FUND BALANCE	<u>\$ 10,000</u>	<u>\$ (2,710)</u>	40,247	<u>\$ 42,957</u>
FUND BALANCE:				
Beginning of year			605,539	
End of year			<u>\$ 645,786</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 130,375	\$ 130,375	\$ 101,500	\$ (28,875)
Total revenues	<u>130,375</u>	<u>130,375</u>	<u>101,500</u>	<u>(28,875)</u>
EXPENDITURES:				
Current:				
General government	58,800	58,800	61,754	(2,954)
Public works	241,100	241,100	116,458	124,642
Total expenditures	<u>299,900</u>	<u>299,900</u>	<u>178,212</u>	<u>121,688</u>
NET CHANGE IN FUND BALANCE	<u>\$ (169,525)</u>	<u>\$ (169,525)</u>	<u>(76,712)</u>	<u>\$ 92,813</u>
FUND BALANCE:				
Beginning of year			7,006,495	
End of year			<u>\$ 6,929,783</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Highway Bridge Repair Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 221,425	\$ 221,425	\$ 208	\$ (221,217)
Use of money and property	-	-	(4)	(4)
Total revenues	<u>221,425</u>	<u>221,425</u>	<u>204</u>	<u>(221,221)</u>
EXPENDITURES:				
Capital outlay	<u>221,425</u>	<u>221,425</u>	<u>590</u>	<u>220,835</u>
Total expenditures	<u>221,425</u>	<u>221,425</u>	<u>590</u>	<u>220,835</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(386)</u>	<u>\$ (386)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ (386)</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 652,293	\$ 652,293	\$ 549,904	\$ (102,389)
Use of money and property	-	-	(5,448)	(5,448)
Total revenues	<u>652,293</u>	<u>652,293</u>	<u>544,456</u>	<u>(107,837)</u>
EXPENDITURES:				
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>55,858</u>	<u>44,142</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>55,858</u>	<u>44,142</u>
NET CHANGE IN FUND BALANCE	<u>\$ 552,293</u>	<u>\$ 552,293</u>	488,598	<u>\$ (63,695)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 488,598</u>	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Maintenance Rehabilitation Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 300,033	\$ 308,260	\$ 8,227
Use of money and property	-	-	(133)	(133)
Total revenues	-	300,033	308,127	8,094
EXPENDITURES:				
Capital outlay	-	301,957	166,276	135,681
Total expenditures	-	301,957	166,276	135,681
NET CHANGE IN FUND BALANCE	\$ -	\$ (1,924)	141,851	\$ 143,775
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 141,851	

City of Glendora
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Energy Efficiency Project Capital Project Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay	\$ -	\$ 95,023	\$ 79,641	\$ 15,382
Debt service:				
Principal retirement	51,935	51,935	51,934	1
Interest and fiscal charges	21,660	21,660	21,660	-
Total expenditures	<u>73,595</u>	<u>168,618</u>	<u>153,235</u>	<u>15,383</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>73,595</u>	<u>73,595</u>	<u>73,594</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (95,023)</u>	<u>(79,641)</u>	<u>\$ (15,382)</u>
FUND BALANCE:				
Beginning of year			<u>95,023</u>	
End of year			<u>\$ 15,382</u>	

Nonmajor Enterprise Funds

Transit Fund – Accounts for the operation of the City’s transit systems and receives its revenue primarily through the transfer of funds from the Prop A and the Prop C Transit Funds. The fund was closed on July 1, 2017.

La Fetra Rental Fund – Accounts for the operation of the La Fetra Senior Center and receives its revenue through fees charged for rental of the La Fetra Senior Center.

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City of Glendora
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Transit	La Fetra Rental	Totals
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 81,297	\$ 81,297
Total current assets	-	81,297	81,297
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated, net	-	28,955	28,955
Total noncurrent assets	-	28,955	28,955
Total assets	-	110,252	110,252
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	-	6,574	6,574
Total deferred outflows of resources	-	6,574	6,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES			
Current liabilities:			
Accounts payable	-	600	600
Compensated absences, due within one year	-	416	416
Total current liabilities	-	1,016	1,016
Noncurrent liability:			
Net pension liability	-	28,086	28,086
Total liabilities	-	29,102	29,102
DEFERRED INFLOWS OF RESOURCES			
Pension related items	-	1,129	1,129
Total deferred inflows of resources	-	1,129	1,129
NET POSITION (DEFICIT)			
Investment in capital assets	-	28,955	28,955
Unrestricted (deficit)	-	57,640	57,640
Total net position (deficit)	\$ -	\$ 86,595	\$ 86,595
Adjustments to reflect the consolidation of internal service funds activities related to the proprietary funds	-	(1,979)	(1,979)
Net position (deficit) of business-type activities	\$ -	\$ 84,616	\$ 84,616

City of Glendora
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Transit	La Fetra Rental	Totals
OPERATING REVENUES:			
Sales service charges and rent	\$ -	\$ 28,383	\$ 28,383
Miscellaneous	-	21,288	21,288
Total operating revenues	-	49,671	49,671
OPERATING EXPENSES:			
Administration and general	-	27,158	27,158
Cost of sales and services	-	25,255	25,255
Depreciation	-	1,646	1,646
Total operating expenses	-	54,059	54,059
OPERATING INCOME (LOSS)	-	(4,388)	(4,388)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue (loss)	-	(224)	(224)
Intergovernmental revenue	429,823	-	429,823
Total nonoperating Revenues	429,823	(224)	429,599
INCOME (LOSS) BEFORE TRANSFERS	429,823	(4,612)	425,211
TRANSFERS:			
Transfers in	-	-	-
Transfers out	(304,642)	-	(304,642)
Total transfers	(304,642)	-	(304,642)
CHANGE IN NET POSITION (DEFICIT)	125,181	(4,612)	120,569
NET POSITION (DEFICIT):			
Beginning of the year	(125,181)	91,207	(33,974)
End of the year	\$ -	\$ 86,595	\$ 86,595
Adjustments to reflect the consolidation of the internal service funds activities related to the proprietary funds	-	(102)	(102)
Changes in net position (deficit) of business-type activities	\$ 125,181	\$ (4,714)	\$ 120,467

City of Glendora
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Transit	La Fetra Rental	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and users	\$ -	\$ 28,383	\$ 28,383
Cash paid to suppliers for goods and services	-	(27,131)	(27,131)
Cash paid to employees for services	-	(28,329)	(28,329)
Other receipts	-	21,288	21,288
Net cash provided by (used in) operating activities	-	(5,789)	(5,789)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out to other funds	(392,447)	-	(392,447)
Net cash provided by noncapital financing activities	(392,447)	-	(392,447)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	62	62
Net cash provided investing activities	-	62	62
Net increase (decrease) in cash and cash equivalents	(392,447)	(5,727)	(398,174)
CASH AND CASH EQUIVALENTS:			
Beginning of year	392,447	87,024	479,471
End of year	\$ -	\$ 81,297	\$ 81,297
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ -	\$ (4,388)	\$ (4,388)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	1,646	1,646
Change in assets and liabilities:			
(Increase) decrease in deferred outflows of resources related to pension	-	10,969	10,969
Increase (decrease) in accounts payable	-	(330)	(330)
Increase (decrease) in accrued liabilities	-	(924)	(924)
Increase (decrease) in net pension liabilities	-	(2,189)	(2,189)
Increase (decrease) in deferred inflows of resources related to pension	-	(10,573)	(10,573)
Total adjustments	-	(1,401)	(1,401)
Net cash provided by (used in) operating activities	\$ -	\$ (5,789)	\$ (5,789)

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Internal Service Funds

Workers' Compensation Self-Insurance Fund – Establishes an insurance reserve for workers' compensation benefit claims against the City and receives its funding through workers' compensation insurance premiums charged to City departments.

General Liability Self-Insurance Fund – Establishes an insurance reserve for liability claims against the City and receives its funding through liability insurance premiums charged to City departments.

Vehicles Fund – Acquires and maintains vehicles and rolling stock used by City departments. Costs are recovered by “leasing” the vehicle to the requesting department for a monthly payment equal to the straight line depreciation charge over the life of the vehicle.

Technology Fund – Acquires equipment, hardware and software for City departments. Costs are recovered by “leasing” the equipment to the requesting department for a monthly payment equal to the straight line depreciation charge over the life of the equipment.

City of Glendora
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Self-Insurance	General Liability Self- Insurance	Vehicles
ASSETS			
Current Assets:			
Cash and investments	\$ 2,641,234	\$ 1,923,868	\$ 2,687,315
Total current assets	<u>2,641,234</u>	<u>1,923,868</u>	<u>2,687,315</u>
Noncurrent assets:			
Capital assets:			
Capital assets being depreciated, net of accumulated depreciation	-	-	3,173,390
Total capital assets, net	-	-	3,173,390
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,173,390</u>
Total assets	<u>2,641,234</u>	<u>1,923,868</u>	<u>5,860,705</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	3,800	5,246	6,911
Pension related items	64,396	88,904	117,092
Total deferred outflows of resources	<u>68,196</u>	<u>94,150</u>	<u>124,003</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current liabilities:			
Accounts payable	67	10,188	180,967
Compensated absences, due within one year	4,063	5,779	3,856
Claims and judgments, due within one year	2,424,299	1,100,793	-
Total current liabilities	<u>2,428,429</u>	<u>1,116,760</u>	<u>184,823</u>
Noncurrent liabilities:			
Accrued claims and judgments, due in more than one year	1,713,271	500,895	-
Net OPEB liability	114,463	158,007	208,158
Net pension liability	275,136	379,849	500,285
Total noncurrent liabilities	<u>2,102,870</u>	<u>1,038,751</u>	<u>708,443</u>
Total liabilities	<u>4,531,299</u>	<u>2,155,511</u>	<u>893,266</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	10,446	14,420	18,997
Pension related items	11,059	15,268	20,109
Total deferred inflows of resources	<u>21,505</u>	<u>29,688</u>	<u>39,106</u>
NET POSITION (DEFICIT)			
Investment in capital assets	-	-	3,173,390
Unrestricted (deficit)	(1,843,374)	(167,181)	1,878,946
Total net position (deficit)	<u>\$ (1,843,374)</u>	<u>\$ (167,181)</u>	<u>\$ 5,052,336</u>

City of Glendora
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2018

	Governmental Activities - Internal Service Funds	
	Technology	Totals
ASSETS		
Current Assets:		
Cash and investments	\$ 723,810	\$ 7,976,227
Total current assets	723,810	7,976,227
Noncurrent assets:		
Capital assets:		
Capital assets being depreciated, net of accumulated depreciation	482,153	3,655,543
Total capital assets, net	482,153	3,655,543
Total noncurrent assets	482,153	3,655,543
Total assets	1,205,963	11,631,770
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related items	16,091	32,048
Pension related items	272,653	543,045
Total deferred outflows of resources	288,744	575,093
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current liabilities:		
Accounts payable	51,991	243,213
Compensated absences, due within one year	14,543	28,241
Claims and judgments, due within one year	-	3,525,092
Total current liabilities	66,534	3,796,546
Noncurrent liabilities:		
Accrued claims and judgments, due in more than one year	-	2,214,166
Net OPEB liability	484,640	965,268
Net pension liability	1,164,934	2,320,204
Total noncurrent liabilities	1,649,574	5,499,638
Total liabilities	1,716,108	9,296,184
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	44,230	88,093
Pension related items	46,824	93,260
Total deferred inflows of resources	91,054	181,353
NET POSITION (DEFICIT)		
Investment in capital assets	482,153	3,655,543
Unrestricted (deficit)	(794,608)	(926,217)
Total net position (deficit)	\$ (312,455)	\$ 2,729,326

City of Glendora
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Self-Insurance	General Liability Self- Insurance	Vehicles
OPERATING REVENUES:			
Interdepartmental charges	\$ 882,790	\$ 1,814,500	\$ 1,026,400
Miscellaneous	900,167	-	-
Total operating revenues	1,782,957	1,814,500	1,026,400
OPERATING EXPENSES:			
Administration and general	215,076	275,020	328,797
Cost of sales and services	346,594	1,300,836	626,481
Claims expense	225,412	889,036	-
Depreciation expense	-	-	589,652
Total operating expenses	787,082	2,464,892	1,544,930
OPERATING INCOME (LOSS)	995,875	(650,392)	(518,530)
NONOPERATING REVENUES:			
Investment loss	-	-	(37,429)
Gain on disposal of capital assets	-	-	1,297
Total nonoperating revenues	-	-	(36,132)
LOSS BEFORE TRANSFERS	995,875	(650,392)	(554,662)
TRANSFERS:			
Transfer in	157,542	192,071	-
CHANGES IN NET POSITION	1,153,417	(458,321)	(554,662)
NET POSITION:			
Beginning of the year, as restated (Note 14)	(2,996,791)	291,140	5,606,998
End of the year	<u>\$ (1,843,374)</u>	<u>\$ (167,181)</u>	<u>\$ 5,052,336</u>

City of Glendora
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds	
	Technology	Totals
OPERATING REVENUES:		
Interdepartmental charges	\$ 1,612,000	\$ 5,335,690
Miscellaneous	-	900,167
Total operating revenues	1,612,000	6,235,857
OPERATING EXPENSES:		
Administration and general	1,072,022	1,890,915
Cost of sales and services	487,104	2,761,015
Claims expense	-	1,114,448
Depreciation expense	187,583	777,235
Total operating expenses	1,746,709	6,543,613
OPERATING INCOME (LOSS)	(134,709)	(307,756)
NONOPERATING REVENUES:		
Investment loss	-	(37,429)
Gain on disposal of capital assets	-	1,297
Total nonoperating revenues	-	(36,132)
LOSS BEFORE TRANSFERS	(134,709)	(343,888)
TRANSFERS:		
Transfer in	-	349,613
CHANGES IN NET POSITION	(134,709)	5,725
NET POSITION:		
Beginning of the year, as restated (Note 14)	(177,746)	2,723,601
End of the year	<u>\$ (312,455)</u>	<u>\$ 2,729,326</u>

City of Glendora
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Self-Insurance	General Liability Self-Insurance	Vehicles
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and users	\$ 882,790	\$ 1,814,500	\$ 1,026,400
Cash paid to suppliers for goods and services	(346,527)	(1,301,886)	(553,838)
Cash paid to employees for services	(134,198)	(203,619)	(267,288)
Cash paid for insurance or claims	(1,125,579)	(363,048)	-
Other receipts	900,167	-	-
Net cash provided by operating activities	176,653	(54,053)	205,274
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer in from other funds	157,542	192,071	-
Net cash provided by noncapital financing activities	157,542	192,071	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	-	(1,323,505)
Proceeds from sale of capital assets	-	-	43,236
Net cash (used in) capital and related financing activities	-	-	(1,280,269)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	-	(25,924)
Net cash provided by investing activities	-	-	(25,924)
Net increase (decrease) in cash and cash equivalents	334,195	138,018	(1,100,919)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,307,039	1,785,850	3,788,234
End of year	<u>\$ 2,641,234</u>	<u>\$ 1,923,868</u>	<u>\$ 2,687,315</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 995,875	\$ (650,392)	\$ (518,530)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	589,652
Change in assets and liabilities:			
(Increase) decrease in pension related deferred outflows of resources	(24,983)	(20,367)	(16,275)
(Increase) decrease in OPEB related deferred outflows of resources	(247)	(341)	(449)
Increase (decrease) in accounts payable	67	9,260	92,422
Increase (decrease) in accrued liabilities	(3,025)	(4,054)	(7,212)
Increase (decrease) in compensated absences	677	1,472	3,340
Increase (decrease) in claims payable	(900,167)	525,988	-
Increase (decrease) in net OPEB liability	(5,825)	(8,039)	(10,592)
Increase (decrease) in net pension liability	98,018	71,848	47,222
Increase (decrease) in OPEB related deferred inflows of resources	10,446	14,420	18,997
Increase (decrease) in pension related deferred inflows of resources	5,817	6,152	6,699
Total adjustments	(819,222)	596,339	723,804
Net cash provided by operating activities	\$ 176,653	\$ (54,053)	\$ 205,274

City of Glendora
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds	
	Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and users	\$ 1,612,000	\$ 5,335,690
Cash paid to suppliers for goods and services	(872,917)	(3,075,168)
Cash paid to employees for services	(576,436)	(1,181,541)
Cash paid for insurance or claims	-	(1,488,627)
Other receipts	-	900,167
Net cash provided by operating activities	162,647	490,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer in from other funds	-	349,613
Net cash provided by noncapital financing activities	-	349,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(1,323,505)
Proceeds from sale of capital assets	-	43,236
Net cash (used in) capital and related financing activities	-	(1,280,269)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	-	(25,924)
Net cash provided by investing activities	-	(25,924)
Net increase (decrease) in cash and cash equivalents	162,647	(466,059)
CASH AND CASH EQUIVALENTS:		
Beginning of year	561,163	8,442,286
End of year	<u>\$ 723,810</u>	<u>\$ 7,976,227</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	(134,709)	(307,756)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	187,583	777,235
Change in assets and liabilities:		
(Increase) decrease in pension related deferred outflows of resources	(48,857)	(110,482)
(Increase) decrease in OPEB related deferred outflows of resources	(1,047)	(2,084)
Increase (decrease) in accounts payable	(9,910)	91,839
Increase (decrease) in accrued liabilities	(18,969)	(33,260)
Increase (decrease) in compensated absences	(7,283)	(1,794)
Increase (decrease) in claims payable	-	(374,179)
Increase (decrease) in net OPEB liability	(24,660)	(49,116)
Increase (decrease) in net pension liability	159,212	376,300
Increase (decrease) in OPEB related deferred inflows of resources	44,230	88,093
Increase (decrease) in pension related deferred inflows of resources	17,057	35,725
Total adjustments	297,356	798,277
Net cash provided by operating activities	\$ 162,647	\$ 490,521

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Agency Fund

Sepcial Deposits Fund – Accounts for, as an agent, deposits made to the City for various purposes, primarily by developers.

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City of Glendora
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Special Deposits Fund</u>				
ASSETS:				
Pooled cash and investments	\$ 3,676,331	\$ 1,099,357	\$ (754,178)	\$ 4,021,510
Total assets	<u>\$ 3,676,331</u>	<u>\$ 1,099,357</u>	<u>\$ (754,178)</u>	<u>\$ 4,021,510</u>
LIABILITIES:				
Deposits	\$ 3,676,331	\$ 1,777,170	\$ (1,431,991)	\$ 4,021,510
Total liabilities	<u>\$ 3,676,331</u>	<u>\$ 1,777,170</u>	<u>\$ (1,431,991)</u>	<u>\$ 4,021,510</u>

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STATISTICAL SECTION

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City of Glendora

Description of Statistical Section Contents

This part of the City of Glendora's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	Pages
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	176 - 185
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	186 - 195
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	196 - 202
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	203 - 207
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs.	208 - 211

City of Glendora
Schedule 1
Net Positions by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2018	2017*	2016	2015	2014
Governmental activities:					
Net Investment in Capital Assets	\$ 81,015,708	\$ 80,916,032	\$ 80,759,598	\$ 82,607,111	\$ 84,644,162
Restricted	19,234,970	17,975,891	9,064,643	9,040,134	7,122,848
Unrestricted	(18,774,514)	(13,796,308)	42,995	(2,140,148)	28,148,231
Total Governmental Activities Net Position	<u>81,476,164</u>	<u>85,095,615</u>	<u>89,867,236</u>	<u>89,507,097</u>	<u>119,915,241</u>
Business-type activities:					
Net Investment in Capital Assets	52,520,608	48,714,652	43,435,123	37,849,278	30,977,074
Restricted	-	-	-	-	-
Unrestricted	13,766,315	10,071,948	13,893,434	14,837,948	24,042,550
Total Business-type Activities Net Position	<u>66,286,923</u>	<u>58,786,600</u>	<u>57,328,557</u>	<u>52,687,226</u>	<u>55,019,624</u>
Primary government:					
Net Investment in Capital Assets	133,536,316	129,630,684	124,194,721	120,456,389	115,621,236
Restricted	19,234,970	17,975,891	9,064,643	9,040,134	7,122,848
Unrestricted	(5,008,199)	(3,724,360)	13,936,429	12,697,800	52,190,781
Total Primary Government Net Position	<u>\$ 147,763,087</u>	<u>\$ 143,882,215</u>	<u>\$ 147,195,793</u>	<u>\$ 142,194,323</u>	<u>\$ 174,934,865</u>

* 2017 balances were restated due to implementation of GASB 75.

Source: City of Glendora Finance Department

City of Glendora
Schedule 1
Net Positions by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
Governmental activities:					
Net Investment in Capital Assets	\$ 84,638,194	\$ 84,034,550	\$ 61,477,370	\$ 60,843,583	\$ 54,552,339
Restricted	6,548,880	8,011,564	8,016,165	27,201,142	34,206,074
Unrestricted	27,361,154	26,187,031	48,407,298	31,876,907	32,935,060
Total Governmental Activities Net Position	<u>118,548,228</u>	<u>118,233,145</u>	<u>117,900,833</u>	<u>119,921,632</u>	<u>121,693,473</u>
Business-type activities:					
Net Investment in Capital Assets	26,681,364	21,446,877	20,399,799	20,256,124	21,624,580
Restricted	-	-	-	-	7,698,556
Unrestricted	22,401,234	24,484,177	22,764,188	20,378,083	10,055,211
Total Business-type Activities Net Position	<u>49,082,598</u>	<u>45,931,054</u>	<u>43,163,987</u>	<u>40,634,207</u>	<u>39,378,347</u>
Primary government:					
Net Investment in Capital Assets	111,319,558	105,481,427	81,877,169	81,099,707	76,176,919
Restricted	6,548,880	8,011,564	8,016,165	27,201,142	41,904,630
Unrestricted	49,762,388	50,671,208	71,171,486	52,254,990	42,990,271
Total Primary Government Net Position	<u>\$ 167,630,826</u>	<u>\$ 164,164,199</u>	<u>\$ 161,064,820</u>	<u>\$ 160,555,839</u>	<u>\$ 161,071,820</u>

Source: City of Glendora Finance Department

City of Glendora
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Expenses:					
Government activities:					
General government	\$ 3,561,244	\$ 3,206,125	\$ 2,777,923	\$ 3,292,123	\$ 2,969,760
Public safety	18,914,850	17,981,945	15,104,625	15,875,629	14,249,107
Community services	7,494,693	5,938,690	5,340,456	5,258,738	4,489,989
Library	2,283,735	2,117,089	2,039,680	2,006,111	2,005,420
Public Works	8,052,948	7,394,070	7,612,105	7,087,686	8,694,912
Interest on long-term debt	173,515	214,084	257,487	267,476	270,874
Total governmental activities expenses	\$ 40,480,985	\$ 36,852,003	\$ 33,132,276	\$ 33,787,763	\$ 32,680,062
Business-type activities:					
Water	\$ 13,349,460	\$ 12,581,983	\$ 11,691,269	\$ 13,354,950	\$ 12,613,135
Golf Course Fund	-	-	-	-	-
Transit	-	1,878,580	1,234,849	969,822	880,929
La Fetra Rental	54,161	39,066	25,969	30,876	28,252
Total business-type activities expenses	\$ 13,403,621	\$ 14,499,629	\$ 12,952,087	\$ 14,355,648	\$ 13,522,316
Total primary government expenses	\$ 53,884,606	\$ 51,351,632	\$ 46,084,363	\$ 48,143,411	\$ 46,202,378
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 572,351	\$ 466,178	\$ 446,437	\$ 430,823	\$ 368,396
Public safety	599,103	633,184	931,274	952,540	1,344,894
Community services	1,953,506	2,742,840	2,586,038	2,701,952	1,645,726
Library	39,741	41,280	43,188	43,690	47,498
Public works	2,910,694	3,235,083	3,509,766	3,330,194	2,038,711
Operating grants and contributions					
General government	89,060	34,935	35,194	288,296	33,586
Public safety	884,662	1,935,370	1,657,596	2,298,400	3,553,345
Community services	665,185	172,558	199,207	36,780	129,293
Library	91,610	103,835	120,053	132,276	107,423
Public works	2,783,609	1,867,573	1,582,596	2,430,982	2,061,930
Capital grants and contributions					
General government	-	-	-	-	-
Public safety	-	110,288	-	-	-
Community services	366,306	117,251	54,808	729,277	246,214
Library	-	-	-	-	-
Public works	489,025	305,334	163,400	316,714	344,638
Total governmental activities program revenues	\$ 11,444,852	\$ 11,765,709	\$ 11,329,557	\$ 13,691,924	\$ 11,921,654
Business-type activities:					
Charges for services:					
Water	\$ 20,783,257	\$ 17,733,728	\$ 15,409,998	\$ 16,401,964	\$ 18,361,431
Golf Course Fund	-	-	-	-	-
Transit	-	93,694	26,209	22,269	23,859
La Fetra Rental	49,671	46,712	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-type activities program revenues	\$ 20,832,928	\$ 17,874,134	\$ 15,436,207	\$ 16,424,233	\$ 18,385,290
Total primary governmental program revenues	\$ 32,277,780	\$ 29,639,843	\$ 26,765,764	\$ 30,116,157	\$ 30,306,944
Net (expense)/revenue:					
Governmental activities	\$ (29,036,133)	\$ (25,086,294)	\$ (21,802,719)	\$ (20,095,839)	\$ (20,758,408)
Business-type activities	7,429,307	3,374,505	2,484,120	2,068,585	4,862,974
Total primary government net expense	\$ (21,606,826)	\$ (21,711,789)	\$ (19,318,599)	\$ (18,027,254)	\$ (15,895,434)

City of Glendora
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
Expenses:					
Government activities:					
General government	\$ 3,416,431	\$ 3,557,651	\$ 3,669,437	\$ 4,115,932	\$ 3,822,512
Public safety	14,404,531	14,137,301	13,785,135	13,870,588	15,778,955
Community services	4,020,518	3,828,487	4,362,250	3,873,586	4,155,410
Library	1,907,288	2,152,045	2,311,578	2,377,806	2,567,328
Public Works	9,029,928	7,815,373	10,681,429	15,020,904	11,572,137
Interest on long-term debt	379,709	1,277,307	2,135,853	2,129,585	1,714,707
Total governmental activities expenses	33,158,405	32,768,164	36,945,682	41,388,401	39,611,049
Business-type activities:					
Water	12,673,942	12,123,647	11,661,210	10,219,297	11,777,838
Golf Course Fund	-	-	-	-	535,118
Transit	882,230	1,070,435	1,016,743	1,083,152	1,274,223
La Fetra Rental	29,280	23,114	27,913	26,614	37,101
Total business-type activities expenses	13,585,452	13,217,196	12,705,866	11,329,063	13,624,280
Total primary government expenses	\$ 46,743,857	\$ 45,985,360	\$ 49,651,548	\$ 52,717,464	\$ 53,235,329
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 700,217	\$ 445,680	\$ 435,102	\$ 488,210	\$ 506,117
Public safety	925,340	912,797	1,043,136	1,207,299	1,291,595
Community services	1,433,844	1,502,354	1,335,992	1,295,931	1,339,344
Library	49,811	42,555	46,585	47,318	46,208
Public works	1,257,672	1,005,136	927,036	760,902	1,925,474
Operating grants and contributions					
General government	36,345	37,089	48,268	15,015	56,447
Public safety	3,143,804	1,785,616	2,169,331	2,379,213	2,024,205
Community services	691,665	544,301	2,612,581	1,923,918	1,408,577
Library	141,854	83,545	93,849	127,500	90,571
Public works	1,719,063	2,146,490	1,686,893	5,769,992	884,761
Capital grants and contributions					
General government	-	-	-	-	-
Public safety	-	-	572,274	-	-
Community services	161,493	-	586,148	549,050	305,268
Library	-	-	-	36,004	-
Public works	547,308	302,869	-	1,126,402	475,109
Total governmental activities program revenues	10,808,416	8,808,432	11,557,195	15,726,754	10,353,676
Business-type activities:					
Charges for services:					
Water	\$ 15,980,542	\$ 14,635,662	\$ 13,493,813	\$ 12,449,734	\$ 12,586,614
Golf Course Fund	-	-	-	-	407,656
Transit	22,910	32,770	2,887	12,963	36,554
La Fetra Rental	-	2,969	-	-	-
Operating grants and contributions	-	-	47,930	-	-
Capital grants and contributions	-	-	-	503	-
Total Business-type activities program revenues	16,003,452	14,671,401	13,544,630	12,463,200	13,030,824
Total primary governmental program revenues	\$ 26,811,868	\$ 23,479,833	\$ 25,101,825	\$ 28,189,954	\$ 23,384,500
Net (expense)/revenue:					
Governmental activities	\$ (22,349,989)	\$ (23,959,732)	\$ (25,388,487)	\$ (25,661,647)	\$ (29,257,373)
Business-type activities	2,418,000	1,454,205	838,764	1,134,137	(593,456)
Total primary government net expense	\$ (19,931,989)	\$ (22,505,527)	\$ (24,549,723)	\$ (24,527,510)	\$ (29,850,829)

City of Glendora
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
General revenues and other changes in net position:					
Governmental activities					
Taxes:					
Property taxes	\$ 12,574,759	\$ 14,399,988	\$ 10,848,494	\$ 10,679,183	\$ 9,750,774
Franchise taxes	2,119,473	2,090,881	2,015,410	2,118,665	1,898,194
Sales taxes	8,955,740	8,368,272	7,742,916	8,538,095	8,098,065
Other taxes	850,995	1,131,227	634,507	1,084,233	1,980,701
Motor vehicle-in-lieu	27,692	23,457	20,764	21,650	22,413
Use of money and property	721,025	663,555	1,408,517	971,643	852,595
Miscellaneous	266,278	71,600	765,141	186,333	179,225
Gain (loss) on sale of capital asset	(9,013)	29,728	46,800	566,106	92,677
Extraordinary Gain/(Loss) on dissolution of redevelopment agency	-	-	-	-	-
Transfers	(90,267)	(1,101,610)	(1,224,614)	(769,552)	(749,223)
Total governmental activities	<u>25,416,682</u>	<u>25,677,098</u>	<u>22,257,935</u>	<u>23,396,356</u>	<u>22,125,421</u>
Business-type activities:					
Investment earnings (loss)	(19,251)	22,253	441,323	172,449	177,340
Interest expense	-	-	-	-	-
Gain/(Loss) on sale of capital assets	-	11,774	28,856	2,000	-
Miscellaneous	-	-	462,418	247,084	147,489
Transfers	90,267	1,419,169	1,224,614	769,552	749,223
Total Business-type activities	<u>71,016</u>	<u>1,453,196</u>	<u>2,157,211</u>	<u>1,191,085</u>	<u>1,074,052</u>
Total Primary government	<u>25,487,698</u>	<u>27,130,294</u>	<u>24,415,146</u>	<u>24,587,441</u>	<u>23,199,473</u>
Change in net position:					
Governmental activities	(3,619,451)	590,804	455,216	3,300,517	1,367,013
Business-type activities	7,500,323	4,827,701	4,641,331	3,259,670	5,937,026
Total primary government	<u>\$ 3,880,872</u>	<u>\$ 5,418,505</u>	<u>\$ 5,096,547</u>	<u>\$ 6,560,187</u>	<u>\$ 7,304,039</u>

Source: City of Glendora Finance Department

City of Glendora
Schedule 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
General revenues and other changes in net position:					
Governmental activities					
Taxes:					
Property taxes	\$ 10,618,948	\$ 10,596,507	\$ 12,852,569	\$ 12,074,681	\$ 15,414,801
Franchise taxes	1,803,263	1,838,194	1,764,758	1,673,463	1,833,033
Sales taxes	7,861,882	7,406,911	6,429,160	6,267,868	6,289,206
Other taxes	1,652,975	1,432,225	1,370,835	1,327,112	1,502,015
Motor vehicle-in-lieu	27,082	26,136	241,423	154,351	178,597
Use of property and money	666,012	1,315,088	1,943,441	1,897,759	2,364,735
Miscellaneous	689,158	215,857	195,992	199,020	562,677
Gain on sale of capital asset	-	-	-	-	-
Extraordinary Gain/(Loss) on dissolution of redevelopment agency	-	6,837,369	-	-	-
Transfers	(835,266)	(1,156,705)	(1,455,222)	341,244	(1,193,330)
Total governmental activities	<u>22,484,054</u>	<u>28,511,582</u>	<u>23,342,956</u>	<u>23,935,498</u>	<u>26,951,734</u>
Business-type activities:					
Investment earnings (loss)	39,206	140,648	200,560	448,082	776,442
Interest expense	-	-	-	-	-
Gain/(Loss) on sale of capital assets	-	-	-	-	2,423
Miscellaneous	358,318	15,509	35,234	12,033	42,926
Transfers	835,266	1,156,705	1,455,222	(341,244)	1,193,330
Total Business-type activities	<u>1,232,790</u>	<u>1,312,862</u>	<u>1,691,016</u>	<u>118,871</u>	<u>2,015,121</u>
Total primary government	<u>\$ 23,716,844</u>	<u>\$ 29,824,444</u>	<u>\$ 25,033,972</u>	<u>\$ 24,054,369</u>	<u>\$ 28,966,855</u>
Change in net position:					
Governmental activities	\$ 134,065	\$ 4,551,850	\$ (2,045,531)	\$ (1,726,149)	\$ (2,305,639)
Business-type activities	3,650,790	2,767,067	2,529,780	1,253,008	1,421,665
Total primary government	<u>\$ 3,784,855</u>	<u>\$ 7,318,917</u>	<u>\$ 484,249</u>	<u>\$ (473,141)</u>	<u>\$ (883,974)</u>

Source: City of Glendora Finance Department

City of Glendora
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	6,416,152	6,339,892	6,707,097	6,684,716	5,685,921
Restricted	-	-	-	-	-
Committed	11,981,471	11,980,707	11,058,005	10,701,873	-
Assigned	2,008,411	2,221,706	2,364,249	1,856,857	11,547,640
Unassigned	14,031	-	1,543	-	-
Total General Fund	\$ 20,420,065	\$ 20,542,305	\$ 20,130,894	\$ 19,243,446	\$ 17,233,561
All Other governmental funds:					
Special Revenue Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	18,758,726	17,949,040	9,064,643	9,040,134	7,122,848
Committed	-	-	-	-	-
Assigned	-	-	293,992	-	-
Unassigned	(78,261)	(151,766)	(70,473)	(66,223)	(2,143,064)
Total Special Revenue Funds	\$ 18,680,465	\$ 17,797,274	\$ 9,288,162	\$ 8,973,911	\$ 4,979,784
Capital Project Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	440,532	-	-	-	-
Committed	-	-	-	-	-
Assigned	7,446,327	7,405,853	6,860,828	5,234,355	3,525,993
Unassigned	-	1,874,662	-	-	-
Total Capital Project Funds	\$ 7,886,859	\$ 9,280,515	\$ 6,860,828	\$ 5,234,355	\$ 3,525,993
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 26,567,324	\$ 27,077,789	\$ 16,148,990	\$ 14,208,266	\$ 8,505,777
GRAND TOTAL - ALL FUND TYPES	\$ 46,987,389	\$ 47,620,094	\$ 36,279,884	\$ 33,451,712	\$ 25,739,338

Notes:

The City of Glendora sold bonds for infrastructure improvements.

Committed fund balance fluctuates due to the City's policy of transferring excess unallocated fund balance from the prior year to the Capital Projects Fund. The City maintains a contingency reserve in the General Fund equal to 45% of the prior year's expenditures less any extraordinary items.

The City implemented GASB State 54 in fiscal year 2011 creating new fund balance categories. Prior years were not restated.

Source: City of Glendora Finance Department

City of Glendora
Schedule 3
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year ended June 30				
	2013	2012	2011	2010	2009
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ 7,055,655	\$ 7,021,748
Unreserved	-	-	-	9,003,703	9,062,027
Nonspendable	5,677,496	5,677,496	6,622,696	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	10,687,784	9,480,673	10,143,825	-	-
Unassigned	-	-	-	-	-
Total General Fund	\$ 16,365,280	\$ 15,158,169	\$ 16,766,521	\$ 16,059,358	\$ 16,083,775
All Other Governmental Funds:					
Special Revenue Funds					
Reserved	\$ -	\$ -	\$ -	\$ 811,935	\$ 907,382
Unreserved	-	-	-	9,672,862	11,295,677
Nonspendable	-	-	-	-	-
Restricted	6,548,880	8,011,564	5,621,095	-	-
Committed	-	-	-	-	-
Assigned	-	-	3,902,388	-	-
Unassigned	(672,009)	(396,313)	(213,314)	-	-
Total Special Revenue Funds	\$ 5,876,871	\$ 7,615,251	\$ 9,310,169	\$ 10,484,797	\$ 12,203,059
Capital Project Funds:					
Reserved	\$ -	\$ -	\$ -	\$ 3,046,564	\$ 5,271,308
Unreserved	-	-	-	9,295,655	9,111,268
Nonspendable	-	-	5,751,667	-	-
Restricted	-	-	2,395,070	-	-
Committed	-	-	-	-	-
Assigned	4,256,682	3,331,105	3,241,069	-	-
Unassigned	-	-	-	-	-
Total Capital Project Funds	\$ 4,256,682	\$ 3,331,105	\$ 11,387,806	\$ 12,342,219	\$ 14,382,576
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ 1,030,605	\$ 1,030,605
Unreserved	-	-	-	6,112,930	9,494,219
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	5,081,053	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	\$ -	\$ -	\$ 5,081,053	\$ 7,143,535	\$ 10,524,824
Total All Other Governmental Funds	\$ 10,133,553	\$ 10,946,356	\$ 25,779,028	\$ 29,970,551	\$ 37,110,459
GRAND TOTAL - ALL FUND TYPES	\$ 26,498,833	\$ 26,104,525	\$ 42,545,549	\$ 46,029,909	\$ 53,194,234

Notes:

The City of Glendora sold bonds for infrastructure improvements.

Committed fund balance fluctuates due to the City's policy of transferring excess unallocated fund balance from the prior year to the Capital Projects Fund. The City maintains a contingency reserve in the General Fund equal to 45% of the prior year's expenditures less any extraordinary items.

The City implemented GASB State 54 in fiscal year 2011 creating new fund balance categories. Prior years were not restated.

Source: City of Glendora Finance Department

City of Glendora
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Revenues:					
Taxes	\$ 25,329,122	\$ 26,436,812	\$ 23,042,659	\$ 21,943,965	\$ 21,568,575
Licenses, Fees and Permits	1,445,308	1,654,897	1,859,085	1,542,685	1,199,102
Intergovernmental	6,113,910	6,100,974	6,672,276	10,413,254	6,821,633
Charges for Services	2,269,061	2,110,926	2,394,498	2,494,750	2,131,373
Use of Money and Property	902,218	1,851,491	1,327,568	941,140	825,217
Fines and Forfeitures	390,042	466,809	588,138	607,617	675,394
Contributions	48,824	52,135	94,742	252,983	-
Miscellaneous	389,258	247,597	242,824	266,405	179,525
Total Revenues	36,887,743	38,921,641	36,221,790	38,462,799	33,400,819
Expenditures:					
Current:					
General Government	3,119,432	3,007,924	2,691,357	2,958,579	2,751,260
Public Safety	16,608,693	15,845,722	14,961,779	14,297,422	13,952,149
Community Services	6,255,179	4,942,725	4,337,556	4,545,402	3,823,398
Library	2,036,082	2,037,883	1,898,419	1,866,177	1,877,684
Public Works	5,056,377	5,029,508	4,950,297	4,714,197	6,173,190
Capital Outlay	3,595,792	3,879,233	1,793,205	3,040,674	4,141,212
Debt Service					
Principal	661,934	597,280	532,916	247,223	271,841
Interest	176,902	217,200	260,324	507,508	395,000
Pass-through Agreement Pmts.	-	-	-	-	-
Total Expenditures	37,510,391	35,557,475	31,425,853	32,177,182	33,385,734
Excess of Revenues					
Over (Under) Expenditures	(622,648)	3,364,166	4,795,937	6,285,617	15,085
Other Financing					
Sources (Uses):					
Refunding Bonds Issued	-	-	-	-	-
Bond Discount	-	-	-	-	-
Legal Settlement	-	-	-	-	-
Long Term Debt Issued	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Transfers In	2,134,667	2,886,824	2,098,208	3,444,674	742,810
Transfers Out	(2,144,724)	(4,073,299)	(4,065,973)	(4,883,306)	(1,517,390)
Proceeds from sale of land held for resale	-	-	-	575,739	-
Total Other Financing					
Sources (Uses)	(10,057)	(1,186,475)	(1,967,765)	(862,893)	(774,580)
Extraordinary gain/loss on dissolution of redevelopment agency	-	-	-	-	-
Net Change in Fund Balances	\$ (632,705)	\$ 2,177,691	\$ 2,828,172	\$ 5,422,724	\$ (759,495)
Debt Service as a Percentage of					
Non-Capital Expenditures	2.5%	2.6%	2.7%	2.6%	2.3%

Source: City of Glendora Finance Department

City of Glendora
Schedule 4
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
Revenues:					
Taxes	\$ 22,073,445	\$ 20,854,286	\$ 22,914,355	\$ 21,720,641	\$ 25,738,339
Licenses, Fees and Permits	814,536	675,031	732,351	755,069	963,700
Intergovernmental	6,936,934	5,285,545	8,788,296	7,342,793	7,800,660
Fines and Forfeitures	1,763,332	1,720,295	773,823	935,651	994,243
Charges for Services	673,779	1,300,604	1,538,736	1,388,145	1,611,371
Use of Property and Money	693,605	703,662	1,916,869	1,861,365	2,284,240
Contributions	-	-	-	-	-
Other Revenues	668,208	437,922	190,566	245,156	178,617
Total Revenues	33,623,839	30,977,345	36,854,996	34,248,820	39,571,170
Expenditures:					
Current:					
General Government	2,124,640	2,628,669	2,899,038	2,750,140	2,692,421
Public Safety	13,879,293	14,018,111	13,217,302	13,228,304	19,343,321
Community Services	3,653,218	3,774,971	4,196,194	3,782,434	3,970,295
Library	1,815,311	1,898,262	1,962,379	1,991,154	2,184,272
Public Works	6,542,324	5,649,574	8,280,822	12,824,365	9,237,071
Capital Outlay	3,652,529	1,524,221	3,300,559	418,848	1,583,156
Debt Service					
Principal	293,707	1,167,933	2,107,644	2,265,000	1,535,000
Interest	350,000	1,365,000	2,500,000	2,199,110	1,687,431
Pass-through Agreement Pmts.	-	167,221	450,489	549,664	419,975
Total Expenditures	32,311,022	32,193,962	38,914,427	40,009,019	42,652,942
Excess of Revenues					
Over (Under) Expenditures	1,312,817	(1,216,617)	(2,059,431)	(5,760,199)	(3,081,772)
Other Financing					
Sources (Uses):					
Refunding Bonds Issued	-	-	-	-	-
Bond Discount	-	-	-	-	-
Legal Settlement	-	-	9,358	10,667	30,667
Long Term Debt Issued	1,015,000	-	-	-	5,890,000
Contributions to Successor Agency	(53,701)	-	-	-	-
Transfers In	1,949,511	845,747	3,516,951	5,352,584	2,146,609
Transfers Out	(3,835,316)	(2,082,420)	(4,972,173)	(6,717,840)	(4,786,398)
Proceeds from sale of land held for resale	-	-	-	-	-
Total Other Financing					
Sources (Uses)	(924,506)	(1,236,673)	(1,445,864)	(1,354,589)	3,280,878
Extraordinary gain/loss on dissolution					
of redevelopment agency	-	(13,724,595)	-	-	-
Net Change in Fund Balances	\$ 388,311	\$ (16,177,885)	\$ (3,505,295)	\$ (7,114,788)	\$ 199,106
Debt Service as a Percentage of					
Non-Capital Expenditures	2.2%	8.3%	12.9%	11.3%	7.8%

Notes:

In 2006-07, the City used bond monies and built a Sports Park and infrastructure for a major retail center.

Source: City of Glendora Finance Department

City of Glendora
Schedule 5
Taxable Sales by Category
Last Ten Calendar Years
(in Thousand of Dollars)

	For the Calendar Year Ended June 30				
	2017	2016	2015	2014	2013
Apparel Stores	\$ 18,097	\$ 12,429	\$ 12,392	\$ 12,132	\$ 12,367
General Merchandise	129,579	124,970	123,519	126,547	133,628
Food Stores	19,701	19,931	25,433	24,755	23,618
Restaurants/Fast Food	95,630	91,092	88,911	82,449	79,584
Auto Dealers and Supplies	199,366	191,895	183,511	181,516	166,576
Service Stations	41,130	39,800	44,253	53,024	55,718
Other Retail Stores	192,964	191,613	185,808	176,280	170,471
All Other Outlets	185,341	161,839	146,791	144,276	138,042
Total	<u>\$ 881,808</u>	<u>\$ 833,569</u>	<u>\$ 810,618</u>	<u>\$ 800,979</u>	<u>\$ 780,004</u>

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Building materials data was not provided beginning 2014.

Sources: State of California Board of Equalization and The HdL Companies

City of Glendora
Schedule 5
Taxable Sales by Category (Continued)
Last Ten Calendar Years
(in Thousand of Dollars)

	For the Calendar Year Ended June 30				
	2012	2011	2010	2009	2008
Apparel Stores	\$ 12,004	\$ 11,695	\$ 11,495	\$ 11,851	\$ 12,858
General Merchandise	134,205	131,589	125,338	131,876	128,700
Food Stores	22,417	21,865	22,036	23,545	24,240
Restaurants/Fast Food	77,902	74,045	67,662	67,005	68,818
Building Materials	55,770	54,615	58,572	53,469	63,295
Auto Dealers and Supplies	153,918	134,923	104,993	93,931	110,168
Service Stations	52,385	43,046	39,983	37,043	51,838
Other Retail Stores	162,860	157,530	156,050	155,545	170,118
All Other Outlets	121,602	112,542	105,271	124,247	144,567
Total	<u>\$ 793,063</u>	<u>\$ 741,850</u>	<u>\$ 691,400</u>	<u>\$ 698,512</u>	<u>\$ 774,602</u>

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Building materials data was not provided beginning 2014.

Sources: State of California Board of Equalization and The HdL Companies

City of Glendora
Schedule 6
Tax Revenue by Source Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise	Business Licenses	Other	Total
2009	15,414,801	6,289,206	103,252	1,833,033	473,258	925,505	25,039,055
2010	12,074,681	6,267,868	86,421	1,673,463	462,411	778,280	21,343,124
2011	12,852,569	6,429,160	86,126	1,764,758	470,254	814,256	22,417,123
2012	10,596,507	7,406,911	88,409	1,838,194	475,097	215,857	20,620,975
2013	10,618,948	7,861,882	129,602	1,803,263	458,800	689,158	21,561,653
2014	9,750,774	8,098,065	133,840	1,898,194	452,389	1,394,472	21,727,734
2015	10,679,183	8,538,095	137,245	2,118,665	444,110	502,878	22,420,177
2016	11,231,907	8,582,558	149,422	2,015,409	428,855	634,507	23,042,659
2017	14,399,988	8,368,272	137,647	2,090,881	391,801	601,779	25,990,368
2018	12,574,759	8,955,740	142,169	2,119,473	409,943	298,883	24,500,967
Change:							
2009-2018	-18.4%	42.4%	37.7%	15.6%	-13.4%	-67.7%	-2.1%

Notes:

Property tax increased due to a change in the property tax allocation related to the backfill of the Motor Vehicle In-Lieu (MVLIF) tax. Voters agreed to replace the 1.35% reduction in the MVLIF with property tax which, after the first year allocation, grows with increases in assessed valuation.

Source: City of Glendora Finance Department

City of Glendora
Schedule 7
Principal Sales Tax Remitters
Current Year and Nine Years Ago

Tax Remitters for Fiscal Year 2018		Tax Remitter for Fiscal Year 2009	
Albertsons		Albertsons	
Arco AM PM		Arco AM PM	
Barnes & Noble		ASB Citrus Junior College	
Bed Bath & beyond		Barnes & Noble	
Best Buy		Bed Bath & Beyond	
Chevrolet of Glendora		Best Buy	
Colley Ford		BevMo	
Glendora Arco		CCC Information Services	
Glendora Chrysler Jeep Dodge		Colley Ford	
Glendora Hyundai		Community Thrift Store	
Home Depot		Glendora 76	
Home Goods		Glendora Chevrolet	
In N Out Burgers		Glendora Chrysler Jeep Dodge	
Kohls		Home Depot	
Marshalls		Home Goods	
McNeilus Financial		Kohls	
Old Navy		Lemar Hardwood & Door	
PetSmart		Sam's Club w/Fuel	
Sam's Club w/fuel		Sport Chalet	
Staples		Toyota of Glendora	
Toyota of Glendora		Verizon Wireless	
Ulta Beauty		Vons	
Verizon Wireless		Walmart	
Vons			
Walmart			
Percent of Fiscal Year Total Paid by Top 25 Accounts:		Percent of Fiscal Year Total Paid by Top 25 Accounts:	
64.30%		61.89%	

Notes:

Firms Listed Alphabetically

Sources: Hinderliter, de Llamas & Associates, State Board of Equalization

City of Glendora
Schedule 8
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Value	Less: Tax- Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	5,214,361	(10,554)	5,203,807	0.239460
2010	5,240,141	(11,789)	5,228,352	0.024656
2011	5,199,298	(12,191)	5,187,107	0.244840
2012	5,295,324	(12,394)	5,282,930	0.178390
2013	5,411,222	(14,651)	5,396,571	0.186280
2014	5,568,902	(13,347)	5,555,555	0.099950
2015	5,976,834	(13,390)	5,963,444	0.100380
2016	6,339,177	(15,385)	6,323,792	0.101720
2017	6,648,515	(12,146)	6,636,369	0.101040
2018	7,094,599	(12,292)	7,082,307	0.098740

Notes:

Exempt values are not included in Total.

In 1978, the voters of the State of California passed proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold.

Source: LA County Assessor

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City of Glendora
Schedule 9
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	City ³	Basic County, City, School Levy ¹	Total Direct Rate	Los Angeles County Flood Control	Citrus Community College	Detention Facilities 1987 Debt	Glendora Unified School District
2009	0.09817	1.00000	0.23946	0.00000	0.02441	0.00000	0.06695
2010	0.09817	1.00000	0.02466	0.00000	0.02397	0.00000	0.07460
2011	0.09817	1.00000	0.24484	0.00000	0.02516	0.00000	0.07766
2012	0.09817	1.00000	0.17839	0.00000	0.02447	0.00000	0.07559
2013	0.09817	1.00000	0.18628	0.00000	0.02590	0.00000	0.07796
2014	0.09817	1.00000	0.09995	0.00000	0.02226	0.00000	0.07800
2015	0.09817	1.00000	0.10038	0.00000	0.02327	0.00000	0.07464
2016	0.09817	1.00000	0.10172	0.00000	0.01641	0.00000	0.06567
2017	0.09817	1.00000	0.10104	0.00000	0.02406	0.00000	0.06816
2018	0.09817	1.00000	0.09874	0.00000	0.02229	0.00000	0.06543

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition, to the 1.00% fixed amount, property owners were charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates to all city property owners.

³City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratios figures.

⁴Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information.

Source: LA County Assessor

City of Glendora
Schedule 9
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Three Valley MWD District	Azusa Unified School District	Bonita Unified School District	Charter Oak Unified School District	Covina Valley Unified School District	Mt. Sac Antonio College	Total Direct & Overlapping Tax Rate ⁴
2009	0.00430	0.03603	0.04041	0.08800	0.07863	0.02333	1.36206
2010	0.00430	0.03909	0.07614	0.09794	0.08592	0.02571	1.42767
2011	0.00370	0.05695	0.07427	0.10464	0.09003	0.02636	1.45877
2012	0.00370	0.05628	0.09166	0.10847	0.08999	0.02642	1.47658
2013	0.00350	0.04641	0.08251	0.11629	0.09500	0.02896	1.47653
2014	0.00350	0.03765	0.08053	0.11888	0.11472	0.02023	1.47577
2015	0.00350	0.04468	0.09260	0.11803	0.11426	0.02129	1.49227
2016	0.00350	0.11479	0.08489	0.10039	0.11062	0.02154	1.51781
2017	0.00350	0.10430	0.08513	0.08605	0.12581	0.02400	1.52101
2018	0.00350	0.10591	0.08147	0.09511	0.14205	0.02371	1.53947

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition, to the 1.00% fixed amount, property owners were charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates to all city property owners.

³City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratios figures.

⁴Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information.

Source: LA County Assessor

City of Glendora
Schedule 10
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
1301 East Gladstone Street Investment	\$ 132,758	1	2.00046%	\$ -		0.00000%
William Lyon Homes, Inc.	59,630	2	0.89853%	12,538	10	0.24094%
Sams Real Estate Business Trust/Walmart	49,697	3	0.74886%	20,622	4	0.39629%
Avalon Glendora LP	35,197	4	0.53037%	-		0.00000%
Minifam, LLC	26,763	5	0.40328%	-		0.00000%
Glendora California Apartments LLC	25,420	6	0.38304%	-		0.00000%
CDCF III Pacific Glendora Promenade LLC	20,196	7	0.30432%	-		0.00000%
Glendora Grand Property LLC	17,725	8	0.26709%	-		0.00000%
Ormco Corporation	16,683	9	0.25139%	20,787	3	0.39946%
Heng An LLC	16,095	10	0.24253%	-		0.00000%
Thomas W. and Mary Redfern Trust	-		0.00000%	22,460	2	0.43161%
Diamond Ridge Development LLC	-		0.00000%	69,494	1	1.33545%
Wares Delaware Corp	-		0.00000%	15,664	5	0.30101%
Home Depot Dev of Maryland INC	-		0.00000%	14,799	8	0.28439%
Glendora Associates LP	-		0.00000%	15,496	6	0.29778%
Time Warner Cable	-		0.00000%	15,393	7	0.29580%
California Portland Cement Company	-		0.00000%	13,529	9	0.25998%
Total	\$ 400,164		6.02986%	\$ 220,782		3.49129%

Sources: HdL Coren & Cone, L. A. County Assessor 2016/17 Combined Tax Rolls

City of Glendora
Schedule 11
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 4,535,952	\$ 4,406,195	97.14%	5,864	\$ 4,412,059	97.27%
2010	4,413,050	4,322,445	97.95%	1,399	4,323,844	97.98%
2011	4,697,498	4,241,384	90.29%	-	4,241,384	90.29%
2012	4,736,630	4,355,872	91.96%	4,924	4,360,796	92.07%
2013	4,859,512	4,754,353	97.84%	-	4,754,353	97.84%
2014	4,855,645	4,704,273	96.88%	-	4,704,273	96.88%
2015	5,365,093	4,992,689	93.06%	-	4,992,689	93.06%
2016	6,184,415	5,874,387	94.99%	-	5,874,387	94.99%
2017	6,777,944	6,409,890	94.57%	-	6,409,890	94.57%
2018	7,560,696	7,524,813	99.53%	-	7,524,813	99.53%

Notes:

In 2006-07, Development of the Diamond Ridge Retail Center caused a re-evaluation of vacant land to commercial/retail.

*Property tax remittances have not yet been received from the County of Los Angeles which indicate prior year collection.

Source: City of Glendora Finance Department

City of Glendora
Schedule 12
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Government Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Redevelopment Agency Debt	General Obligation Debt	Capital Lease	Water Bonds			
2009	26,073	5,890 ¹	-	29,900	61,864	3.7908%	\$ 1,183.31
2010	24,160	5,645	-	29,008	58,813	3.6030%	\$ 1,113.25
2011	21,930	5,375	-	28,087	55,392	3.3701%	\$ 1,099.90
2012	- ²	5,065	-	26,967	32,034	1.9503%	\$ 632.26
2013	-	4,715	1,015	27,270	33,000	2.0298%	\$ 643.40
2014	-	4,320	1,015	26,211	31,546	1.9860%	\$ 614.78
2015	-	3,875	952	29,648	34,475	2.0876%	\$ 669.90
2016	-	3,385	909	24,558	28,852	1.7680%	\$ 551.01
2017	-	2,835	862	23,151	26,848	1.6067%	\$ 510.33
2018	-	2,225	810	21,834	24,869	1.4276%	\$ 471.87

Notes:

¹The City issued Pension Obligation Bonds to fund the safety employee side-fund at PERS.

²The former Redevelopment Community Agency debt was transferred to the Successor Agency during the year ended June 30, 2012.

The City has not issued Sales Tax Increment, Lease Revenue, or Special Assessment Bonds.

Source: City of Glendora Finance Department

City of Glendora
Schedule 13
Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita)

Fiscal Year	General Obligation Bonds	Redevelopment Agency Bonds	Total	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009	5,890 ¹	26,073	31,964	0.61%	611
2010	5,645	24,160	29,805	0.57%	564
2011	5,375	21,930	27,305	0.53%	542
2012	5,065	- ²	5,067	0.10%	100
2013	4,715	-	4,715	0.09%	92
2014	4,320	-	4,320	0.08%	84
2015	3,875	-	3,875	0.06%	75
2016	3,385	-	3,385	0.05%	65
2017	2,835	-	2,835	0.04%	54
2018	2,225	-	2,225	0.03%	42

Notes:

¹ The City of Glendora sold Pension Obligation Bonds to fund the safety employees side-fund at PERS.

² The former Redevelopment Community Agency debt was transferred to the Successor Agency during the year ended June 30, 2012.
Details regarding the City's outstanding debt can be found in the Note 6 of the Financial Statements

^a See Schedule 8 for property value data.

^b See Schedule 17 for population data

Source: City of Glendora Finance Department

City of Glendora
Schedule 14
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with Property Taxes			
Metropolitan Water District	\$ 29,354	0.560%	164
Citrus CCD DS 2004 2009 Series c	4,695	20.047%	941
Citrus CCD DS Ref Bond Series 2013	10,910	20.047%	2,187
Citrus CCD DS 2004 Series 2014D	18,918	20.047%	3,792
Citrus CCD DS 2004, 2014 Series E	9,805	20.047%	1,966
Citrus CCD DS Refunding Bonds 2015 Series A	48,185	20.047%	9,660
Mt. San Antonio CCD DS 2008, Series 2013A	200,307	1.712%	3,429
Mt. San Antonio CCD DS 2008, Series 2013B	7,350	1.712%	126
Mt. San Antonio CCD DS 2013, Refunding Series A	63,210	1.712%	1,082
Mt. San Antonio CCD DS 2013 Refunding Series B	37,010	1.712%	634
Mt. San Antonio CCD DS 2008 Series 2015C	16,750	1.712%	287
Mt. San Antonio CCD DS 2015 Ref Bonds	19,130	1.712%	328
Azusa Unified 2002 Series 2007	29,912	2.918%	873
Azusa Unified Refunding Bond 2002 Series 2011	15,720	2.918%	459
Azusa Unified 2014 Series A	24,135	2.918%	704
Azusa Unified Refund Bond 2016	212,220	2.918%	6,193
Azusa Unified 2014 Series B	25,000	3.699%	729
Bonita USD DS 2008 Series A	225	3.699%	8
Bonita USD DS 2008 Series A1-BABS	1,465	3.699%	54
Bonita USD DS 2008 Series B-1 QSCBS	6,655	3.699%	246
Bonita USD DS 2012 Refunding Bonds	19,430	3.699%	719
Bonita USD DS 2014 Refunding Bonds	51,820	3.699%	1,917
Bonita USD DS 2016 Ref Bonds	43,240	3.699%	1,599
Charter Oak USD 2012 Series A	25,535	30.188%	7,709
Charter Oak USD 2015 Ref Bonds	10,095	30.188%	3,047
Charter Oak USD 2012 Series B	10,000	30.188%	3,019
Charter Oak USD Ref 2017	3,175	30.188%	958
Covina Valley USD DS 2001 Series B	11,763	0.839%	99
Covina Valley USD DS 2006.07 Series B	1,818	0.839%	15
Covina Valley USD DS 2001 Refund 2010 Series A	10,320	0.839%	87
Covina Valley USD DS 2012 Series A	26,235	0.839%	220
Covina Valley USD DS 2013 Ref Bonds	37,840	0.839%	317
Covina Valley USD DS 2012 Series B	36,145	0.839%	303
Covina Valley USD DS 2012 Series C	16,970	0.839%	142
Covina Valley USD DS 2012 Series D	46,410	0.839%	389
Glendora USD DS 2000 Series A	234	96.389%	226
Glendora USD DS 2005 Refunding Bonds	7,135	96.389%	6,877
Glendora USD DS 2005 Series B	7,434	96.389%	7,166
Glendora USD DS 2012 Refund Bonds	1,950	96.389%	1,880
Glendora USD DS 2015 Ref Bonds	25,715	96.389%	24,786
Glendora USD DS 2016 Ref Bonds	4,035	96.389%	3,889
Sub Total Overlapping Debt			99,227
City Direct Debt			3,035
Total Direct and Overlapping Debt			\$ 102,262

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Glendora. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for the debt, for each over-lapping government.

City Direct Debt includes only general obligation bonded debt; pension and OPEB related liabilities are excluded for this calculation.

Sources: L.A. County Assessor and Auditor

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City of Glendora
Schedule 15
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year				
	2018	2017	2016	2015	2014
Assessed valuation	7,082,307	6,636,369	6,323,792	5,963,444	5,555,555
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed value	<u>1,770,577</u>	<u>1,659,092</u>	<u>1,580,948</u>	<u>1,490,861</u>	<u>1,388,889</u>
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	<u>265,587</u>	<u>248,864</u>	<u>237,142</u>	<u>223,629</u>	<u>208,333</u>
Total net debt applicable to limit: Pension Obligation Bonds	2,835	3,385	3,875	4,320	4,715
Legal debt margin	<u>262,752</u>	<u>245,479</u>	<u>233,267</u>	<u>219,309</u>	<u>203,618</u>
Total debt applicable to the limit as a percentage of debt limit	1.07%	1.36%	1.63%	1.93%	2.26%

Notes:

The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of the market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Glendora Finance Department

City of Glendora
Schedule 15
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year				
	2013	2012	2011	2010	2009
Assessed valuation	5,396,571	5,282,930	5,187,107	5,228,352	5,203,807
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed value	1,349,143	1,320,733	1,296,777	1,307,088	1,300,952
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	202,371	198,110	194,517	196,063	195,143
Total net debt applicable to limit: Pension Obligation Bonds	5,065	5,375	5,645	5,890	-
Legal debt margin	197,306	192,735	188,872	190,173	195,143
Total debt applicable to the limit as a percentage of debt limit	2.50%	2.71%	2.90%	3.00%	0.00%

Notes:

The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of the market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Glendora Finance Department

City of Glendora
Schedule 16
Pledged Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 12,587	\$ 9,346	\$ 3,241	\$ 860	\$ 5	3.75
2010	12,450	8,869 ¹	3,581	885	1,299	1.64
2011	13,529	10,078	3,451	915	1,269	1.58
2012	14,651	10,782	3,869	945	1,254	1.76
2013	16,033	11,443	4,590	980	966	2.36
2014	18,404	11,748	6,656	1,010	1,106	3.15
2015	16,649	12,272	4,377	1,090	1,017	2.08
2016	14,746	10,436	4,310	1,105	940	2.11
2017	17,734	11,476	6,258	1,245	796	3.07
2018	20,783	12,536	8,247	1,155	743	4.35

Redevelopment Agency							
Fiscal Year	Tax		Debt Service			Coverage	
			Principal	Interest			
2009	\$	6,865	\$	1,535	\$	1,628	2.17
2010		6,305		2,020		1,174	1.97
2011		5,159 ¹		2,230		1,086	1.56
2012		4,838 ²		1,055		939	2.43
2013		2,204		1,100		956	1.07
2014		-		-		-	-
2015		-		-		-	-
2016		-		-		-	-
2017		-		-		-	-
2018							

Notes:

¹ Project Area #3 reached its cap limit in 2010-11 which reduced tax increment

² Tax Increment shown through January 31, 2012. Redevelopment Agencies ceased to exist as of February 1, 2012.

Source: City of Glendora Finance Department

City of Glendora
Schedule 17
Demographic and Economic Statistics
Last Ten Fiscal Years
(in thousands of dollars)

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2009	52,281	1,631,932	31,215	6.1%
2010	52,830	1,632,341	30,898	6.6%
2011	50,361	1,643,632	32,637	6.4%
2012	50,666	1,642,490	32,418	4.8%
2013	51,290	1,625,790	31,698	3.9%
2014	51,313	1,588,445	30,956	7.0%
2015	51,463	1,651,448	32,090	5.0%
2016	52,362	1,631,915	31,166	5.7%
2017	52,608	1,671,012	31,763	4.5%
2018	52,703	1,742,000	33,053	5.3%

Sources:

Population: California State Department of Finance

Unemployment data: California Employment Development Department

2010: Income, Age and Educational Data: US Census Bureau, most recent American Community Survey

2011 data is estimated except for population.

City of Glendora
Schedule 18
Principal Employers
Current Years and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Citrus Community College District	807	1	3.20%	700	0	2.55%
Glendora Unified School District	798	2	3.17%	734	1	2.67%
County of Los Angeles - DCFS	600	3	2.38%	592	3	2.15%
Foothill Presbyterian Hospital	653	4	2.59%	558	4	2.03%
Glendora Grand	350	5	1.39%			
Ormco	350	6	1.39%	400	5	1.45%
Walmart	416	7	1.65%	287	8	1.04%
Glendora Community Hospital	334	8	1.33%			
City of Glendora	245	9	0.97%	376	6	1.37%
Sam's	196	10	0.78%	210	9	0.76%
Huntington East Valley	N/A			289	7	1.05%
Home Depot	N/A			160	10	0.58%
Total	4,749		18.85%	4,306		15.66%

Notes:

Effective Feb. 2010 - Integrated Nursing & Rehab CA was replaced by Glendora Grand Inc.

Prior to the consolidation of Integrated Nursing & Rehab CA and Glendora Grand Inc., Integrated Nursing & Rehab CA was not a principal employer.

Source: City of Glendora Finance Department and Employment Development Department

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City of Glendora
Schedule 19
Full-time Equivalent City Employees by Function/Program
Last Ten Fiscal Years

Function/Program	For the Fiscal Year ended June 30				
	2018	2017	2016	2015	2014
General Government					
City Manager	2	2	2	2	2
Finance	15	15	15	15	14
City Clerk	4	4	4	5	5
Human Resources	3	4	4	4	4
Economic Development	1	1	1	1	2
Public Safety					
Officers	47	52	53	52	52
Civilians	40	48	40	41	40
Community Services					
Administration	4	4	3	3	3
Human Services	6	6	6	6	6
Parks	12	12	12	11	11
Recreation	12	12	12	12	16
Transportation	7	7	7	7	3
Public Works					
Administration	3	3	3	5	5
Building and Safety	5	5	5	6	6
Engineering	8	8	8	7	6
Maintenance	15	15	15	14	14
Water	26	25	25	25	25
Planning	7	7	7	7	6
Library	22	22	22	22	21
Total	<u>239</u>	<u>251</u>	<u>244</u>	<u>244</u>	<u>240</u>

Notes:

Data reports both full-time equivalent and part-time employees.

Source: City of Glendora Personnel Department

City of Glendora
Schedule 19
Full-time Equivalent City Employees by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
General Government					
City Manager	2	3	4	4	3
Finance	13	13	14	15	17
City Clerk	4	4	4	4	4
Human Resources	4	4	3	3	4
Economic Development	1	0	0	0	0
Public Safety					
Officers	52	52	55	55	59
Civilians	42	42	51	54	58
Community Services					
Administration	3	3	4	4	4
Human Services	6	6	8	8	8
Parks	11	10	14	14	18
Recreation	14	17	16	24	26
Transportation	3	7	1	5	5
Public Works					
Administration	5	4	3	3	4
Building and Safety	5	5	6	8	6
Engineering	6	8	8	8	8
Maintenance	14	15	14	15	18
<i>Water</i>	25	26	27	29	28
Planning	7	13	13	13	17
Library	21	22	24	24	29
Total	238	253	267	288	316

Notes:

Data reports both full-time equivalent and part-time employees.

Source: City of Glendora Personnel Department

City of Glendora
Schedule 20
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Police					
Stations	1	1	1	1	1
Patrol Units	16	16	15	15	17
Fire Stations*	4	4	4	4	4
Public Works					
Streets (miles)	153	153	153	147	147
Streetlights	107	107	108	107	107
Traffic Signals	52	52	52	52	51
Parks and Recreation					
Acreage	1,025.25	1,025.25	1,023.25	1,023.25	1,023.25
Playgrounds	8	8	9	9	9
Baseball/Softball Diamonds	8	8	8	8	8
Soccer/Football Fields	2	2	2	2	2
Community Centers	6	6	5	5	5
Water					
Water Mains (miles)	227	224	224	224	224
Fire Hydrants	1,775	1,775	1,775	1,775	1,775
Storage Capacity (thousands of gallons)	34,440	35,440	35,440	35,440	34,620
Wastewater					
Sanitary Sewers (miles)	143	143	143	143	143
Storm (miles)	14.0	14.0	4.0	3.3	3.3
Treatment Capacity (thousands of gallons)**	11,000	11,000	11,000	11,000	11,000
Transit - Minibuses and Minivans	10	10	10	10	10

Notes:

*Fire Stations are located within City Limits; services are provided by the County of Los Angeles.

**Sewer services are provided by the County of Los Angeles.

Sources: Various City Departments

City of Glendora
Schedule 20
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program	For the Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
Police					
Stations	1	1	1	1	1
Patrol Units	17	17	17	16	14
Fire Stations*	4	4	4	4	4
Public Works					
Streets (miles)	147	147.2	147.2	147.2	147.2
Streetlights	107	107	107	107	107
Traffic Signals	51	50	50	49	48
Parks and Recreation					5
Acreage	1023.25	1023.25	1023.25	1023.25	935.25
Playgrounds	9	9	9	9	9
Baseball/Softball Diamonds	8	8	8	8	8
Soccer/Football Fields	2	2	2	2	2
Community Centers	5	5	5	5	5
Water					
Water Mains (miles)	224	224	224	224	224
Fire Hydrants	1,775	1,775	1,600	1,600	1,600
Storage Capacity (thousands of gallons)	34,620	34,620	34,620	34,620	34,620
Wastewater					
Sanitary Sewers (miles)	143	143	143	143	143
Storm (miles)	3.3	3.3	3.3	3.3	3.3
Treatment Capacity (thousands of gallons)**	11,000	11,000	11,000	11,000	11,000
Transit - Minibuses and Minivans	9	9	9	9	9

Notes:

*Fire Stations are located within City Limits; services are provided by the County of Los Angeles.

**Sewer services are provided by the County of Los Angeles.

Sources: Various City Departments

City of Glendora
Schedule 21
Performance Indicators
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
Police					
Respond to Code Violations within 48 hours	100%	100%	99%	100%	100%
Number of calls for service received	23,109	22,187	19,296	17,904	17,550
Response time to emergency calls	3:49	3:41	3:53	3:49	3:50
Planning					
Average days to review building plan check submittals	11.36	8.78	8.40	12.23	7.49
Public Works					
Average turnaround time of plan review	10.84	10.78	8.49	11.55	15
Percentage of grants applied and received	0%	0%	0%	0%	100%
Complete an average of 130 back flow tests annually	146	146	142	151	140
Library					
Total annual circulation (items checked out)	289,704	302,895	325,802	333,633	370,341
Total attendance at all Library programs	48,869	42,803	35,852	32,897	24,693
Customer success finding material when browsing	92%	95%	92%	93%	95%
Attendance at Library meeting room events	34,330	34,142	35,390	31,870	27,053
Community Services					
Participants registering for recreational classes	15,678	15,989	14,880	12,900	12,876
Participants in the 20 Citywide special events	25,300	25,750	25,500	25,100	25,000

Notes:

The City of Glendora began using Performance Measures in the 2009-10 fiscal year.

Source: City of Glendora Finance Department

City of Glendora
Schedule 21
Performance Indicators (Continued)
Last Ten Fiscal Years

	2013	2012	2011	2010	2009
Police					
Respond to Code Violations within 48 hours	100%	100%	100%	100%	98%
Number of calls for service received	17,290	17,410	18,473	6,381	N/A
Response time to emergency calls	3:38	3:45	3:40	3:50	3:48
Planning					
Average days to review building plan check submittals	N/A	N/A	N/A	N/A	N/A
Public Works					
Average turnaround time of plan review	15	18	19	19	24
Percentage of grants applied and received	100%	0%	50%	100%	N/A
Complete an average of 130 back flow tests annually	140	139	139	139	N/A
Library					
Total annual circulation (items checked out)	452,842	404,742	434,038	430,000	418,363
Total attendance at all Library programs	N/A	N/A	N/A	N/A	N/A
Customer success finding material when browsing	N/A	N/A	N/A	N/A	N/A
Attendance at Library meeting room events	N/A	N/A	N/A	N/A	N/A
Community Services					
Participants registering for recreational classes	86,750	87,000	86,638	67,500	69,508
Participants in the 20 Citywide special events	25,000	25,000	25,000	N/A	N/A

Notes:

The City of Glendora began using Performance Measures in the 2009-10 fiscal year.

Source: City of Glendora Finance Department

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APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GLENDORA

This appendix sets forth general economic and demographic information in and about the City of Glendora ("Glendora") including information with respect to its finances. The following information concerning Glendora, County of Los Angeles (the "County") and the State of California (the "State") is included only for general background purposes. It is not intended to suggest that the Bonds are payable from any source other than Deposit Amounts.

Population

The following chart shows the population for the City, the County and the State from 2014 through 2018.

POPULATION For Years 2014 through 2018

<i>Year (January 1)</i>	<i>City of Glendora</i>	<i>County of Los Angeles</i>	<i>State of California</i>
2014	51,746	10,088,458	38,568,628
2015	51,808	10,149,661	38,912,464
2016	51,932	10,180,169	39,179,627
2017	52,452	10,231,271	39,500,973
2018	52,703	10,283,729	39,809,693

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2011-2018, with 2000 Benchmark. Sacramento, California, May 2018.

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by 50% between 2006 and 2017. The following table summarizes personal income for the County for 2006 through 2017.

PERSONAL INCOME
Los Angeles County
2006-2017
(Dollars in Thousands)

<i>Year</i>	<i>Los Angeles County</i>	<i>Annual Percent Change</i>
2006	\$395,200,509	N/A
2007	412,140,913	4.3%
2008	422,807,196	2.6
2009	409,793,204	(3.1)
2010	428,045,182	4.5
2011	459,098,093	7.3
2012	492,424,430	7.3
2013	491,016,518	(0.3)
2014	525,088,691	6.9
2015	560,484,548	6.7
2016	577,071,787	3.0
2017	593,741,110	2.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for the County, California and the United States for 2006-2017. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Los Angeles County, State of California and the United States
2006-2017

<i>Year</i>	<i>Los Angeles County</i>	<i>California</i>	<i>United States</i>
2006	\$40,584	\$42,139	\$38,114
2007	42,487	43,669	39,844
2008	43,431	43,895	40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County, the State of California and the nation as a whole.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT Yearly Average for Years 2013 through 2017

<i>Year and Area</i>	<i>Labor Force</i>	<i>Civilian Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate⁽³⁾</i>
2013				
City of Glendora	25,000	22,900	2,100	8.4%
Los Angeles County	4,967,000	4,482,100	485,000	9.8
California	18,625,000	16,958,400	1,666,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Glendora	25,300	23,500	1,800	7.0%
Los Angeles County	5,006,800	4,593,900	412,900	8.2
California	18,758,400	17,351,300	1,407,100	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Glendora	25,300	23,900	1,400	5.7%
Los Angeles County	5,000,600	4,668,200	332,400	6.6
California	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Glendora	25,600	24,400	1,100	4.5%
Los Angeles County	5,043,300	4,778,800	264,500	5.2
California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Glendora	25,300	24,000	1,400	5.3%
Los Angeles County	5,123,900	4,883,600	240,300	4.7
California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department, based on March 2017 benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The table below summarizes employment by industry in Los Angeles-Long Beach-Glendale MD from 2013 to 2017. Service Providing, Professional and Business Services and Government are the largest employment sectors in Los Angeles-Long Beach-Glendale MD.

**LOS ANGELES-LONG BEACH-GLENDALE MD
(LOS ANGELES COUNTY)
Annual Average Industry Employment 2013-2017**

	2013	2014	2015	2016	2017
Total Farm	5,500	5,200	5,000	5,300	5,800
Total Nonfarm	4,108,100	4,184,600	4,277,300	4,385,500	4,435,700
Total Private	3,556,900	3,628,500	3,708,800	3,808,800	3,850,200
Goods Producing	493,500	492,700	496,800	496,700	490,100
Natural Resources and Mining	118,000	121,600	129,000	136,400	139,900
Construction	114,600	118,500	126,200	133,900	137,700
Manufacturing	375,600	371,100	367,800	360,300	350,100
Service Providing	3,614,600	3,692,000	3,780,500	3,888,800	3,945,600
Trade, Transportation and Utilities	781,900	798,900	816,500	829,000	838,900
Wholesale Trade	218,700	222,500	225,600	225,200	224,500
Retail Trade	405,800	413,100	419,300	421,500	422,500
Transportation, Warehousing and Utilities	157,500	163,400	171,500	182,300	191,800
Information	197,000	198,800	207,500	229,200	214,500
Financial Activities	213,000	211,200	215,500	219,800	221,100
Professional and Business Services	584,800	591,700	593,800	603,200	613,400
Educational and Health Services	702,100	720,700	741,100	767,600	794,300
Leisure and Hospitality	438,900	464,100	486,600	510,000	523,900
Other Services	145,700	150,500	151,000	153,300	154,100
Government	<u>551,200</u>	<u>556,200</u>	<u>568,500</u>	<u>576,700</u>	<u>585,500</u>
Total, All Industries	4,113,600	4,189,800	4,282,300	4,390,800	4,441,400

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles-Carlsbad-San Marcos MSA Annual Average Labor Force and Industry Employment, March 2017 Benchmark.

Industry

The following tables show the largest employers located in the City as of Fiscal Year 2017-18:

CITY OF GLENDORA PRINCIPAL EMPLOYERS As of June 30, 2018

<i>Rank</i>	<i>Name of Company</i>	<i>Number of Employees</i>	<i>Percentage of Total City Employment</i>
1.	Citrus Community College District	807	3.20%
2.	Glendora Unified School District	798	3.17
3.	County of Los Angeles – DCFS	600	2.38
4.	Foothill Presbyterian Hospital	653	2.59
5.	Glendora Grand	350	1.39
6.	Ormco	350	1.39
7.	Walmart	416	1.65
8.	Glendora Community Hospital	334	1.33
9.	City of Glendora	245	0.97
10.	Sam's	196	0.78

Source: City of Glendora Comprehensive Annual Financial Report for the year ending June 30, 2018.

Commercial Activity

The following table summarizes the annual volume of taxable transactions within the City for the years 2013 through 2017.

CITY OF GLENDORA TABLE OF TAXABLE TRANSACTIONS BY TYPE For the Years 2013 Through 2017⁽¹⁾ (000's)

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017⁽¹⁾</i>
Auto dealers and auto supplies	\$ 158,596	\$ 172,476	\$ 174,152	\$ 184,272	\$ 142,302
Home furnishings and appliances	44,068	45,352	47,485	51,983	36,418
Building materials and farm implements	#	#	64,900	67,796	53,338
Service stations	33,499	35,394	35,389	32,272	22,299
Food stores	55,535	53,302	44,253	38,103	30,853
Apparel stores	12,211	11,763	11,961	11,842	11,412
General merchandise stores	132,259	126,067	122,315	124,032	91,238
Eating and Drinking places	76,785	81,163	87,173	91,256	71,497
Other retail stores	110,441 [#]	114,078 [#]	55,862	55,883	37,840
Total retail outlets	623,394	639,595	643,490	657,438	497,197
All other outlets	66,639	71,071	72,828	75,349	55,475
Total all outlets	\$ 690,033	\$ 710,666	\$ 716,317	\$ 732,787	\$ 552,673

⁽¹⁾ Through third quarter of 2017.

[#] Sales omitted because their publication would result in the disclosure of confidential information.

Source: California State Board of Equalization.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain definitions and provisions of the Trust Agreement which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Trust Agreement for a full and complete statement of its provisions.

DEFINITIONS; INTERPRETATION

Certain Defined Terms. The terms defined in the Trust Agreement, for all purposes of the Trust Agreement, have the meanings specified unless the context clearly requires otherwise.

“Account” means any account established pursuant to the Trust Agreement.

“Additional Bonds” means bonds issued in accordance with the Trust Agreement.

“Authorized City Representative” means the City Manager, Finance Director, Assistant City Manager, City Treasurer, or any officer authorized to act on their respective behalves.

“Authorized Denominations” means \$5,000 and any integral multiple thereof (except that while Bonds are registered in book-entry form, they may be held in amounts other than an integral multiple so long as the amount exceeds \$5,000).

“Beneficial Owner” means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person’s subrogee.

“Bond” or **“Bonds”** means the bonds issued under the Trust Agreement and designated as “City of Glendora Taxable Pension Obligation Bonds, Series 2019.”

“Bond Counsel” means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under the Trust Agreement and acceptable to the City.

“Bond Interest Account” means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

“Bond Principal Account” means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

“Book-Entry Bonds” means the Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of the Trust Agreement.

“Business Day” means a day (a) other than a day on which banks located in the City of New York, New York or the cities in which the respective principal offices of the Trustee or any Paying Agent are located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

“Closing Date” means the date of issuance of the Bonds.

“Consultant” means the accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, retained by the City to perform acts and carry out the duties provided for such Consultant in the Trust Agreement. Such accountant, attorney, consultant, municipal finance consultant or investment banker, or firm thereof, shall be nationally recognized within its profession for work of the character required.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed and delivered by the City and acknowledged and accepted by the dissemination agent listed therein, as of September 1, 2019, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of the Bonds and the refunding of the Unfunded Liability, including, but not limited to, out-of-pocket expenses of the City, costs and expenses of printing and copying documents and the Bonds and the fees, costs and expenses of Rating Agencies, credit providers or enhancers, the Trustee, counsel to the Trustee, Bond Counsel, the verification agent, accountants, municipal finance consultant, disclosure counsel and other consultants and the premium for any municipal bond insurance and surety bond insurance.

“Defeasance Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof), which shall be authorized to be used to effect defeasance of the Bonds.

“Deposit Amount” means, for any Payment Calculation Period, the sum of the aggregate amount of principal required to be paid on Bonds during such Payment Calculation Period either at maturity or pursuant to a mandatory sinking fund payment and the interest due on the Bonds on each Interest Payment Date during such Payment Calculation Period.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Event of Default” means any occurrence or event specified in the Trust Agreement and described under the caption “DEFAULTS AND REMEDIES — Events of Defaults” below.

“Fiduciary or Fiduciaries” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the City designates as its fiscal year.

“Fund” means any fund established pursuant to the Trust Agreement.

“Holder,” or “Bondholder,” “owner” or “registered owner” means the registered owner of any Bonds, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“Information Services” means any one or more of the national information services that Trustee determines are in the business of disseminating notices of redemption of obligations such as the Bonds.

“Interest Payment Date” means June 1 and December 1 of each year commencing December 1, 2019.

“Mail” means by first-class United States mail, postage prepaid.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Outstanding,” with respect to the Bonds, means all Bonds which have been authenticated and delivered under the Trust Agreement, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Bonds deemed to be paid in accordance with the Trust Agreement.

(c) Bonds in lieu of which other Bonds have been authenticated under the Trust Agreement.

(d) Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accreted or accrued to the due date, are held by the Trustee or a Paying Agent.

(e) For purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds Outstanding under the Trust Agreement, Bonds held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged. Nothing in the Trust Agreement shall be deemed to prevent the City from purchasing Bonds from any party out of any funds available to the City.

“Participant” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“Paying Agent” means any paying agent for the Bonds, or successor thereto, appointed by the City pursuant to the Trust Agreement, and any successor appointed pursuant to the Trust Agreement.

“Payment Calculation Period” means the twelve-month period commencing on each June 2 and ending on the next succeeding June 1, except that the first Payment Calculation Period shall commence on the Closing Date and end on June 1, 2020.

“Permitted Investments” means the following:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

- a. Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
- b. Federal Housing Administration – debentures
- c. General Services Administration – participation certificates
- d. Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
- e. Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
- f. U.S. Department of Housing & Urban Development – local authority bonds
- g. U.S. Maritime Administration – guaranteed Title XI financings
- h. Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

- a. Federal National Mortgage Association (“FNMA”) – senior debt obligations rated Aaa by Moody’s Investors Service (“Moody’s”) and AAA by Standard & Poor’s Ratings Services (“S&P”)
- b. Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
- c. Federal Home Loan Banks – consolidated debt obligations
- d. Student Loan Marketing Association – debt obligations
- e. Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund, and including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(7) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term

* The following are explicitly excluded from the securities enumerated in 2 and 3:

- (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (iv) Collateralized Mortgage-Backed Obligations (“CMOs”).

certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

(9) State-sponsored investment pools rated AA- or better by S&P.

(10) Repurchase agreements that meet the following criteria:

- a. A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
- b. Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.
- c. The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
- d. The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's or FHLMC's. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.
- e. The repurchase securities shall be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
- f. A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an

opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

- g. The repurchase agreement shall have a term of one year or less, or shall be due on demand.
- h. The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:
 - (i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
 - (ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or
 - (iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements, collateralized at 102%, (also referred to as guaranteed investment contracts) that meet the following criteria:

- a. A master agreement or specific investment agreement governs the transaction.
- b. Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.
- c. Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 11(f) below.
- d. The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- e. The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the City.

- f. The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:
 - (i) U.S. Government Securities at 104% of principal plus accrued interest; or
 - (ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

- g. The investment agreement shall require the Trustee to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
 - (i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;
 - (ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
 - (iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

- h. Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

- i. The provider shall grant the Trustee a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

- j. The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
 - (i) In the event of a deficiency in the debt service account;
 - (ii) Upon acceleration after an event of default;
 - (iii) Upon refunding of the Bonds in whole or in part;
 - (iv) Reduction of any debt service reserve requirement for the Bonds; or
 - (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a

draw by the Trustee if the City's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to any debt service reserve fund established for the Bonds.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

- (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
- (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
- (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
- (v) The guaranty (if any) is terminated, repudiated or challenged; or
- (vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

- (i) "Cure periods" for payment default shall not exceed two (2) business days;
- (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;
- (iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines);
- (iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
- (v) The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings; and
- (vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.
- (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P;

(ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P.

- (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider under the Trust Agreement) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.
- (d) Permitted securities shall include the investments listed in 1, 2 and 3 above.
- (e) The forward delivery agreement shall include the following provisions:
 - (i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
 - (ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
 - (iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.
 - (iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate.
 - (v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the City or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement.

(14) Maturity of investments shall be governed by the following:

- a. Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.
- b. Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.
- c. Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(15) Any other investment which the City is permitted by law to make, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (f), (h) and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (k) and (m) of Section 53601 are not permitted.

To the extent that any of the requirements concerning Permitted Investments embodies a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from the appropriate party or an opinion from counsel to such party, that such requirement has been met.

“PERS” means the California Public Employees’ Retirement System.

“PERS Contract” means the contract between the Board of Administration of PERS and the City Council of the City, effective March 1, 1956, as amended.

“Principal Office of the Trustee” means the office of the Trustee at the address set forth in the Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Bonds means care of the corporate trust office of U.S. Bank National Association in Los Angeles, California or such other office designated by the Trustee.

“Rating Agencies” means Moody's and S&P.

“Rating Category” means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Record Date” means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Fund” means the Fund of that name established pursuant to the Trust Agreement.

“Refunding Law” means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code.

“Registrar” means, for purposes of the Trust Agreement, the Trustee or its successor or assignee.

“Representation Letter” means the Letter of Representations from the City and the Trustee to DTC with respect to the Bonds.

“Requisition” or “Written Requisition” means a Requisition or Written Requisition, substantially in the form attached to the Trust Agreement.

“Responsible Officer” means an officer of the Trustee assigned by the Trustee to administer the Trust Agreement.

“Retirement Law” means the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code.

“Revenue Fund” means the Fund of that name established pursuant to the Trust Agreement.

“S&P” means S&P Global Ratings, LLC, a Standard & Poor’s Financial Services LLC business, and its successors.

“Securities Depositories” means any of The Depository Trust Company or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or if no such depositories, as the City may indicate in a certificate of the City delivered to the Trustee.

“State” means the State of California.

“Total Bond Obligation” means, as of any date of calculation, the aggregate principal amount of the Bonds then Outstanding.

“Trust Agreement” means the Trust Agreement dated as of September 1, 2019 between the City and the Trustee, as it may be amended, supplemented or otherwise modified from time to time.

“Trustee” means the entity named as such in the heading of the Trust Agreement until a successor replaces it, and thereafter means such successor.

“Unfunded Liability” means the City’s unamortized, unfunded accrued actuarial liability with respect to pension benefits under the Retirement Law.

Other Definitional Provisions. Any of the terms defined in the Trust Agreement may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

THE BONDS

Interest on the Bonds. Interest on each Bond of each maturity shall be payable at the respective per annum rates set forth in the Trust Agreement and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Medium of Payment. Principal, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check or draft of the Trustee sent by Mail, or by wire transfer to any Holder of \$1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

Additional Bonds. From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more agreements supplementing and/or amending the Trust Agreement, for the

purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund any Unfunded Liability under the PERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to PERS. Such Additional Bonds may be issued on a parity with the Bonds.

EXCHANGE OF BONDS; BOOK ENTRY BONDS

Transfer or Exchange of Bonds. Subject to the Trust Agreement:

(a) All Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Bondholder is entitled to receive.

(b) All Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City, duly executed by the Bondholder or by his duly authorized attorney. The Trustee also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

(c) Bonds delivered upon any transfer as provided in the Trust Agreement, or as provided in the Trust Agreement, shall be valid obligations of the City, evidencing the same debt as the Bond surrendered, shall be secured by the Trust Agreement and shall be entitled to all of the security and benefits of the Trust Agreement to the same extent as the Bond surrendered.

(d) The City, the Trustee and the Paying Agent shall treat the Bondholder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Bond and to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Book-Entry Bonds.

(a) Except as provided in the Trust Agreement, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Except as provided in the Trust Agreement, payment of principal, interest and premium, if any, for any Bonds registered in the name of Cede & Co. shall be made as provided in the Representation Letter.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for each separate stated maturity of the Bonds. The Trustee, the Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of, or interest on, the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Bondholders under the Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as a Bondholder. The

Trustee shall pay, from funds held under the terms of the Trust Agreement or otherwise provided by the City, all principal or redemption price of and interest on the Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the City's obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive authenticated Bonds evidencing the obligation of the City, to make payments of principal or redemption price and interest pursuant to the Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Trust Agreement with respect to Record Dates, the name "Cede & Co." in the Trust Agreement shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Bonds certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Trustee shall be obligated to deliver Bond certificates as described in the Trust Agreement. In the event Bond certificates are issued, the provisions of the Trust Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City and the Trustee to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Bondholders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) If the City purchases, or causes the Trustee to purchase, any of the Bonds, such purchase of Bonds shall be deemed to have occurred upon the purchase of beneficial ownership interests in the Bonds from a Participant. Upon receipt by DTC of notice from the City and a Participant that a purchase of beneficial ownership interests in the Bonds has been made by the City from such Participant, DTC shall surrender to the Trustee the Bonds referenced in such notice and, if the principal amount referenced in said notice is less than the principal amount of the Bonds so surrendered, the Trustee shall authenticate and deliver to DTC, in exchange for the Bonds so surrendered, a new Bond or Bonds, as the case may be, in Authorized Denominations and in a principal amount equal to the difference between (i) the principal amount of the Bonds so surrendered and (ii) the principal amount referenced in said notice.

(g) Notwithstanding any provision to the contrary in the Trust Agreement, the City and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Bond redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) In the event that DTC notifies the City that it is discontinuing the book-entry system for the Bonds, the City may either appoint another entity to hold the Bonds in book-entry form or deliver Bond certificates to the beneficial owners or Participants, as directed by DTC.

Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the City and the Trustee proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the City for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The City shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the City may execute and the Trustee may authenticate and deliver a new Bond of like date, maturity and denomination as that Bond lost, stolen or destroyed; provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) The City and the Trustee shall charge the Holder of such Bond all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to the Trust Agreement shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for cancellation pursuant to the Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement pursuant or transfer pursuant to the Trust Agreement, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the City's request, be furnished by the Trustee to the City.

Temporary Bonds.

(a) Pending preparation of definitive Bonds, the City may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitation and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds.

(b) If temporary Bonds shall be issued, the City shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount, of the same series, maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of the Trust Agreement as the definitive Bonds to be issued and authenticated under the Trust Agreement.

REDEMPTION OF BONDS

Payment of Bonds Called for Redemption; Effect of Redemption Call.

(a) Upon surrender to the Trustee or the Trustee's agent, Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

(b) On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to such Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Bonds shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under the Trust Agreement and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

(c) Bonds which have been duly called for redemption under the provisions of the Trust Agreement and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the Holders of the Bonds to be redeemed, all as provided in the Trust Agreement, shall not be deemed to be Outstanding under the provisions of the Trust Agreement.

CREATION OF CERTAIN FUNDS AND ACCOUNTS

Creation of Costs of Issuance Fund. The Trust Agreement creates a Fund to be held by the Trustee designated "City of Glendora Taxable Pension Obligation Bonds, Series 2019 Costs of Issuance Fund" (the "Costs of Issuance Fund"). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the City for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon Written Requisition executed by an Authorized City Representative.

At such time as the City delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund to the Bond Interest Account of the City unless otherwise directed by the City. At such time as no amounts remain in the Costs of Issuance Fund, such Fund shall be closed.

Creation of Redemption Fund. The Trust Agreement creates a Fund to be held by the Trustee designated as the "City of Glendora Taxable Pension Obligation Bonds, Series 2019 Redemption Fund" (the "Redemption Fund"). All moneys deposited by the City with the Trustee for the purpose of redeeming Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner, at the times and upon the terms and conditions specified in the Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized City Representative, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the City.

Moneys Held in Redemption Fund. All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Bonds secured by the Trust Agreement, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds.

Unclaimed Moneys. Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of Holders of Bonds and which shall remain unclaimed by the Holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the City, and thereafter the Holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee and any Paying Agent shall have no responsibility with respect to any of such moneys.

CONCERNING PAYING AGENT

Paying Agent; Appointment and Acceptance of Duties. The City appoints the Trustee as the Paying Agent for the Bonds.

Paying Agent - General Responsibilities.

(a) The City may at any time or from time to time appoint a different Paying Agent or Paying Agents for the Bonds, and each Paying Agent, if other than the Trustee, shall be a commercial bank with trust powers and shall designate to the City and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it under the Trust Agreement by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(i) to hold all sums held by it for the payment of the principal of, and premium or interest on, Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as provided in the Trust Agreement;

(ii) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City and the Trustee at all reasonable times upon reasonable prior notice; and

(iii) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

(b) The Paying Agent shall perform the duties and obligations set forth in the Trust Agreement, and in particular shall hold all sums delivered to it by the Trustee for the payment of principal or premium of and interest on the Bonds for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as provided in the Trust Agreement.

(c) In performing its duties under the Trust Agreement, the Paying Agent shall be entitled to all of the rights, protections and immunities accorded to the Trustee under the terms of the Trust Agreement.

Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Trust Agreement, whether or not any such committee shall represent the owners of a majority in Total Bond Obligation of the Bonds then Outstanding.

Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Trust Agreement in accordance with the provisions set forth in the Trust Agreement for the removal of the Trustee by giving at least 60 days' written notice to the City and the other Fiduciaries. Any Paying Agent may be removed at any time upon 30 days prior written notice by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized City Representative. Any successor Paying Agent shall be appointed by the City with the approval of the Trustee and shall be a commercial bank with trust powers or trust company organized under the laws of any state of the United States, having capital stock and surplus aggregating at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Trust Agreement.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall assign and deliver any moneys and Bonds, including authenticated Bonds, held by it to its successor, or if there

be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

COVENANTS OF THE CITY

Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified in the Trust Agreement and in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained in the Trust Agreement and in the Bonds and the City agrees that time is of the essence of the Trust Agreement. The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim.

Performance of Covenants by City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Trust Agreement, in any and every Bond executed, authenticated and delivered under the Trust Agreement and in all of its proceedings pertaining to the Trust Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State to issue the Bonds.

Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all the rights and obligations of the City under and pursuant to the Trust Agreement. The City shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to effectuate the purposes of the Trust Agreement or any provisions of the Trust Agreement; provided, however, that no such instruments or actions shall pledge the full faith and credit or the taxing powers of the State.

No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of the Trust Agreement.

No Adverse Action. The City covenants that it will not take any action which will have a material adverse effect upon the rights of the Holders of the Bonds.

Maintenance of Powers. The City covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to applicable law and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants contained in the Trust Agreement.

Covenants of City Binding on Successors.

(a) All covenants, stipulations, obligations and agreements of the City contained in the Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law. If the powers or duties of the City shall hereafter be transferred by amendment of any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the City, and if such transfer shall relate to any matter or thing permitted or required to be done under the Trust Agreement by the City, then the entity that shall succeed to such powers or duties of the City shall act and be obligated in the place and stead of the City as provided in the Trust Agreement, and all such covenants, stipulations, obligations and agreements in the Trust Agreement shall be binding upon such successor or successors thereof from time to time and upon any officer, board, body, district, authority or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(b) Except as otherwise provided in the Trust Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the City by the provisions of the Trust Agreement shall be exercised or performed by the City or by such officers, board, body, district, authority or commission as may be required by law to exercise such powers or to perform such duties.

Trust Agreement to Constitute a Contract. The Trust Agreement is executed by the City for the benefit of the Bondholders and constitutes a contract with the Bondholders.

City and Trustee to Perform Pursuant to Continuing Disclosure Certificate. The City and the Trustee covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City or the Trustee to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Trust Agreement; provided, however, the obligations of the City to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds; provided, further, that the Trustee shall not be required to take any enforcement action whatsoever except at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and indemnity to its satisfaction, including without limitation, attorney's fees and expenses. The Holders' and Trustee's rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the City and the Trustee shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

INVESTMENTS

Investments Authorized. Money held by the Trustee in any fund or account under the Trust Agreement shall be invested by the Trustee in Permitted Investments pending application as provided in the Trust Agreement solely at the prior written direction of an Authorized City Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The City shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (8) contained in the definition of "Permitted Investments." The Trustee may rely on the City's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the City. Money held in any fund or account under the Trust Agreement may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of an Authorized City Representative, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available under the Trust Agreement and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by the Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Trust Agreement, but shall account for each separately.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account under the Trust Agreement, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of an Authorized City Representative, the Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account under the Trust Agreement, and the Trustee

shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

DEFEASANCE

Discharge of Bonds; Release of Trust Agreement. Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of the Trust Agreement except for the purposes of payment from moneys and Defeasance Securities. When all Bonds which have been issued under the Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable under the Trust Agreement by the City, including all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release the Trust Agreement, shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the City any amounts at the time subject to the Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee or the Paying Agents for the payment of the principal, premium, if any, and interest on the Bonds.

Bonds Deemed Paid.

(a) A Bond shall be deemed to be paid within the meaning of the Trust Agreement and for all purposes of the Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Bonds and the Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a Consultant who is a certified public accountant, by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment: (x) moneys sufficient to make such payment, and/or (y) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (ii) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid under the Trust Agreement, such Bonds shall no longer be secured by or entitled to the benefits of the Trust Agreement, except for the purposes of payment from such moneys and Defeasance Securities.

(b) Notwithstanding the immediately preceding paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (i) proper notice of redemption of such Bonds shall have been given in accordance with the Trust Agreement, or in the event such Bonds are not to be redeemed within the next succeeding 60 days, until the City shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the Holders of the Bonds in accordance with the Trust Agreement, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Bonds; or (ii) the maturity of such Bonds.

DEFAULTS AND REMEDIES

Events of Default. Each of the following events shall constitute and is referred to in the Trust Agreement as an "Event of Default":

(a) a failure to pay the principal or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) above) contained in the Bonds or in the Trust Agreement on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within such period and is being diligently pursued; or

(d) if the City files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Upon its actual knowledge of the occurrence of any Event of Default, the Trustee shall immediately give written notice thereof to the City.

Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and shall upon the written direction of the Holders of a majority of the Total Bond Obligation of the Bonds then Outstanding and, in each case, receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders under the Trust Agreement, as the case may be, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Refunding Law or any other law to which it is subject and the Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Trust Agreement;

(2) bring suit upon the defaulted Bonds;

(3) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders under the Trust Agreement.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under the Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Bondholders' Right to Direct Proceedings on their Behalf. Anything in the Trust Agreement to the contrary notwithstanding, Holders of a majority in Total Bond Obligation of the Bonds then Outstanding shall

have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under the Trust Agreement to be taken in connection with the enforcement of the terms of the Trust Agreement or exercising any trust or power conferred on the Trustee by the Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Rights to Institute Proceedings. No owner of any Bond shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under the Trust Agreement, or applicable law with respect to such Bond, unless (a) such owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in Total Bond Obligation of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted by the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) such owner or said owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have received contrary directions from the owners of a majority in aggregate principal amount of the Bonds then Outstanding.

No Impairment of Right to Enforce Payment. Notwithstanding any other provision in the Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such Holder's Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Proceedings by Trustee Without Possession of Bonds. All rights of action under the Trust Agreement or under any of the Bonds secured by the Trust Agreement which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of the Trust Agreement.

No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee or to Bondholders in the Trust Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth in the Trust Agreement to the taking of any remedy to enforce the provisions of the Trust Agreement or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to the Trust Agreement.

No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by the Trust Agreement to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys.

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Trust Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal, as applicable, of any of the Bonds which shall have become due with interest on such Bonds at their respective rate from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among Holders of Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Severability of Remedies. It is the purpose and intention of the Trust Agreement to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy granted in the Trust Agreement be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in the Trust Agreement and by applicable law.

Additional Events of Default and Remedies. So long as any Bonds are Outstanding, the Events of Default and remedies as set forth in the Trust Agreement may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

TRUSTEE; REGISTRAR

Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts specifically imposed upon it by the Trust Agreement, but only upon the additional terms set forth in the Trust Agreement, to all of which the City agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in the Trust Agreement and no others; and

(ii) in the absence of negligence on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of the Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of above;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the City in the manner provided in the Trust Agreement; and

(iv) no provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of the Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of the Trust Agreement.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the City.

Rights of Trustee.

(a) The recitals of facts contained in the Trust Agreement and in the Bonds shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of the Trust Agreement or of the Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it in the Trust Agreement or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement, except for its own

negligence, willful misconduct or breach of the express terms and conditions of the Trust Agreement. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Holder of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Trust Agreement.

(b) The Trustee may execute any of the trusts or powers of the Trust Agreement and perform the duties required of it under the Trust Agreement by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it.

(c) No permissive power, right or remedy conferred upon the Trustee under the Trust Agreement shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the City of any moneys transferred to or pursuant to any requisition or request of the City in accordance with the terms and conditions of the Trust Agreement.

(f) Whether or not therein expressly so provided, every provision of the Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall not be considered in breach of or in default in its obligations under the Trust Agreement or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(i) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Trust Agreement provided, however, that: (x) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (y) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (z) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Trustee's Disclaimer. The Trustee makes no representations as to the validity or adequacy of the Trust Agreement or the Bonds, it shall not be accountable for the City's use of the proceeds from the Bonds paid to the City and it shall not be responsible for any statement in any official statement or other disclosure document or in the Bonds other than its certificate of authentication.

Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Eligibility of Trustee. The Trust Agreement shall always have a Trustee that is a trust company, a bank or association having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Trustee.

(a) The Trustee may resign as trustee under the Trust Agreement by notifying the City in writing prior to the proposed effective date of the resignation. The Holders of a majority in Total Bond Obligation of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the City's consent. The City may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the Trust Agreement, (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) the Trustee otherwise becomes incapable of acting or (iv) the City determines that the Trustee's services are no longer satisfactory to the City. No resignation or removal of the Trustee under the Trust Agreement shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Trust Agreement, the City shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Trust Agreement. If a Trustee is not performing its duties under the Trust Agreement and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the Holders of a majority in Total Bond Obligation of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Registrar. The City shall appoint the Registrar for the Bonds and may from time to time remove a Registrar and name a replacement upon notice to the Trustee. The City appoints the Trustee as Registrar. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the City its

principal office and signify its acceptance of the duties imposed upon it under the Trust Agreement by a written instrument of acceptance delivered to the City and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Trustee, and the Paying Agent at all reasonable times.

Other Agents. The City or the Trustee may from time to time appoint other agents to perform duties and obligations under the Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the City.

Several Capacities. Anything in the Trust Agreement to the contrary notwithstanding, the same entity may serve under the Trust Agreement as the Trustee, Registrar and any other agent as appointed to perform duties or obligations under the Trust Agreement or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.

Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and Accounts established pursuant to the Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the City and any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the City and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost), on an annual basis (or, with respect to the City, such other interval that the City may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to the Trust Agreement for the preceding year.

No Remedy Exclusive. No remedy conferred upon or reserved to the City in the Trust Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute.

MODIFICATION OF THE TRUST AGREEMENT

Limitations. The Trust Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of the Trust Agreement.

Supplemental Agreements Not Requiring Consent of Bondholders.

(a) The City may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or amending the Trust Agreement as follows:

(i) to cure any defect, omission, inconsistency or ambiguity in the Trust Agreement;

(ii) to add to the covenants and agreements of the City in the Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the City provided pursuant to the Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(v) to modify, alter, amend or supplement the Trust Agreement in any other respect which, in the judgment of the City, is not materially adverse to the Bondholders;

(vi) to qualify the Bonds for a rating or ratings by any Rating Agency; and

(vii) to authorize the issuance of Additional Bonds in accordance with the Trust Agreement.

(b) Before the City shall, pursuant to the Trust Agreement, execute any supplemental agreement there shall have been delivered to the City an opinion of Bond Counsel to the effect that such supplemental agreement (i) is authorized or permitted by the Trust Agreement and the Refunding Law, and (ii) will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, subject to the typical exceptions.

Supplemental Agreement Requiring Consent of Bondholders.

(a) Except for any supplemental agreement entered into pursuant to the Trust Agreement, the Holders of not less than a majority in Total Bond Obligation of the Bonds Outstanding shall have the right from time to time to consent to and approve the execution by the City of any supplemental agreement deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the Holders of all the Bonds then Outstanding, nothing contained in the Trust Agreement shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained in the Trust Agreement, including the provisions of the Trust Agreement, shall, unless approved in writing by the Holders of all the Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Bond or Bonds over any other Bond or Bonds or (2) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required for any such supplemental agreement. Nothing contained in the Trust Agreement, however, shall be construed as making necessary the approval by Bondholders of the execution of any supplemental agreement as authorized in the Trust Agreement.

(b) If at any time the City shall desire to enter into any supplemental agreement for any of the purposes of the Trust Agreement, the City shall cause notice of the proposed execution of the supplemental agreement to be given by Mail to all Bondholders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the City for inspection by all Bondholders.

(c) Within two weeks after the date of the first mailing of such notice, the City may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Bondholders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by the Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms.

(d) If Bondholders of not less than the percentage of Bonds required by the Trust Agreement shall have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, no Bondholders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

Effect of Supplemental Agreements. Upon execution and delivery of any supplemental agreement pursuant to the provisions of the Trust Agreement, the Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement and all supplemental agreements of the City, the Trustee, the Registrar, any Paying Agent and all Bondholders shall thereafter be determined, exercised and enforced under the Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Supplemental Agreements to be Part of the Trust Agreement. Any supplemental agreement adopted in accordance with the provisions of the Trust Agreement shall thereafter form a part of the Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Trust Agreement which they supplement or amend for any and all purposes.

MISCELLANEOUS PROVISIONS

Parties in Interest. Except as otherwise specifically provided in the Trust Agreement, nothing in the Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Paying Agent, the Trustee, and the Bondholders any right, remedy or claim under or by reason of the Trust Agreement, the Trust Agreement being intended to be for the sole and exclusive benefit of the City, the Paying Agent, the Trustee and the Bondholders.

Severability. In case any one or more of the provisions of the Trust Agreement, or of any Bonds issued under the Trust Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of the Trust Agreement or of Bonds, and the Trust Agreement and any Bonds issued under the Trust Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

No Personal Liability of City Officials; Limited Liability of City to Bondholders.

(a) No covenant or agreement contained in the Bonds or in the Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the members of the City Council of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in the Trust Agreement, the City shall not have any obligation or liability to the Bondholders with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in the Trust Agreement.

Execution of Instruments; Proof of Ownership.

(a) Any request, direction, consent or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of the Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) the fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(ii) the ownership of Bonds shall be proved by the registration books kept under the provisions of the Trust Agreement;

(b) Nothing contained in the Trust Agreement shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters stated in the Trust Agreement which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the City in pursuance of such request or consent.

Governing Law; Venue. The Trust Agreement is made in the State under the Constitution and laws of the State and is to be so construed. If any party to the Trust Agreement initiates any legal or equitable action to enforce the terms of the Trust Agreement, to declare the rights of the parties under the Trust Agreement or which relates to the Trust Agreement in any manner, each such party agrees that the place of making and for performance of the Trust Agreement shall be the City of Glendora, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the City of Glendora.

Notices. Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by the Trust Agreement or the Bonds must be in writing except as expressly provided otherwise in the Trust Agreement or the Bonds.

Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in the Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

Captions. The captions in the Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions of the Trust Agreement.

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APPENDIX D

FORM OF BOND COUNSEL OPINION

[Date of Delivery]

City Council
City of Glendora
Glendora, California

Re: \$64,420,000 City of Glendora Taxable Pension Obligation Bonds, Series 2019

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of Glendora (the “City”) relative to the issuance and sale by the City of its Taxable Pension Obligation Bonds, Series 2019, in the aggregate principal amount of \$64,420,000 (the “Bonds”), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Trust Agreement, dated as of September 1, 2019 (the “Trust Agreement”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds have been issued for the purpose of refunding the City’s obligations to the Public Employees Retirement System (“PERS”) evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, effective March 1, 1956, as such contract has been amended from time-to-time (as amended, the “CalPERS Contract”) to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee’s Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”). In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on May 14, 2019 by the Superior Court of the County of Los Angeles in the action entitled City of Glendora v. All Persons Interested et al., Case No. 19STCV08657, and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of issuance of the Bonds.

The Bonds are dated the date hereof, and mature on the dates and bear interest at the rates per annum set forth in the Trust Agreement. The Bonds are registered bonds in the forms set forth in the Trust Agreement, redeemable in the amounts, at the times and in the manner provided for in the Trust Agreement. All terms not defined herein have the meanings ascribed to those terms in the Trust Agreement.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and issued by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

The opinions expressed in paragraphs (1) and (2) above are limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Trust Agreement.

Except as expressly set forth in paragraph (3) above, we express no opinion regarding any tax consequences with respect to the Bonds.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the City of Glendora (the “City”) in connection with the execution and delivery of the above-referenced bonds (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement dated as of September 1, 2019 (the “Trust Agreement”), by and between the City and U.S. Bank National Association, as trustee.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means April 1 of each year.

“*Dissemination Agent*” means, initially, Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy

of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding subsection (a) by the date required by Section 3 hereof, updates of:

(i) Table 2 in the Official Statement (provided, however, that only the columns showing the adopted budget and the audited actuals for the fiscal year prior to the year in which the Annual Report is filed is required to be updated); and

(ii) Tables 3, 4, and 6 through 8 in the Official Statement (provided that only the information for the most recent year for which such information is available is required to be provided).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

(e) Financial information relating to the City referenced in Section 4(b) may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer available.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of Bond holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the obligated person, or the sale of all or substantially all of the assets of the obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

financial obligation of the obligated person, any of which affect Bond holders, if material.¹

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or an obligated person, any of which reflect financial difficulties.¹

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of a Listed Event described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of the events identified in paragraphs (a)(15) and (a)(16) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

¹ The City shall interpret the events identified in paragraphs (a)(15) and (a)(16) in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018, or any future guidance or releases provided by the Securities and Exchange Commission.

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be

necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: September 5, 2019

CITY OF GLENDORA

By: _____
Adam Raymond
City Manager

AGREED AND ACCEPTED:

URBAN FUTURES, INC.,
as Dissemination Agent

By: _____
Michael Busch
Chief Executive Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Glendora
Name of Issue: City of Glendora Taxable Pension Obligation Bonds, Series 2019
Date of Issuance: September 5, 2019

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Trust Agreement of Trust, dated as of September 1, 2019, by and between the City and U.S. Bank National Association, as trustee. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

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APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F has been provided by DTC for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof. The City cannot give or does give any assurances that DTC, DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither the City nor the Trustee will have any responsibility or obligation to such Direct Participants and Indirect Participants or the persons for whom they act as nominees with respect to the Bonds. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). If the City determines not to continue the DTC book-entry only system, or DTC discontinues providing its services with respect to the Bonds and the City does not select another qualified securities depository, the City will deliver physical Bond certificates to the Beneficial Owners. The Bonds may thereafter be transferred upon the books of the Trustee by the registered owners, in

person or by authorized attorney, upon surrender of Bonds at the Office of the Trustee in Los Angeles, California, accompanied by delivery of an executed instrument of transfer in a form approved by the Trustee and upon payment of any charges provided for in the Trust Agreement. Certificated Bonds may be exchanged for Bonds of other authorized denominations of the same aggregate principal amount and maturity at the Office of the Trustee in Los Angeles, California, upon payment of any charges provided for in the Trust Agreement. No transfer or exchange of Bonds will be made by the Trustee during the period between the record date and the next Interest Payment Date.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS TO ONLY DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

11. The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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CITY OF GLENDORA • TAXABLE PENSION OBLIGATION BONDS, SERIES 2019



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