

BWP Annual Report

Fiscal Year 2023-2024



**WATER AND
POWER**

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OUR CORE VALUES

- Find a way to drive to get it done.
- Continuously improve – be curious, learn, improve, repeat.
- Include others – care , collect, collaborate, and create with intent.
- Be respectful – safeguard one another, the community and the environment.
- Deliver the future – innovate with insight and purpose.





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Electric and Water Utility Funds (the "Funds") of the City of Burbank, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds of the City, as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Summarized Comparative Information

We have previously audited the financial statement of the Funds for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated March 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2025, on our consideration of the City's internal control over the Fund's 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 the Fund's 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 the Fund's financial reporting and compliance.

LSL, LLP

Irvine, California
March 24, 2025

CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

The management of the City of Burbank's Electric and Water Utility Enterprise Funds (Management) offers this Management Discussion and Analysis (MD&A) as an overview of the financial activities of utility operations for the fiscal year ending June 30, 2024 (fiscal year). The MD&A is intended to serve as an introduction to the Electric and Water Utility Enterprise Funds' (Utility) basic financial statements and is intended to provide an objective and easily understandable analysis of the financial activities based on current known facts, decisions, and conditions. Management encourages readers to utilize the information in the MD&A in conjunction with the accompanying basic financial statements and notes.

In addition, Management has elected to provide highlights to the basic financial statements, as well as vital statistics and other relevant information, concerning the Utility. All amounts in these documents, unless otherwise indicated, are expressed in thousands of dollars; and some of the totals may not foot due to rounding.

Overview of the Basic Financial Statements

For comparative purposes, this analysis includes the financial statements of the Utility for the two most recent fiscal years. Included as part of the financial statements are the following statements and notes:

The Statement of Net Position presents information on the Utility's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information on how the Utility's net position changed during the two most recent fiscal years. Financial results are recorded using the accrual basis of accounting. Under this method, all changes in net position are reported as soon as the underlying events occur, regardless of the timing of cash flows.

Thus, revenues and expenses reported in this statement for some items may affect cash flows in future fiscal periods (examples include billed but uncollected revenues and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital and related financing and investing activities.

The Notes in the basic financial statements provide additional information that is essential for a full understanding of the data provided within these financial statements.

Electric Utility Fund

Electric Utility Fund highlights:

- Total net position increased by \$12,502 for the fiscal year due to favorable operating results.
- The Electric Utility continued with its asset optimization strategy. A net wholesale margin of \$2,223 was generated primarily during high energy prices during summer heat waves.
- On May 31, 2024, the Electric Utility was assigned an 'AA-' from S&P Global Ratings on the Electric Revenue Refunding Bonds, Series 2024 (2024 electric refunding bonds) with a negative outlook. The Electric Utility refunded the 2010A Build America Bonds (BABs) for debt service savings and elimination of sequestration risk in July 2024.
- The American Public Power Association (APPA)'s Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

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development, and system improvement. In May 2024, Burbank Water and Power was awarded the Diamond Level designation, the highest RP3 designation available. This designation is effective until April 2027.

- For the fiscal year, the Electric Utility’s availability rate was 99.996%. The system average interruption was only 23.21 minutes per customer served. A low frequency of outages means a lower overall system average outage duration. The Burbank outage frequency rate was approximately 0.30 outages per customer served every year or an outage per customer every 3.4 years.
- The Electric Utility met California’s Renewables Portfolio Standard (RPS) goal of 41.25% for calendar year 2023 and is on track to meet the RPS goal of 44% for calendar year 2024.

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Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position (\$ in thousands)

	<u>2024</u>	<u>2023</u>	<u>Incr. (Decr.)</u>
Retail sales (in MWh)	942,640	992,871	(50,231)
Operating revenues:			
Retail	\$ 173,453	\$ 165,417	\$ 8,036
Wholesale	23,197	40,324	(17,127)
Other revenues	<u>6,962</u>	<u>7,146</u>	<u>(184)</u>
Total operating revenues	<u>203,612</u>	<u>212,887</u>	<u>(9,275)</u>
Operating expenses:			
Power supply and fuel – retail	101,742	119,701	(17,959)
Purchased power and fuel – wholesale	20,975	37,386	(16,411)
Transmission expense	9,468	10,162	(694)
Distribution expense	13,118	11,850	1,268
Other operating expenses	29,626	27,253	2,373
Depreciation	<u>20,569</u>	<u>20,960</u>	<u>(391)</u>
Total operating expenses	<u>195,496</u>	<u>227,314</u>	<u>(31,817)</u>
Operating income	<u>8,116</u>	<u>(14,427)</u>	<u>22,543</u>
Nonoperating income (expenses):			
Interest income	8,423	3,391	5,031
Intergovernmental	363	797	(434)
Lease rentals	471	302	169
Lease interest expense	(57)	(67)	10
Interest expense	(9,284)	(4,878)	(4,406)
Gain (loss) on disposal of capital assets	(517)	76	(593)
Other income (expenses), net	<u>2,442</u>	<u>788</u>	<u>1,654</u>
Total nonoperating income (expenses)	<u>1,840</u>	<u>410</u>	<u>1,430</u>
Income before contributions	<u>9,956</u>	<u>(14,017)</u>	<u>23,972</u>
Capital contributions and transfers:			
Customer capital contributions	2,832	7,079	(4,247)
Transfers from the City	116	29	86
Transfers to the City	<u>(401)</u>	<u>(350)</u>	<u>(51)</u>
Total capital contributions and transfers	<u>2,546</u>	<u>6,759</u>	<u>(4,213)</u>
Change in net position	<u>12,502</u>	<u>(7,258)</u>	<u>19,759</u>
Net position, beginning of year	<u>292,154</u>	<u>299,413</u>	<u>(7,259)</u>
Net position, end of year	<u>\$ 304,656</u>	<u>\$ 292,155</u>	<u>\$ 12,502</u>



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Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. Retail revenues made up 85.2% of the Electric Utility's operating revenues. Retail energy sales decreased by 50,231 MWh, or 5.1%, compared to the prior fiscal year primarily due to a cooler summer. Commercial load made up about 66.8% of the Electric Utility's retail load and decreased by 1.1% from the prior year; while residential load made up 28.7% of the Electric Utility's retail load and decreased by 0.9% from the prior year. Retail revenues were higher by \$8,036, or 4.9%, due to the 8.5% rate increase that became effective on July 1, 2023, offset by lower demand due to a cooler summer.

Wholesale trading opportunities exist because the Electric Utility can market excess capacity, energy, and transmission. Wholesale margins of \$2,223 contributed to the Electric Utility's financial performance by increasing the Electric Utility's operating income. Wholesale margin was \$715 or 24.3% lower than the prior fiscal year primarily driven by a cooler summer with lower natural gas and power prices. During weather events, the Electric Utility was able to dispatch resources at the lowest possible cost and monetize excess retail assets. The Electric Utility continued to utilize its asset optimization strategy during heat waves and cold snaps to benefit retail ratepayers.

Other revenues consist of ONE Burbank revenues, transmission, telecommunications, and other miscellaneous revenues. These revenues were \$184, or 2.6%, lower than the prior fiscal year primarily due to lower revenues from ONE Burbank and lower revenues from selling Low Carbon Fuel Standard (LCFS) Credits.

ONE Burbank is a fiber optic-based infrastructure program that includes dark fiber, carrier-class internet, and high-speed managed services for local Burbank businesses. ONE Burbank generated \$3,958 in revenues compared

to \$4,215 in the prior fiscal year. The decrease was due to the Screen Actors Guild (SAG) and Writers Guild of America strikes of 2023 in the entertainment industry and construction that negatively impacted ONE Burbank's revenue this fiscal year.

LCFS credits are generated from a program from the California Air Resources Board to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. The Electric Utility, on behalf of the City of Burbank, opted into the LCFS program in 2015, and began accumulating credits in the first quarter of 2016. The Electric Utility generates credits in two primary ways: providing electricity to residents through home electric vehicle (EV) charging and actual metered usage from workplace and public EV chargers. These charging ports meet three key community needs: workplace charging, public charging for Downtown Burbank visitors, and residents living within walking distance. For the fiscal year, the Electric Utility accumulated and monetized \$788 in LCFS revenues. This revenue is \$39 less or 4.7% lower than prior year due to lower price per LCFS credit. LCFS credit is a market-based product and price is driven by supply and demand.

Retail power supply and fuel expenses were \$17,959, or 15.0%, lower than the prior fiscal year primarily due to lower power and natural gas prices offset by limited coal supply for the Intermountain Power Project (IPP), purchase of more renewable resources to meet state regulatory requirements, and actuarial loss due to fluctuation of the equity market under GASB Statement No. 68, Accounting and Financial Reporting for Pensions" (GASB 68). GASB 68 pension value was a loss of \$558 for the fiscal year compared to a gain of \$740 in the prior fiscal year. Additional information on GASB 68 and GASB Statement No. 75 (GASB 75) as it relates to pensions and OPEB can be found in Note 14 and 15 to the basic financial statements.



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Transmission expenses were \$694, or 6.8%, lower than the prior fiscal year primarily because of refinancing of transmission projects.

Distribution expenses were \$1,268, or 10.7%, higher than the prior fiscal year primarily due to higher salaries and benefits coupled with actuarial loss related to GASB 68. GASB 68 pension value was a loss of \$537 for the fiscal year compared to a gain of \$983 in the prior fiscal year.

Other operating expenses were \$2,373, or 8.7%, higher than the prior fiscal year, primarily due to higher salaries and benefits coupled with actuarial loss related to GASB 68 and the ending of the California Arrearage Payment Program (CAPP) grant for COVID 19 relief program for eligible residential customers. The Electric Utility received \$638 CAPP grant in the prior fiscal year. GASB 68 value was lower by \$1,010. GASB 68 pension value was a loss of \$419 for the fiscal year compared to a gain of \$591 in the prior fiscal year.

In addition to the annual required pension contribution, the Electric Utility also made an additional voluntary lump sum payment to CalPERS to reduce the City's unfunded actuarial liability during the fiscal year. The Electric Utility contributed \$1,030 this fiscal year compared to \$2,750 in the prior fiscal year. This additional payment is included in power supply and fuel – retail, distribution, and other operating expenses.

Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was lower by \$391, or 1.9%, primarily due to the retirement of fully depreciated capital assets and the completion of fewer additional capital projects.

Interest income was \$5,031, or 148.4%, higher than the prior fiscal year. The increase is primarily because of more capital asset from the 2023 bond issuance and \$245 in

in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" compared to the prior fiscal year of \$3.

Intergovernmental revenue was \$434, or 54.5%, lower than the prior fiscal year due to receipt of CAPP grant funds in the prior fiscal year.

As of June 30, 2024, the Electric Utility had \$180,863 in outstanding revenue bonds. The Electric Utility issued \$120 million of tax-exempt bonds with maximum maturities of 30-year fixed rate in March 2023 to fund capital expenditures. The bond proceeds will primarily be used to fund the construction of two electric substations, investment in renewable projects, and the modernization of other electric systems. These bonds will enable the Electric Utility to modernize, replace and upgrade the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid \$9,284 in interest expense compared to \$4,878 in the prior fiscal year.

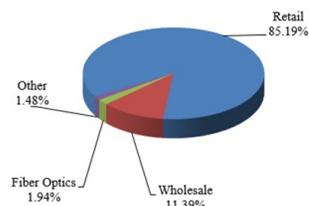
Customer capital contributions were \$4,247, or 60%, lower compared to the prior fiscal year primarily due to the Electric Utility devoting more resources to its capital projects and infrastructure construction with the funds from the 2023 Electric Revenue Bonds and reduced aid-in-construction of capital projects.



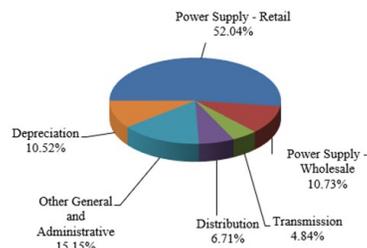
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Operating Revenues



Operating Expenses



The Electric Utility Fund's net position as of June 30, 2024, and June 30, 2023, were as follows:

Schedule of Net Position (\$ in thousands)

	2024	2023	Incr. (Decr.)
Assets			
Current and regulatory assets	\$ 238,786	\$ 235,880	\$ 2,907
Noncurrent and regulatory assets	6,743	6,254	488
Capital assets, net of accumulated depreciation	358,200	339,213	18,987
Total assets	603,730	581,347	22,383
Deferred outflows of resources			
Deferred outflows of resources	33,393	37,629	(4,235)
Total deferred outflows of resources	33,393	37,629	(4,235)
Liabilities			
Current liabilities	47,481	38,751	8,730
Noncurrent and regulatory liabilities	270,770	276,331	(5,562)
Total liabilities	318,251	315,083	3,168
Deferred inflows of resources			
Deferred inflows of resources	14,215	11,739	2,476
Total deferred inflows of resources	14,215	11,739	2,476
Net position			
Net investment in capital assets	172,486	148,310	24,176
Restricted for nonpooled cash investments	79,287	127,567	(48,280)
Restricted for public benefits	10,829	10,710	118
OPEB	2,814	2,007	807
Unrestricted	39,240	3,560	35,680
Total net position	\$ 304,656	\$ 292,154	\$ 12,502

Changes in total net position may serve as useful indicators of the Electric Utility Fund's financial strength over time.

The primary driver of the increase in total assets by \$22,383 during the fiscal year is an increase of capital assets and construction in progress resulted from the 2023 Electric Revenue Bonds proceed offset by lower account receivables. The decrease in deferred outflows of resources of \$4,235 during the fiscal year is mainly due to a decrease in deferred amounts from pensions. Additional information on GASB 68 and GASB Statement No. 75 (GASB 75) as it relates to pensions and OPEB can be found in Note 14 and 15 to the basic financial statements.

Total liabilities increased by \$3,168 primarily due to an increase of customer deposits offset with a decrease in net OPEB liability and net pension liability. Deferred inflows of resources as of June 30, 2024, increased by \$2,476, compared to the prior fiscal year primarily due to higher deferred value of forward natural gas contracts. GASB 53 requires governments to recognize, measure, and disclose information regarding derivative instruments. GASB 68 requires governments to recognize their long-term obligation for pension benefits as a liability and to measure the annual costs of pension benefits more comprehensively and comparably. GASB 75 requires the accounting and financial reporting of an OPEB liability to be reported on the face of the financial statements as it recognizes and measures liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Total net position increased by \$12,502, or 4.3%, compared to the prior fiscal year due to favorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 56.6% of the Electric Utility's total net position was in capital assets (see Capital Assets), 26.0% was restricted for non-pooled cash investments, 3.6% was restricted for public benefits, 0.9% was restricted for OPEB, and 12.9% was unrestricted.

Capital Assets

As of June 30, 2024, the largest portion of the Electric Utility's total assets, \$358,200, or 59.3%, was invested in



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capital assets. The Electric Utility invested \$42,334 in the acquisition and construction of capital assets funded from cash reserves and capital contribution from customers. Most of these investments were for the expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

The Electric Utility, in alignment with the Electric Distribution Master Plan, continues to make strategic capital investments in the 4 kV to 12 kV conversions during the fiscal year to improve the robustness and reliability of the electric system. Converting 4 kV to 12 kV lines is a capital investment strategy that will help the Electric Utility manage its aging infrastructure by upgrading old 4 kV distribution equipment to new 12 kV standards, thereby enhancing system reliability, and reducing long term costs. The 12 kV conversions improve grid efficiency by transmitting electricity at a higher operating voltage which significantly reduces power losses and translates to cost reduction.

There has been increased development and service requests including large site developments, major housing developments, and accessory dwelling units during the fiscal year. This trend is expected to continue in the years to come. Approximately 844 service orders were issued in the fiscal year to install or upgrade small-to-medium commercial and residential services including solar installations and accessory dwelling units. Several thousands of feet of cable, conduit, and many manholes were also installed to serve larger developments and services including 1st Street Village, the Second Century Project at The Burbank Studios, and electric vehicle charging installations.

Due to an anticipated increase in electrical load growth to meet the City’s housing and commercial demand, the Electric Utility will need more system capacity to serve future loads. To serve the Second Century Project at The Burbank Studios, the Electric Utility entered into an agreement with the developer of the project, authorizing the



construction of a new 80 MVA, 69 kV to 12 kV electrical substation in the Media District. In addition to serving the project, this new electrical substation will help the Electric Utility reduce long-term costs, reduce system losses, enhance system reliability, provide capacity for future development in the Media District and eliminate two older 34 kV to 4 kV substations.

Some of the major capital investments for the fiscal year include:

(\$ in thousands)

4 kV to 12 kV Conversions	\$ 7,370
Overhead/Underground Distribution Lines	3,409
Golden State Substation Rebuild	2,698
Media District Substation	2,479
Build New Customer Transformer Stations, 750 kVA & Under	2,332
Customer Information System Replacement/Upgrade	1,426
Build Service to Large Project Over 1 MVA	1,332
Service Replacements	1,194
Transmission Distribution Management System	1,126
EcoCampus Solar and Storage	1,018
Electric Vehicle Charging Program	903
Protective Relay Network Replacement	892
Campus Stormwater Management Program	783
Upgrade Circuit M-2 Overhead Lines	761
Data Center Hardware	694
Lake NOx Emission System Retrofit	689
Replace Station High Voltage Oil Circuit Breakers	611
Roof Replacement Program	607
Regional Intermodal Transportation Center Solar and Battery	572
Transformer Banks Relay Upgrade	516
Total	\$ 31,412

The results of maintenance and pro-active capital investments are reflected in the exceptional system-wide reliability statistics. For the fiscal year, the Electric Utility’s availability rate was 99.996%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 79 minutes every 3.4 years. The system average interruption was only 23

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minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.30 outages per customer every year.

In May 2024, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation by APPA. APPA is an association of not-for-profit and community-owned utilities that power more than 2,000 towns and cities nationwide. APPA's RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. The RP3 application is carefully evaluated every three years to ensure that the criteria are relevant, thorough, and is keeping up with industry trends and best practices. The Diamond Level designation will be effective until April 2027.

Additional information on capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

As of June 30, 2024, the Electric Utility had \$170,455 in outstanding revenue bonds. The revenue bonds consisted of \$50,455 of 2010A Electric Revenue Bonds and \$120,000 of 2023 Electric Revenue Bonds issued in March 2023. The 2010A Electric Revenue Bonds were issued for the modernization, replacement and upgrades of the electric system, general plant, and other facilities. The 2023 Electric Revenue Bonds were issued primarily to fund the replacement of two electric substations, investment in renewable projects, and the modernization of the electric systems. These projects will provide long-term benefits to ratepayers and support the load grow over the next few years with the state's housing development requirements.

On July 12, 2024, the Electric Utility refunded the 2010A Electric Revenue BABs for debt service saving and elimination of sequestration risk.

The Electric Utility maintained an 'AA-' rating from Standard & Poor's and 'Aa3' rating from Moody's. On January 12, 2023, the 2023 bonds were assigned 'AA-' long-term rating from S&P Global Ratings and 'Aa3' long-term rating from Moody's, primarily due to the stable revenue profile, affordable rates, and robust and growing service area.

On May 31, 2024, the 2024 Electric Refunding Bonds were assigned 'AA-' long-term rating with negative outlook from S&P Global Ratings primarily due to the stable revenue profile, affordable rates, and robust and growing service area. The negative outlook was due to rising electric costs, weakened fixed cost coverage and liquidity, and needed rate increases that could challenge affordability.

Environmental, Supply, and Economic Factors

During the fiscal year, the Electric Utility received renewable energy from existing renewable contracts. Renewable resources included solar, wind, small hydropower, geothermal, and biomethane and landfill gases. These resources came from 6 different states ranging from within California to out-of-state in Wyoming, Utah, Nevada, Washington, and Oregon.

The Electric Utility met the RPS goal of 41.25% for calendar year 2023 and is on track to meet the RPS compliance goal of 44% for calendar year 2024. The Electric Utility staff continues to evaluate renewable resources for future compliance requirements.

Although coal supply constraint has alleviated, coal shortage was a continuing challenge at Intermountain Power Project (IPP) and generation has been curtailed since October 2021. IPP participants agreed to limit output of the IPP units, but to maintain a minimum megawatt supply to preserve the integrity of the Southern

Transmission System while meeting the participants' minimal needs during lower energy price and demand periods. This operational change will enable a buildup of the coal supply



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for use during higher energy periods.

Los Angeles Department of Water and Power (LADWP), the City of Burbank, and the City of Glendale are participants in the IPP Repowered Project. The project is evaluating and working toward green hydrogen production, storage, and power generation by July 2025, when the repowered project is scheduled to come on-line.

Natural gas in Southern California is an on-going concern. The Electric Utility continues to experience natural gas reliability and affordability challenges due to supply and demand mismatches. The Electric Utility gas need is served by Southern California Gas Company (SoCal Gas). SoCal Gas's system capacity and supply are primarily a function of two components: (1) transmission pipelines, which bring gas into and then distribute it throughout the system; and (2) underground natural gas storage connected to its transmission pipelines. The transmission pipeline operation has reductions and outages, and operating constraints from the California Public Utilities Commission (CPUC) restricting the use of the Aliso Canyon Storage Facility (Aliso Canyon).

Aliso Canyon updated storage capacity is 68.6 billion cubic feet (Bcf) with no withdrawal protocol restriction. The CPUC voted 5-1 to increase Aliso Canyon storage capacity from 41.6 Bcf and ended withdrawal protocol on August 31, 2023. Total storage capacity of Aliso Canyon is 86 Bcf. The former Aliso Canyon Withdrawal Protocol restricted gas withdrawal only to be used when curtailment was imminent and during times of high demand to ensure reliability for Southern California. The storage and withdrawal limitation contributed to the natural gas price spikes in the winter of 2023 and this action could mitigate future gas price spikes and moderate gas and electricity prices.

Water Utility Fund

Highlights:

- Total net position increased by \$2,817 for the fiscal year due to favorable operating results.
- The Water Utility has 'AAA' long-term rating from S&P Global Ratings on its Water Revenue Bonds, Series 2021 (2021 bonds), and 'AAA' long-term rating from S&P Global Ratings and 'AAA' with stable outlook from Fitch Ratings for the Water Revenue Bonds, Series 2010B.
- On May 31, 2024, the Water Utility received a 'AAA' long-term rating from S&P Global Ratings on its Water Revenue Refunding Bonds, Series 2024 (2024 water refunding bonds). The Water Utility refunded the 2010B Build America Bonds (BABs) for debt service savings and elimination of sequestration risk in July 2024.

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CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position (\$ in thousands)

	2024	2023	Incr. (Decr.)
Potable water (in AF)	12,773	12,655	118
Recycled water (in AF)	2,852	2,673	179
Operating revenues:			
Potable water sales	\$ 30,807	\$ 28,182	\$ 2,625
Recycled water sales	4,607	4,521	85
Other revenues	1,230	1,280	(49)
Total operating revenues	<u>36,644</u>	<u>33,983</u>	<u>2,661</u>
Operating expenses:			
Water supply expenses	12,144	11,303	841
Operations, maintenance and administration	14,901	12,598	2,303
Other operating expenses	3,238	3,123	115
Depreciation	4,510	4,467	43
Total operating expenses	<u>34,793</u>	<u>31,490</u>	<u>3,303</u>
Operating income	<u>1,851</u>	<u>2,493</u>	<u>(642)</u>
Nonoperating income (expenses):			
Interest income	1,996	586	1,410
Intergovernmental	500	21	479
Lease rentals	28	22	7
Bond interest expense	(2,524)	(2,582)	58
Loan interest expense	-	-	-
Gain (loss) on disposal of capital assets	36	-	36
Other income (expenses), net	782	871	(89)
Total nonoperating income (expenses)	<u>819</u>	<u>(1,081)</u>	<u>1,900</u>
Income before contributions	<u>2,670</u>	<u>1,411</u>	<u>1,259</u>
Capital contributions and transfers:			
Customer capital contributions	149	399	(250)
Total capital contributions and transfers	<u>149</u>	<u>399</u>	<u>(250)</u>
Change in net position	<u>2,818</u>	<u>1,810</u>	<u>1,008</u>
Net position, beginning of year	72,519	70,709	1,810
Net position, end of year	<u>\$ 75,336</u>	<u>\$ 72,519</u>	<u>\$ 2,817</u>

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 84.1% of the total Water Utility operating revenues. Potable water sales volume increased by 118-acre feet (AF), or 0.9%, compared to the prior fiscal year. The increase in residential sales was due to less rainfall compared to the prior fiscal year and conservation in response to the Governor's call for all Californians to voluntarily reduce water use by 15% to the 2020 levels. In the prior year, there was heavy rainfall from multiple atmospheric rivers from December 2022 to March 2023. Burbank received 25.2 inches of rain the fiscal year compared to 30.8 inches and 12.0 inches in the prior fiscal year and fiscal year 2021-2022 respectively. Potable water revenues were higher by \$2,625, or 9.3%, compared to the prior fiscal year due to the rate increase of 9.0% that became effective on July 1, 2023, and higher sales volume.

Recycled water sales made up 18.3% of total water sales. Using recycled water for landscaping and industrial or commercial cooling towers helps support Burbank's sustainability goals. During the fiscal year, 14 new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume increased by 179 AF, or 6.7% due to less rainfall compared to prior year where there were multiple atmospheric rivers from December 2022 to March 2023, offset by an increase in customer connections. Recycled water revenues were higher by \$85, or 1.9%, compared to the prior fiscal year due to the rate increase of 9.0% that became effective on July 1, 2023, offset by lower sales.

Water supply expenses were higher by \$841, or 7.4%, compared to the prior fiscal year primarily driven by rate increase for imported water from Metropolitan Water District (MWD) offset by higher production of the lower-cost water produced at the Burbank Operable Unit (BOU). The BOU supplied approximately 82.9% of the City's potable water supply for the fiscal year compared to approximately 81.0% in the prior fiscal year. The increase in BOU local production during the



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

last four fiscal years is due to technological and operational changes; although the ability to operate at this higher level of production is subject to a variety of factors, including review and approval by the Environmental Protection Agency and the California Division of Drinking Water. Water produced at the BOU costs less than the imported treated MWD water.

Operations, maintenance, and administration expenses were \$2,303, or 18.3%, higher than the prior fiscal year, primarily due to higher salaries and benefits, cost for insurance, and actuarial loss related to GASB 68 valued lower by \$476. GASB 68 pension value was a loss of \$237 for the fiscal year compared to a gain of \$539 in the prior fiscal year.

Other operating expenses were \$115, or 3.7%, higher compared to the prior fiscal year due to an increase in customer assistance programs, products, and services. The higher expenses were also largely attributed to higher costs of shared services with the City, such as legal, purchasing, and human resource services.

In addition to the annual required pension contribution, the Water Utility also made an additional voluntary lump sum payment to CalPERS to reduce the City’s unfunded actuarial liability during the fiscal year. The Water Utility contributed \$339 in the fiscal year compared to \$440 in the prior fiscal year. This additional payment is included in the operations, maintenance, and administration expenses and other operating expenses.

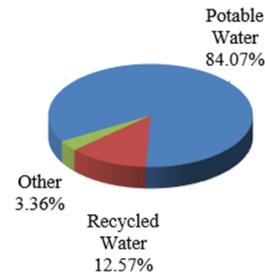
Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was higher by \$43, or 1.0%, primarily due to completion of more capital projects being put into service.

Interest income was \$1,410, or 240.5% higher than the prior fiscal year primarily because of more interest income earned on the proceeds from the 2021 bonds offset by market value adjustment of investment holdings per GASB 31. The GASB 31 market adjustment for the fiscal year was a loss of \$531 compared to a gain of \$596 for the prior fiscal year.

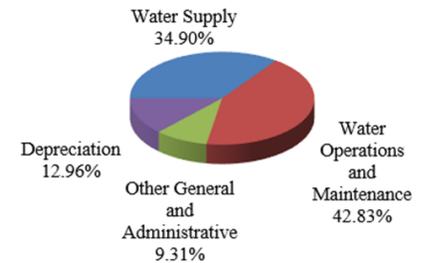
Intergovernmental revenue was \$479 higher than the prior fiscal year due to the receipt of funds from the California Water and Wastewater Arrearage Payment Program (CWWAPP) for COVID-19 relief. The State Water Board created CWWAPP to provide relief to the community for water and wastewater systems for unpaid bills related to the pandemic. The CWWAPP is a state program to provide financial relief to eligible customers who fell behind on their water utility bill payments due to COVID-19. CWWAPP extended funding to cover water debt from residential and commercial customers accrued to December 31, 2022. CWWAPP prioritized drinking water residential and commercial arrearages. The Water Utility received \$550 during the fiscal year compared to \$21 in the prior fiscal year.

As of June 30, 2024, the Water Utility had \$53,283 in outstanding revenue bonds. The Water Utility paid \$2,524 in bond interest expense compared to \$2,582 in the prior fiscal year.

Operating Revenues



Operating Expenses



The Water Utility Fund’s net positions as of June 30, 2024, and June 30, 2023, were as follows:



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

Schedule of Net Position (\$ in thousands)

	2024	2023	Incr. (Decr.)
Assets			
Current and regulatory assets	\$ 36,957	\$ 51,325	\$ (14,368)
Noncurrent and regulatory assets	132	155	(23)
Capital assets, net of accumulated depreciation	<u>104,945</u>	<u>96,395</u>	<u>8,550</u>
Total assets	<u>142,035</u>	<u>147,875</u>	<u>(5,840)</u>
Deferred outflows of resources			
Deferred outflows of resources	5,108	5,731	(622)
Total deferred outflows of resources	<u>5,108</u>	<u>5,731</u>	<u>(622)</u>
Liabilities			
Current liabilities	5,202	12,245	(7,044)
Noncurrent and regulatory liabilities	65,797	68,090	(2,293)
Total liabilities	<u>70,999</u>	<u>80,336</u>	<u>(9,337)</u>
Deferred inflows of resources			
Deferred inflows of resources	807	751	55
Total deferred inflows of resources	<u>807</u>	<u>751</u>	<u>55</u>
Net position			
Net investment in capital assets	50,353	39,996	10,357
Restricted for nonpooled cash investments	6,903	19,828	(12,925)
Unrestricted	<u>18,080</u>	<u>12,695</u>	<u>5,385</u>
Total net position	<u>\$ 75,336</u>	<u>\$ 72,519</u>	<u>\$ 2,817</u>

Changes in total net position may serve as useful indicators of the Water Utility Fund's financial strength over time.

As of June 30, 2024, total assets decreased by \$5,840, or 3.9%, during the fiscal year due to a decrease in general operating cash driven by water purchases and a decrease in restricted non-pooled cash offset by an increase in capital assets from the 2021 bonds. Deferred outflows of resources decreased by \$622, or 10.9%, during the fiscal year due to a decrease in deferred amounts from pensions. Additional information on GASB 68 and GASB 75 as it relates to pensions and OPEB can be found in Note 14 and 15 to the basic financial statements.

Total liabilities as of June 30, 2024, decreased by \$9,337, or 11.6%, compared to the prior fiscal year. The decrease was primarily due to a decrease in current liabilities driven by less accrued expenses coupled with timely debt payments. Deferred inflows of resources as of June 30, 2024 decreased by \$55, or 7.4%, compared to the prior fiscal year primarily due to deferred amounts on pensions.

Total net position increased by \$2,817, or 3.9%, compared to the prior fiscal year due to favorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 66.8% of the Water Utility's total net position was in capital assets (see Capital Assets), 9.2% was restricted for non-pooled cash investments, and 24.0% was unrestricted.

Capital Assets

As of June 30, 2024, the Water Utility invested \$104,937, or 73.9%, of its total assets in capital improvements. Capital improvement programs are designed to upgrade, replace, and expand the water system infrastructure, ensure reliability, and provide safe drinking water and services at competitive rates.

For the fiscal year, the Water Utility invested \$13,081 in the acquisition and construction of capital assets funded from cash reserves, 2021 bonds, and AIC funds. Most of the investments were for the replacement and upgrade of distribution water mains, service expansions and meter replacements.

The Water Utility has on-going capital improvement programs, such as main and service and meter replacement programs, which are designed to upgrade, replace, and expand the water system infrastructure to ensure reliability, and to provide safe and accurately measured water consumption. The water production facilities and systems were very reliable with the Water Utility's losses of approximately 18.8 gallons per service connection per day (GPD), compared to the national average of 66 GPD and the state average of 42 GPD. The Water Utility is using acoustic, nondestructive condition assessments, combined with satellite imagery to determine risk of failure for the Water Utility's pipelines and prioritize the investment in asset management. These ongoing and pro-active investments reflect the Water Utility's goal of delivering competitive rates and safe drinking water with reliable production and distribution facilities.



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CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

The Water Utility issued \$24,500 of tax-exempt revenue bonds in November 2021 to finance the water system capital investments such as upgrading the City’s main pumping station and a reservoir, accelerate pipeline replacements, and other upgrades to the water system. The Water Utility’s history and record of being predictive and proactive in capital and maintenance spending has proven to be a very cost-effective and rate friendly strategy. These projects will provide long-term benefits to ratepayers and future generations. The Water Utility continues to lean on a strategy of predictive and preventative capital replacement and maintenance as a key part of this success.

Some of the major capital investments for the fiscal year include:

(\$ in thousands)

Potable Meter Replacements	\$ 3,102
Potable Boosters	2,367
Potable Large Water Mains	1,690
Potable Small Water Mains	1,462
Potable System Expansion	880
Potable Storage Reservoirs and Tanks	435
Potable Production Facilities	375
Painting and abatement of Storage Tanks	354
Customer Information System Upgrade	266
Potable Hydrants Replacement	258
Total	\$ 11,188

Additional information on capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

As of June 30, 2024, the Water Utility had \$49,025 in outstanding revenue bonds. The revenue bonds consisted of \$26,045 of 2010B Water Revenue Bonds and \$22,980 of 2021 bonds.

On July 11, 2024, the Water Utility refunded the 2010B Water Revenue BABs for debt service saving and elimination of sequestration risk.

The Water Utility maintained a ‘AAA’ rating from Standard & Poor’s and Fitch. In October 2021, S&P Global Ratings assigned its ‘AAA’ long-term rating to the 2021 bonds and re-affirmed its ‘AAA’ long-term rating on the Water Utility’s existing water revenue bonds. In January 2021, Fitch Ratings affirmed the ‘AAA’ rating for the Water Revenue Bonds, Series 2010B, primarily due to the Water Utility’s strong debt profile coupled with strong revenue profile and low operating risks.

In May 2024, S&P Global Ratings assigned ‘AAA’ long-term rating with stable outlook to the 2024 refunding bonds.

Environmental, Supply, and Economic Factors

Drought. California water conditions have improved somewhat due to favorable weather in 2023 and early 2024 since the last drought in 2020-2022. The Statewide water storage capacity is at 116% as of March 2024 due to the wet winter and strong water runoff conditions in winter 2023 and management of reservoir operations. On April 23, 2024, the Department of Water Resources increased the State Water Project (SWP) water supply allocation forecast for 2024 to 40%, up by 10% from March 2024. The increase was due to the latest snowpack survey on April 1 where California snowpack is near an average of 99%. California is forecasted to have an average runoff this spring. The 40% allocation is vastly different than last year’s allocation of 100% announced on April 20, 2023. The prior 100% allocation from SWP occurred in 2006 and a drastic difference from March 2021 where allocation was reduced to 5%.

The State has a history of experiencing periods of drought,



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

including most recently in 2020-2022 and 2012-2016. During the last recent drought in April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties and calling for Californians to voluntarily reduce water use by 15%. By October 2021, Governor Newsom issued an executive order expanding the drought state of emergency to all 58 counties within California.

The SWP, which is one source of water for MWD and MWD is one source of water for the Water Utility, is a state water management project that collects water from rivers in the northern part of the State and through a network of aqueducts and pumping stations and redistributes it to the southern part of the State. Water allocation from the SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation that usually occurs from December through April, when California historically receives more than 90% of its snow and rain.

The Colorado River Basin is also a critical water supply for Southern California. In the winter of 2023, a series of storms brought snow and rain to near record levels at some locations. The wet year provided above average precipitation at many locations but not uniformly good or record setting as the Colorado River Basin was in the midst of a 20-year drought (2001-2022). The drought condition prompted the Bureau of Reclamation to declare an official shortage condition due to the lowering of Lake Mead's water level behind Hoover Dam to below 1,075 feet on August 16, 2021, the historic Colorado River Shortage Declaration. The next day, on August 17, 2021, MWD declared a Water Supply Alert signaling an urgent need throughout the region to do more to reduce water use and asked water agencies to look within their respective

water shortage contingency plans to implement appropriate local actions to achieve conservation through the current drought conditions. On September 14, 2021, the Burbank City Council authorized the move to Stage II of the Sustainable Water Use Ordinance and defined conditions to move to Stage III of the Sustainable Water Use Ordinance. (Stage I of the Sustainable Water Use Ordinance has been in effect since the last drought and has become the new normal in Burbank.) Stage I allows landscape watering for no more than 15 minutes per station three days each week (Tuesdays, Thursdays, and Saturdays) year-round. Attended hand-watering is allowed any day of the week. By activating Stage II, all existing Stage I restrictions remain in place, plus the additional restrictions are (i) watering of outdoor landscaped areas during the months of November through March is limited to fifteen (15) minutes per station, one (1) day per week (Saturday) and (ii) the filling or refilling of an artificial or ornamental body of water that does not use recycled water is prohibited.

The City of Burbank is currently in Stage III of the Sustainable Water Use Ordinance. On June 27, 2022, the City of Burbank moved to Stage III of the Sustainable Water Use Ordinance. By activating Stage III, all existing Stage I and Stage II restrictions remain in place, plus the additional restrictions are watering of outdoor landscaped areas during the months of April through October to fifteen (15) minutes per station two (2) days a week (Tuesdays and Saturdays) and to fifteen (15) minutes per station one (1) day a week (Saturdays) during the months of November through March either before 9 AM or after 9 PM. Attended hand-watering is allowed before 9 AM and after 6 PM.

On May 31, 2023, the State Water Resources Control Board re-adopted the emergency water conservation regulation. The emergency water conservation regulation was originally adopted on May 24, 2022, in response to the then drought condition with final approval on June 10, 2022. The regulation bans the use of potable water on decorative or non-functional grass at commercial, industrial, institutional properties, and



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CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

common areas managed by homeowners' associations throughout California. Businesses that use recycled water are not subject to this regulation. The new regulation defines non-functional turf as a ground cover surface of mowed grass that is solely ornamental and not otherwise used for human recreation purposes. In addition to not applying to residences, non-functional turf does not include school fields, sports fields, and areas regularly used for civic or community events. This regulation signals that Californians must continue to use water wisely as the state grapples with extreme weather and plans for possible dry conditions of multi-year drought which can impact communities with vulnerable water supplies across California, a region vulnerable to drought and water shortages. Ongoing efforts to improve water conservation, increase the use of recycled water, and manage groundwater sustainably will be crucial to maintaining a stable water supply for the growing population amid the challenges of climate change.

Water Supply Availability and Treatment. With the heavy rainfall during the winter of 2023 and strong water runoff, MWD offered water for storage under its Cyclic Storage Program and the Water Utility is participating in the program to benefit its ratepayers. The Cyclic Storage Program was created in 2017 by MWD to allow water utilities and municipalities to store water supply that was more than MWD's demand and storage capacity. The program allows MWD to deliver water in advance of demand to Member Agencies for storage in groundwater basins. Member agencies participating in the program are charged MWD's rate for full service untreated water in effect at the time the stored water is purchased from a Cyclic Storage Account. Water delivered under the Cyclic Storage Program does not affect the capacity charge. By December of 2018, the Water Utility purchased an accumulative balance of 5,719 AF at a cost of \$3,970 of Cyclic Storage Water ("CSW") under this program. During Fiscal Year 2019-20, the Water Utility made another payment for 5,609 AF at a cost of \$4,100.

During the fiscal year, the Water Utility purchased 3,298 AF under the CSW program at a cost of \$2,820. The



WATER AND POWER

availability of the CSW will benefit the ratepayers as the Pacoima Spreading Grounds is still undergoing some upgrade work that began in September 2021 and will possibly run through December 2024, during which annual water spreading will be limited. Burbank ratepayers will benefit from these advance purchases.

In fiscal year 2020, a "temporary interconnection" (LAIX) agreement between the Water Utility and LADWP was completed. This temporary interconnection allows the Water Utility to use the excess capacity at the BOU for LADWP to benefit Burbank ratepayers when Burbank's water demand is lower than BOU capacity. The transfer agreement stipulates that LADWP will directly pay MWD for the treated surface water used to blend with the treated ground water and will reimburse the Water Utility for their volumetric portion of the costs to operate, maintain, distribute, and pump the water. The LAIX began normal operation in October 2019 and continues to be operable to date. During the fiscal year, the Water Utility delivered 787 AF to LADWP under this agreement, no water in FY 2023 and 581 AF in FY 2022 to LADWP through LAIX.

Per- and Polyfluoroalkyl Substances (PFAS). PFAS are a group of synthetic chemicals used in commercial and industrial processes and products since the 1940s. These chemicals resistant to break down or break down very slowly and are known as "forever chemicals". While there are thousands of PFAS, some widely used and studied are perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS). Research has linked PFAS to potential environmental and human health impacts.

In April 2024, the U.S. Environmental Protection Agency (EPA) published a final rule establishing a national drinking water limit of six PFAS. Public water systems have three years to begin monitoring these PFAS and two additional years to comply with the limits set by the EPA. The SWRCB has also established detection and reporting limits for PFAS in its water quality report. Specifically, SWRCB has set a notification level (NL) and a response level (RL) for four PFAS compounds: PFOA,

PFOS, perfluorobutane sulfonate (PFBS) and perfluorohexanesulfonic acid (PFHxS). NL refers to a lower concentration at which water agencies must notify the public about PFAS presence and RL indicates a concentration level where agencies must take action to remove or provide treatment for the contaminated water source.

For the past two decades, BWP has been removing trace amounts of PFAS from its groundwater wells using a granular activated carbon (GAC) removal process as water passes through the BOU. However, the BOU is not currently permitted or approved for PFAS treatment. To address this, the Water Utility has initiated and is conducting a pilot study for PFAS treatment at the BOU. A PFAS Pilot Study Plan was developed and approved by the SWRCB - Division of Drinking Water. The study focuses on a single liquid phase granular activated carbon (LPGAC) target vessel. During the study, water quality samplings will be conducted, and results will be compiled as required and outlined in the pilot study plan. The BOU must process up to 230 million gallons of water before concluding the water quality and data collection of the study. Once the data are collected and results are analyzed, a final report will be submitted to the Division of Drinking water for review, question, and potential permit approval for PFAS treatment at the BOU.

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Requests for Information

This financial report is designed to provide a general overview of the Electric and Water Utility Enterprise Funds. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to Joseph Lillio, Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91502.



CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2024

(With partial comparative financial information for the year ended June 30, 2023)

(in thousands)

Assets	Electric		Water	
	2024	2023	2024	2023
Current and regulatory assets:				
Cash and cash equivalents				
General operating	\$ 99,990	49,217	19,298	21,594
Restricted nonpooled cash and cash equivalents	79,288	127,567	6,903	19,828
Greenhouse gas credits' proceeds	69	69	-	-
Lower carbon fuel credits' proceeds	2,469	3,289	-	-
Total cash and cash equivalents	181,816	180,142	26,201	41,422
Accounts receivable, net	20,442	26,276	4,042	3,253
Inventories	14,522	9,752	1,117	1,148
Derivative instruments	3,729	1,417	-	-
Leases receivable	319	310	23	22
Due from the City of Burbank	310	299	-	-
Deposits and prepaid expenses	17,402	17,493	5,527	5,422
Interest receivable	246	191	47	58
Total current and regulatory assets	238,786	235,880	36,957	51,325
Noncurrent and regulatory assets:				
Leases receivable	3,929	4,247	132	155
OPEB assets	2,814	2,007	-	-
Total noncurrent and regulatory assets	6,743	6,254	132	155
Capital assets :				
Land	2,734	2,734	309	309
Rights to purchase power	1,335	1,335	-	-
Utility plant and buildings	601,876	588,686	180,449	170,928
Machinery and equipment	88,417	80,175	9,331	8,957
Leased assets	1,151	1,779	-	-
Subscription assets	2,529	1,718	153	-
Construction in progress	54,972	44,368	7,980	5,385
Total utility plant and equipment	753,014	720,796	198,222	185,579
Less accumulated depreciation/amortization	(394,814)	(381,583)	(93,277)	(89,184)
Total capital assets, net	358,200	339,213	104,945	96,395
Total capital, noncurrent and regulatory assets	364,943	345,467	105,077	96,550
Total assets	603,729	581,347	142,034	147,876
Deferred amounts from pensions	29,789	33,119	4,670	5,192
Deferred amounts from OPEB	3,604	4,510	438	539
Total deferred outflows of resources	33,393	37,629	5,108	5,731
Total assets and deferred outflows of resources	\$ 637,122	618,975	147,142	153,606

See accompanying notes to basic financial statements.

(Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2024

(With partial comparative financial information for the year ended June 30, 2023)

(in thousands)

Liabilities	Electric		Water	
	2024	2023	2024	2023
Current liabilities:				
Accounts payable	\$ 10,091	13,520	2,181	2,522
Accrued expenses	2,165	300	-	6,978
Bond interest payable	763	775	206	210
Deferred revenues	46	47	-	-
Leases payable	215	247	-	-
Subscriptions payable	786	477	35	-
Customer deposits	30,780	20,869	1,119	975
Current portion of revenue bonds payable, net	2,295	2,210	1,555	1,480
Current portion of compensated absences	340	306	106	80
Total current liabilities	47,481	38,751	5,202	12,245
Noncurrent liabilities:				
Revenue bonds payable, net	178,568	181,444	51,728	53,546
Compensated absences	8,054	7,207	1,021	950
Regulatory credits	1,106	208	-	-
Leases payable	301	891	-	-
Subscriptions payable	708	768	118	-
Net OPEB liability	2,730	5,098	498	941
Net pension liability	79,303	80,714	12,432	12,653
Total noncurrent and regulatory liabilities	270,770	276,331	65,797	68,090
Total liabilities	318,251	315,083	70,999	80,336
Deferred inflows of resources:				
Deferred amounts on pensions	444	849	70	133
Deferred amounts on OPEB	5,955	4,916	588	441
Deferred amounts from leases	4,087	4,557	149	177
Deferred amounts from derivative instruments	3,729	1,417	-	-
Total deferred inflows of resources	14,215	11,739	807	751
Net Position				
Net position:				
Net investment in capital assets	251,774	275,877	57,256	59,824
Restricted for public benefits	10,829	10,710	-	-
Restricted for OPEB	2,814	2,007	-	-
Unrestricted	39,240	3,560	18,080	12,695
Total net position	\$ 304,656	292,154	75,336	72,519

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2024

(With partial comparative financial information for the year ended June 30, 2023)

(in thousands)

	Electric		Water	
	2024	2023	2024	2023
Operating revenues:				
Sale of power-retail	\$ 173,453	165,417	-	-
Sale of power and fuel-wholesale	23,197	40,324	-	-
Sale of water	-	-	35,413	32,703
Other revenues	6,962	7,146	1,230	1,280
Total operating revenues	<u>203,612</u>	<u>212,887</u>	<u>36,643</u>	<u>33,983</u>
Operating expenses:				
Power supply expenses-retail	101,742	119,701	-	-
Purchased power and fuel expenses-wholesale	20,975	37,386	-	-
Water supply expenses	-	-	12,144	11,303
Water maintenance and operation expenses	-	-	14,901	12,598
Transmission expenses	9,468	10,162	-	-
Distribution expenses	13,118	11,850	-	-
Other operating expenses	29,626	27,253	3,238	3,123
Depreciation/amortization	20,569	20,960	4,510	4,467
Total operating expenses	<u>195,498</u>	<u>227,312</u>	<u>34,793</u>	<u>31,491</u>
Operating income	<u>8,114</u>	<u>(14,425)</u>	<u>1,850</u>	<u>2,492</u>
Nonoperating income (expenses):				
Interest income	8,423	3,391	1,996	586
Intergovernmental	363	797	500	21
Lease revenues	471	302	28	22
Bond interest expense	(9,284)	(4,878)	(2,524)	(2,582)
Lease interest expense	(57)	(67)	-	-
Gain (loss) on disposal of capital assets	(517)	76	36	-
Other income (expenses), net	2,442	788	782	871
Total nonoperating income (expenses)	<u>1,841</u>	<u>409</u>	<u>818</u>	<u>(1,081)</u>
Income before contributions	<u>9,955</u>	<u>(14,016)</u>	<u>2,668</u>	<u>1,411</u>
Capital contributions	2,832	7,079	149	399
Capital contributions from the city	116	29	-	-
Transfers to the city	(401)	(350)	-	-
Total capital contributions and transfers	<u>2,547</u>	<u>6,758</u>	<u>149</u>	<u>399</u>
Change in net position	12,502	(7,258)	2,817	1,810
Net position, July 1	<u>292,154</u>	<u>299,413</u>	<u>72,519</u>	<u>70,709</u>
Net position, June 30	<u>\$ 304,656</u>	<u>292,154</u>	<u>75,336</u>	<u>72,519</u>

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2024

(With partial comparative financial information for the year ended June 30, 2023)

(in thousands)

	Electric		Water	
	2024	2023	2024	2023
Cash flows from operating activities:				
Cash received from customers	\$ 209,435	203,470	35,856	34,502
Cash paid to suppliers	(134,101)	(178,765)	(28,455)	(13,947)
Cash paid to employees	(31,001)	(26,660)	(8,794)	(7,355)
Other income (expense)	2,640	2,058	833	647
Net cash provided by operating activities	<u>46,973</u>	<u>103</u>	<u>(560)</u>	<u>13,847</u>
Cash flows from noncapital financing activities:				
Loans to other funds	-	(299)	-	-
Proceeds from other governmental agencies	363	797	500	21
Lease income	-	302	-	-
Proceeds from other funds	-	284	-	-
Transfers to / from City of Burbank	(285)	(332)	-	-
Net cash provided by (used in) noncapital financing activities	<u>78</u>	<u>752</u>	<u>500</u>	<u>21</u>
Cash flows from capital and related financing activities:				
Proceeds from debt issuance	-	131,294	-	-
Principal payments - bond	(2,790)	(139)	(1,744)	(1,679)
Payments on leases	(1,011)	(305)	-	-
Payments on software-based info technology arrangements	(622)	-	-	-
Interest paid	(9,295)	(4,378)	(2,528)	(2,587)
Contributed capital	2,832	7,109	149	399
Acquisition and construction of assets	(42,334)	(38,851)	(13,081)	(7,376)
Proceeds/(loss) from sales of capital assets	(517)	76	36	-
Net cash used in capital and related financing activities	<u>(53,737)</u>	<u>94,806</u>	<u>(17,168)</u>	<u>(11,243)</u>
Cash flows from investing activities:				
Interest received	8,605	3,488	1,476	1,173
Change in fair value	(245)	(3)	531	(596)
Net cash provided by investing activities	<u>8,360</u>	<u>3,485</u>	<u>2,007</u>	<u>577</u>
Net increase (decrease) in cash and cash equivalents	1,674	99,146	(15,221)	3,202
Cash and cash equivalents - July 1	<u>180,142</u>	<u>80,996</u>	<u>41,422</u>	<u>38,220</u>
Cash and cash equivalents - June 30	<u>\$ 181,816</u>	<u>180,142</u>	<u>26,201</u>	<u>41,422</u>

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2024

(With partial comparative financial information for the year ended June 30, 2023)

(in thousands)

	Electric		Water	
	2024	2023	2024	2023
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :				
Operating income (loss)	\$ 8,114	(14,425)	1,850	2,492
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	20,572	20,960	4,510	4,467
Other income (expense), net	2,640	2,058	833	647
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	5,817	(9,401)	(788)	519
(Increase) decrease in leases receivable	-	(8)		(1)
(Increase) decrease in derivative instruments	2,313	603	-	-
(Increase) decrease in inventories	(4,770)	(939)	32	(392)
(Increase) decrease in prepaid items	91	(1,328)	(105)	(743)
(Increase) decrease in OPEB assets	-	443	-	-
(Increase) decrease in deferred outflows	4,236	(25,044)	623	(3,763)
Change in reporting of operating income &/or other income/(expense), net	2,158	(501)	0	267
Increase (decrease) in accounts payable and accrued expenses	(1,543)	1,190	(7,328)	7,258
Increase (decrease) in leases/subscriptions payable	(373)	479	153	-
Increase (decrease) in net pension and OPEB liability	(4,586)	52,445	(664)	7,838
Increase (decrease) in deferred inflows	634	(31,369)	84	(4,584)
Increase (decrease) in compensated absences	881	497	96	(68)
Increase (decrease) in deferred/unearned revenue		-	-	(45)
Increase (decrease) in regulatory credits	898	-	-	-
Increase (decrease) in customer deposits	9,891	4,442	144	(47)
Total adjustments	<u>38,859</u>	<u>14,528</u>	<u>(2,410)</u>	<u>11,354</u>
Net cash provided by operating activities	<u>\$ 46,973</u>	<u>103</u>	<u>(560)</u>	<u>13,847</u>
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments	<u>\$ (245)</u>	<u>(3)</u>	<u>531</u>	<u>(596)</u>

See accompanying notes to basic financial statements

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

NOTE 1: Summary of Significant Accounting Policies

(A) Accounting Methods

The reporting model includes financial statements prepared using full accrual accounting for the Electric and Water Utility Funds' (Utility Funds) activities of the City of Burbank (city). This approach includes not just current assets and liabilities, but also capital and other long-term assets, as well as long-term liabilities and deferred outflows / inflows of resources. Accrual accounting also reports all of the revenues and costs of providing services each fiscal year, not just those received or paid in the current fiscal year or soon thereafter.

The basic financial statements include the following:

Statement of Net Position – The Statement of net position is designed to display the financial status of the reporting entity. The Net position of the Electric and Water Utility Funds are separated into three categories – 1) Net investment in capital assets, 2) Restricted for debt service, and 3) Unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position are those in which use is restricted through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of entities with jurisdiction, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position that do not meet the definition of restricted or net investment in capital assets.

Statement of Revenues, Expenses and Changes in Fund Net Position – The Statement of revenues, expenses and changes in fund net position reports revenues by major source and distinguishes between operating and nonoperating revenues and expenses.

Statement of Cash Flows – For the purposes of the Statement of cash flows, the Electric and Water Utility Funds include their portion of the city's pooled cash and investments and restricted investments with an original maturity of three months or less as cash equivalents. The Utility Funds consider the pooled cash and investments to be a demand deposit account whereby monies may be withdrawn or deposited at any time without prior notice or penalty.

(B) Basis of Presentation

The Utility Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be recovered primarily through user charges or (b) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital expenditures, public policy, management control, accountability and other purposes.

(C) Reporting Entity

The Utility Funds' operations were established by the city in 1913. Burbank Water and Power (BWP) manages the generation, purchase, transmission, distribution, and sale of water and electric energy. The activities of BWP are overseen by the City Council and the BWP Board,, which also recommends the BWP biannual budgets to the City Council.

The Electric and Water Utility Enterprise Funds are used to account for the operation, maintenance, and construction of the city-owned electric and water utility. The city considers



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

the Utility Funds to be Enterprise Funds (a proprietary fund type) as defined under accounting principles generally accepted in the United States of America. As an integral part of the city's overall operations, the Utility Funds' operations are also included in the city's Annual Comprehensive Financial Report (ACFR).

The Utility Funds follow the regulatory accounting criteria set forth per the GASB (Government Accounting Standards Board) Codification, where the effects of the ratemaking process are recorded in the financial statements. As a result, certain revenues and expenses have been recorded in the Electric and Water Utility Enterprise Funds in order to not impact future electric and water rates to customers.

Only the funds of the Electric and Water Utility are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Burbank, California.

(D) Self-Insurance

The Utility Funds are part of the city's self-insurance programs, which provide coverage for general liability and workers' compensation claims. See NOTE 16 Self-Insurance, for additional information on the city's self-insurance programs.

(E) Capital Assets

Capital assets are recorded at cost or, in the case of gifts or contributed assets, at acquisition value at the date of donation. The threshold for capitalizing assets is \$10 or greater, except for betterments which could be less. When items are sold or retired, related gains or immaterial losses are included in nonoperating income (expenses). Material losses on retirements are reported as regulatory assets, as provided by GASB Statement No. 62, to be collected from future ratepayers. There were no material losses on retirements as of June 30, 2024. Maintenance and repairs that do not add value to or materially extend useful lives of assets are expensed as incurred. Improvements to plant and equipment are capitalized. Major outlays for capital

assets and improvements are capitalized as projects are constructed. Electric transformers are capitalized when purchased. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTES 6-8):

Boiler Plant	20 to 30 years
Buildings and Improvements	25 to 40 years
Distribution Stations	20 to 40 years
Electric Meters	10 to 15 years
Gas Turbine	25 to 30 years
Lease assets	Shorter of the useful life of underlying asset or lease term
Machinery and Equipment (except vehicles)	5 to 40 years
Office Equipment	5 years
Poles, Towers, and Fixtures	30 to 40 years
Production Plant	20 to 40 years
Reservoirs and Tanks	40 years
Subscription assets	Shorter of the useful life of underlying asset or subscription term
Transformers	30 years
Transmission Equipment	40 years
Transmission Structures	40 years
Vehicles	5 to 12 years
Water Meters	20 years
Water Services	30 years
Water Wells and Springs	40 years

(F) Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable includes billed and unbilled utility customer accounts, wholesale power sales, and miscellaneous charges unpaid as of June 30, 2024, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3).

(G) Inventories

Inventories consist of materials and supplies held for future consumption and are priced at average cost (see NOTE 4).



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

(H) Deposits and Prepaid Expenses

The Utility Funds, in the normal course of operations place deposits and reserves with other governmental agencies, power providers and vendors, and record them as such. The Utility Funds also prepay certain expenses, recording them as prepaid, which are then recognized as expense as benefits are received (see NOTE 5).

(I) Restricted Nonpooled Investments

The Utility Funds have restricted nonpooled investments, in the form of debt service and parity reserves, to comply with the covenants contained in the various debt indentures requiring the establishment of certain specific accounts (see NOTES 2 and 10).

(J) Compensated Absences

The cost of employees' vested compensated absences, such as vacation and sick pay benefits, are accrued as they are earned by the employees (see NOTE 9).

(K) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(L) Revenue Recognition

Revenues are recorded in the period in which they are earned. The Utility Funds accrue estimated unbilled revenue for energy and water sold but not billed at the end of the fiscal period (see NOTE 3). All residential and commercial accounts are billed monthly. Operating revenues consist of retail and wholesale sales of electricity, and sales of potable and recycled water. Nonoperating income consists of charges for electric and water related

work performed for customers such as aid-in-construction (AIC), subsidies/rebates, work performed for others, and other uses of utility property.

The Electric Utility Fund's revenues include grant reimbursements from the California Energy Commission (CEC) for systems modernization projects and new electric vehicle charging stations. The CEC total grants of \$1,000 allows for 100% prorated reimbursement for approved expenditures.

(M) Operating Expenses

Purchased power and fuel expenses include all open market purchases of energy and fuel, firm contracts for the purchase of energy and fuel, energy production costs, and the costs of entitlements for energy and transmission as discussed in NOTE 11.

Water supply expenses include purchased water, electricity used to pump water, and chemicals used in water treatment.

Other operating expenses include all costs associated with the Utility Funds' operations and maintenance of general plant and equipment, administration, customer service, telecom and internet services, public benefits programs, warehousing, security, technology operations, work for others, and transfers to the city for cost allocations including capital assets (see NOTE 10).

The annual adjustments to pension and OPEB expenses are reported as operating expenses for each operating unit and in other operating expenses. These adjustments can be material and result in significant increases or decreases from fiscal year to fiscal year, and this should be considered when reviewing the Utility Funds' financial statements.

(N) Bond Premiums and Discounts, and Debt Issuance Costs

Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

interest rate method. Bond issuance costs, including underwriters' discount, are expensed and reported as Other income (expenses), net.

(O) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Utility Funds' prior year financial statements, from which this selected data was derived. Some prior year data may be classified differently for proper reporting and comparison purposes.

(P) Pensions

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

(Q) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB's plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

(R) Leases

In accordance with GASB Statement No. 87 leases, the Utility transitioned to a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard the lessee is required to recognize a lease liability and an intangible right-to-use asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease assets are recorded at the amount of the initial measurement of the lease term, less any lease incentive received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the asset into service. Lease assets are amortized using straight-line depreciation over the useful life of the underlying asset. A lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any incentives. Interest expense is recognized ratably over the contract term. The lease liability is reduced by the principal portion of lease payments made (see NOTE 7).

(S) GASB 96 Subscription-Based Information Technology (SBITA)

In accordance with GASB Statement No. 96, Subscription-Based Information Agreements (SBITA), the Utility recognizes a right-to-use subscription asset and a corresponding subscription liability. The subscription liability is recognized at the commencement date based on present value of expected SBITA payments over the SBITA term, less any SBITA incentives at or before the commencement of the SBITA term along with any initial direct costs that are ancillary charges necessary to place the SBITA asset into service. SBITA assets are amortized using a straight-line amortization over the shorter of the term of the arrangement or useful life of the underlying asset. Interest expense is recognized ratably over the contract term. The subscription liability is reduced by the principal portion of subscription payments made (see NOTE 8).



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

(T) Adoption of New Accounting Standards - GASB 100 Accounting Changes and Error Corrections Summary

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections Summary, changes in accounting principles should be applied retroactively by restating beginning net position, fund balances, or fund net position. Changes in accounting estimates should be reported prospectively, affecting only the current period and future periods. Changes to or within the financial reporting entity including changes in fund presentation (major / nonmajor), addition / removal of component units, or changes in component unit presentation; should be reported by adjusting the current period's beginning balances. Error corrections should be reported retroactively by restating all prior periods presented. For presentation and disclosure, the aggregate amount of adjustments and restatements must be displayed on the face of the financial statements for each reporting unit. Note disclosures should include a tabular reconciliation of beginning balances as previously reported to beginning balances as adjusted or restated. Furthermore, information that is affected by a change in accounting principle or error correction should be presented in Required Supplementary Information (RSI) and Supplementary Information (SI). For periods earlier than those included in the basic financial statements, information presented in RSI and SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

	Electric	Water	Total
Unrestricted cash and investments	\$ 102,529	19,298	\$ 121,827
Restricted investments	79,287	6,903	86,190
Total	\$ 181,816	26,201	\$ 208,017
Cash on hand	\$ 13	-	\$ 13
Held by fiscal agent	79,287	6,903	86,190
Equity in City investment pool	102,516	19,298	121,814
Total	\$ 181,816	26,201	\$ 208,017



**WATER AND
POWER**

The city combines the cash and investments of all funds into two pools (the city pool, and the Housing Authority pool), except for funds required to be held by outside fiscal agents under the provisions of bond indentures. The Utility Funds have investments of debt proceeds held by bond trustee that are classified as current restricted nonpooled investments.

Disclosures Relating to 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 the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the city manages its exposure to interest rate risk is 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. Investments held by fiscal agents consists mostly of money market mutual funds, which are due in less than one year.

Disclosures Relating to 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 Code, the city's investment policy, or debt agreements, and the Moody's actual rating as of year-end for each investment type.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

The amount of deposits are covered by FDIC insurance or collateralized under California law.

The Code and the city's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

The city categorizes its fair values measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices of similar assets in active markets and Level 3 inputs are significant unobservable inputs.

NOTE 3: Accounts Receivable

Accounts receivable for the Utility Funds as of June 30, 2024, are:

	Electric	Water
	2024	2024
Billed accounts receivable	\$ 13,387	\$ 2,250
Unbilled accounts receivable	7,580	1,891
Allowance	(527)	(99)
Total	\$ 20,440	\$ 4,042

The Electric Fund's billed accounts receivable includes \$8,372 of power and aid-in-construction sales accruals.

On April 21, 2020, the Burbank City Council authorized the suspension of water and power disconnections and late fees as a result of the CPUC's decision to extend the moratorium on suspension of electric services and the California Executive Order N-42-20 was rescinded during the prior fiscal year. As a result, the Burbank City Council authorized BWP to restart disconnections and late fees for residential customers beginning in April 2023 and small business customers in September 2022.

During the fiscal year, the Water Fund was awarded a grant of \$566 from the California Water and Wastewater Arrearage Payment Program (CWWAPP) within the State Water Resources Control Board (SWRCB). These funds were made available from an expansion of the federally funded Arrearages Program to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the fiscal year, the Water Utility Fund applied \$550 to qualifying customer accounts for unpaid water services. The remaining \$16 will be used to offset program administrative costs.

For the fiscal year, the allowance for uncollectibles calculation was based on the Utility's pre-Covid methodology of adjusting the allowances account to the 91 days and over receivables' balances. The Electric Fund Utility's uncollectible expense nearly doubled due to the restart of disconnections and late fees, resulting in lower over 90 days aged receivables.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

NOTE 4: Inventories

Inventories for the Utility Funds as of June 30, 2024 are:

	Electric	Water
	2024	2024
Materials and supplies inventory	\$ 14,522	\$ 1,117

The Electric Utility's inventories increased by \$4,770 from the prior fiscal year primarily from the purchases of stock cable for upcoming large projects expected in the next one to two fiscal years. In addition, this inventory was purchased during the fiscal year as a cost savings measure, as pricing indicators suggest a significant increase for cable in the next two years, and to ensure cable is readily available when needed.

NOTE 5: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of \$17,402 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a \$7,354 prepayment to the Southern California Public Power Authority (SCPPA) Natural Gas Reserve for future gas deliveries, a \$4,808 deposit with SCPPA for future use in projects, a \$3,244 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), \$1,425 in renewables, and \$570 in operating and administrative prepaid expenses. During the fiscal year, the lease renewal executed in January 2022 for the use of land to locate a new switching station was terminated by the Electric Utility (city), eliminating all its obligations, including an annual payment of \$54 for calendar year 2024 (plus 3% each calendar year to 2030). These annual payments would have been categorized as Distribution expenses. A prepayment for use of land no longer exists.

NOTE 6: Capital Assets

	Balance as of June 30, 2023	Additions	Deletions	Transfers	Balance as of June 30, 2024
Electric					
Capital assets not being depreciated:					
Land	\$ 2,734	-	-	-	\$ 2,734
Construction in progress	44,368	39,692	(85)	(29,003)	54,972
Total capital assets not being depreciated	47,103	39,692	(85)	(29,003)	57,706
Capital assets being depreciated:					
Rights to purchase power	1,335	-	-	-	1,335
Accumulated depreciation	(1,038)	45	(43)	-	(1,037)
Buildings and improvements	588,686	-	(6,977)	20,167	601,877
Accumulated depreciation	(306,678)	(17,381)	6,327	-	(317,732)
Machinery and equipment	80,175	-	(595)	8,836	88,416
Accumulated depreciation	(72,918)	(2,279)	564	-	(74,633)
Lease assets	1,779	-	(628)	-	1,151
Accumulated amortization	(469)	(209)	120	-	(558)
Subscription assets	1,718	1,260	(449)	-	2,530
Accumulated amortization	(481)	(823)	449	-	(856)
Total capital assets being depreciated, net	292,109	(19,387)	(1,231)	29,003	300,494
Total net capital assets	\$ 339,213	20,306	(1,317)	-	\$ 358,200

	Balance as of June 30, 2023	Additions	Deletions	Transfers	Balance as of June 30, 2024
Water					
Capital assets not being depreciated:					
Land	\$ 309	-	-	-	\$ 309
Construction in progress	5,385	12,991	61	(10,335)	7,980
Total capital assets not being depreciated	5,694	12,991	61	(10,335)	8,289
Capital assets being depreciated:					
Buildings and improvements	170,928	2	-	9,519	180,449
Accumulated depreciation	(82,246)	(4,106)	-	-	(86,352)
Machinery and equipment	8,957	-	(442)	816	9,331
Accumulated depreciation	(6,938)	(370)	415	-	(6,894)
Subscription assets	-	153	-	-	153
Accumulated depreciation	-	(31)	-	-	(31)
Total capital assets being depreciated, net	90,701	(4,352)	(28)	10,335	96,657
Total net capital assets	\$ 96,395	8,639	33	-	\$ 104,945



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

Pacific DC Intertie

The city is a participant in an agreement with the City of Los Angeles, Southern California Edison, the City of Glendale, and the City of Pasadena for an unrestricted 3.846% interest in the Pacific DC Intertie. The city's voting right in the project is directly in proportion to its percentage interest.

The Electric Utility invested \$151 in betterments for its share of the Intertie; and capitalized assets of \$0, with accumulated depreciation and depreciation expense of \$0.

NOTE 7: Leases

(a) Leased Assets

The Electric Fund's lease assets as of June 30, 2024, are \$1,151, with accumulated amortization of \$558. These lease assets include machinery and equipment and telecommunications / space colocation and other services. During the fiscal year, the Electric Utility terminated its land lease agreement previously reported as a lease asset in the prior year. The lease asset events during the current fiscal year include the following:

Electric Utility Fund	
	Electric
	2024
Lease Assets:	
Machinery and equipment	\$ 694
Telcommunications	457
Total lease assets	1,151
Accumulated amortization	(558)
Total lease assets, net	\$ 593

(b) Leases Payable

The Electric Utility Fund's leases payable as of June 30, 2024, is \$516, with \$215 and \$301 reported as current and long-term liabilities, respectively. During the fiscal year, the Electric Utility terminated its land lease agreement previously reported as a lease payable in the prior year.

The Electric Utility entered into a 71 month lease as lessee for the use of a gas turbine. An initial lease liability was recorded in the amount of \$587. As of June 30, 2024, the value of the lease liability is \$253. The Electric Utility is required to make annual fixed payments of \$121 beginning in FY 2021/22 plus 2.5% of each year remaining of the agreement.

The Electric Utility has entered into a 60 month lease as lessee for the use of colocation space and services. An initial lease liability was recorded in the amount of \$457. As of June 30, 2024, the value of the lease liability is \$263. The Electric Utility is required to make monthly fixed payments of \$8.

Leases Payable, Current and Long-	
	Electric
	2024
Leases Payable:	
Current -	
Right-to-use lease	\$ 123
Colocation space	92
Total current	215
Noncurrent -	
Right-to-use lease	130
Colocation space	171
Total noncurrent	301
Total Lease Liability	\$ 516



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

The lease events resulting in a liability during the current fiscal year are in the schedule of lessee payables due for the Electric Utility:

Electric Utility Fund		
Leases Lessee Liability		
	Principal	Interest
2025	\$ 215	\$ 13
2026	226	7
2027	75	1
	\$ 516	\$ 21

(c) Lessor Receivables

The Electric Utility Fund's lessor receivable as of June 30, 2024, is \$4,248, with \$319 and \$3,929 reported as current and long-term receivables, respectively. The lease event resulting in a receivable during the current fiscal year include the following:

Electric Utility Fund Leases Lessor Receivable		
	Principal	Interest
2025	\$ 319	\$ 112
2026	327	104
2027	337	94
2028	346	85
2029	355	76
2030-2034	1,931	224
2035-2036	633	14
	\$ 4,248	\$ 709

The Electric Utility has entered into a 174 month lease as lessor for the use of the Magnolia Power Project (MPP) site to SCPA. An initial lease receivable was recorded in the amount of \$5,153. As of June 30, 2024, the value of the lease receivable is \$4,247. The lessee is required to make monthly fixed payments of \$36. The value of the

deferred inflow of resources as of June 30, 2024 was \$4,087, and the Electric Utility recognized lease revenue of \$355 during the fiscal year.

The Water Utility Fund's lessor receivable as of June 30, 2024, is \$155, with \$23 and \$132 reported as current and long-term receivables, respectively. The lease event resulting in a receivable during the current fiscal year include the following:

Water Utility Fund Leases Lessor Receivable		
	Principal	Interest
2025	\$ 23	\$ 4
2026	24	3
2027	24	3
2028	25	2
2029	26	1
2030-2031	33	1
	\$ 155	\$ 14

The Water Utility has entered into a 111 month lease as lessor for the use of its facilities to OmniPoint Communications Inc., a subsidiary of T-Mobile USA Inc. An initial lease receivable was recorded in the amount of \$220. As of June 30, 2024, the value of the lease receivable is \$155. The lessee is required to make monthly fixed payments of \$2,250 (in dollars). The value of the deferred inflow of resources as of June 30, 2024 was \$149, and during the fiscal year the Water Utility recognized lease revenue of \$24.

Additional information regarding utility leases can be found in the city's Annual Comprehensive Annual Report.

NOTE 8: Subscription Assets and Payable

(a) Subscription Assets



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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The Electric Fund's subscription assets as of June 30, 2024, are \$2,529, with accumulated amortization of \$856. These subscription assets include security training software, geographic (GIS) utility network management software, integrated energy trading software, home energy portal management software, and enterprise security system software. The subscription asset events during the current fiscal year include the retirement of the geographic (GIS) utility network management software and the following:

Electric Utility Fund Subscription Assets	
	Electric 2024
Subscription Assets:	
Security training software	\$ 46
Integrated energy trading software	1,224
Home energy portal management software	644
Enterprise security system software	616
Total subscription assets	2,529
Accumulated amortization	(856)
Total subscription assets, net	\$ 1,673

The Electric Utility entered into a 24-month subscription for the use of geographic information system (GIS) utility network management software. An initial subscription asset was recorded in the amount of \$94. The value of the right to use asset as of June 30, 2024 is \$0, as the subscription asset was fully amortized during the fiscal year.

The Electric Utility entered into a 36-month subscription for the use of security training software. An initial subscription asset was recorded in the amount of \$46. The value of the right to use asset as of June 30, 2024 is \$19, with accumulated amortization of

\$27. The Electric Utility entered into a 60-month subscription for the use of integrated energy trading software. An initial subscription asset was recorded in the amount of \$1,224. The value of the right to use asset as of June 30, 2024 is \$734, with accumulated amortization of \$490. The Electric Utility had a termination period of two months as of the subscription commencement.

The Electric Utility entered into a 24-month subscription for the home energy portal management platform. An initial subscription asset was recorded in the amount of \$644. The value of the right to use asset as of June 30, 2024 is \$322, with accumulated amortization of \$322.

The Electric Utility entered into a 36-month subscription through the County of Riverside for enterprise security system software via a cooperative volume licensing agreement. An initial subscription asset was recorded in the amount of \$616. The value of the right to use asset as of June 30, 2024 is \$599, with accumulated amortization of \$17.

The Water Fund's subscription assets of June 30, 2024, are \$153, with accumulated amortization of \$31. This includes one subscription asset for analytics software.

The Water Utility entered into a 60-month subscription for analytics software. An initial subscription asset was recorded in the amount of \$153. The value of the right to use asset as of June 30, 2024 is \$123, with accumulated amortization of \$30.

(b) Subscriptions Payable

The Electric Utility Fund's subscriptions payable as of June 30, 2024, is \$1,494, with \$786 and \$708 reported as current and long-term liabilities, respectively. The subscription events resulting in a liability during the current fiscal year include the retirement of the geographic (GIS) utility network management software liability follows:



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

Electric Utility Fund Subscription Payable, Current and Long-Term	
	<u>Electric</u>
	<u>2024</u>
Subscription Payable:	
Current -	
Security training software	\$ 15
Integrated energy trading software	243
Home energy portal management software	327
Enterprise security system software	201
Total current subscriptions payable	<u>786</u>
Noncurrent -	
Integrated energy trading software	503
Enterprise security system software	205
Total noncurrent subscriptions payable	<u>708</u>
Total subscriptions payable	<u>\$ 1,494</u>

An initial subscription liability was recorded in the amount of \$94 for the use of GIS utility network management software. As of June 30, 2024, the value of the subscription liability is \$0, as the subscription liability was fully paid during the fiscal year

An initial subscription liability was recorded in the amount of \$46 for the use of security training software. As of June 30, 2024, the subscription has a liability of \$15. The Electric Utility is required to make a remaining fixed payment of \$15.

An initial subscription liability was recorded in the amount of \$1,224 for the use of integrated energy trading software. As of June 30, 2024, the value of the subscription liability is \$746. The Electric Utility is required to make monthly fixed payments of \$25.

An initial subscription liability was recorded in the amount of \$644 for the use of home energy portal management software. As of June 30, 2024, the value of the subscription liability is \$327. The Electric Utility is required to make a remaining fixed annual payment of \$327.

An initial subscription liability was recorded in the amount of \$616 for the use of enterprise security system software. As of June 30, 2024, the value of the subscription liability is \$406. The Electric Utility is required to make annual fixed payments of \$205.

Additional information regarding utility subscriptions can be found in the city's Annual Comprehensive Annual Report.

NOTE 9: Long-Term Liabilities, Revenue Bonds Payable, and Leases Payable

(A) Revenue Bonds Payable

All the revenue bonds issued by the Electric or Water Utility Funds are secured by a pledge of a lien upon the net revenues of the Electric or Water Utility Funds, depending on the purpose of the debt, as well as all amounts on deposit in the funds and accounts established under the indenture, including the reserve account. Net reserves include all revenues received by the Electric or Water Utility Funds, less amounts required for payment of operating expenses.

	<u>Electric</u>
	<u>2024</u>
2010B Series Bonds:	
These bonds were issued to finance a portion of the costs of certain improvements to the Electric System, including the conversion of certain residential and commercial distribution circuits, to fund a deposit in the Parity Reserve Fund and to pay the costs of issuance. Payable in installments ranging from \$2,210 to \$4,195. Interest rates range from 3.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	\$ 50,455
Less:	
Current portion	(2,295)
Original issue discount/premium	(136)
Long-term Bonds Series B of 2010	<u>\$ 48,024</u>



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

	<u>Electric</u>
	<u>2024</u>
<u>2023 Series Bonds:</u>	
These bonds were issued to partially finance the costs of certain improvements to the Electric System, including but not limited to the replacement of two electric substations, investment in renewable projects, the replacement of other infrastructure, facilities, equipment and other upgrades; pay the cost of issuance; and fund a deposit to the Parity Reserve Fund. Payable in installments ranging from \$2,055 to \$7,670. The Interest rate is 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2053. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	\$ 120,000
Less:	
Current portion	-
Original issue discount/premium	10,544
Long-term Bonds Series B of 2010	\$ 130,544
Total Electric long-term revenue bonds	\$ 178,568

	<u>Water</u>
	<u>2024</u>
<u>2021 Series Bonds:</u>	
These bonds were issued to finance a portion of the costs of the 2021 Water Project, to pay the costs of issuance of the Series 2021 Bonds, and to prepay the SWRCB loans. Payable in installments ranging from \$430 to \$1,245. Interest rates range from 4.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2051. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	\$ 22,980
Less:	
Current portion	(470)
Original issue discount/premium	4,316
Long-term Bonds Series 2021	\$ 26,826
Total Water long-term revenue bonds payable	\$ 51,728

	<u>Water</u>
	<u>2024</u>
<u>2010B Series Bonds:</u>	
These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from \$850 to \$2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.	\$ 26,045
Less:	
Current portion	(1,085)
Original issue discount/premium	(58)
Long-term Bonds Series B of 2010	\$ 24,902

The Electric and Water Funds are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue and revenue/refunding bonds.

A schedule of aggregate maturities on bonds payable subsequent to June 30, 2024, is as follows on the next page.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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	Electric		Water		Total
	Principal	Interest	Principal	Interest	
2025	\$ 2,295	\$ 9,160	\$ 1,555	\$ 2,445	\$ 15,455
2026	4,445	9,019	1,630	2,368	17,463
2027	4,645	8,770	1,720	2,280	17,415
2028	4,850	8,510	1,810	2,186	17,356
2029	5,070	8,238	1,910	2,088	17,306
2030-2034	29,005	36,638	11,210	8,774	85,627
2035-2039	36,225	27,611	14,480	5,498	83,814
2040-2044	26,675	18,058	6,940	2,236	53,909
2045-2049	28,685	11,583	5,330	1,144	46,742
2050-2053	28,560	3,657	2,440	147	34,804
Total	\$ 170,455	\$ 141,244 ⁽¹⁾	\$ 49,025	\$ 29,167	\$ 355,087

(1) Electric Series 2010B Bonds are Build America Bonds. \$29,719 of the Electric interest shown is gross of the expected receipt of the interest payment due of Federal Subsidy at a rate that fluctuates from year-to-year.

(B) Pledged Revenue

The Electric and Water Utility Funds have debt issuances outstanding that are collateralized by the pledging of utility net revenues. The amount and term of the remainder of these commitments are indicated in the Revenue Bonds Payable tables in Section (B). Utility net revenues are pledged to secure the payment of the principal and redemption premium, if any, and interest on the bonds outstanding, and any parity debt. All remaining utility net revenues, after making the aforementioned secured payments, will be available to the Electric and Water Funds for all lawful utility purposes. The pledge of utility net revenues shall be irrevocable until all of the bonds and parity debt are no longer outstanding.

	FY 23-24 Net Revenue Pledged	Total Bond Principal Debt	Total Bond Interest Debt	Principal Paid this Fiscal Year	Interest Paid this Fiscal Year
Electric Utility	\$ 28,683	170,455	141,244	2,210	7,636 ⁽¹⁾
Water Utility	\$ 6,352	49,025	29,167	1,480	1,752 ⁽¹⁾

⁽¹⁾ Net of 2010B Series Build America Bonds (BAB) Federal subsidy rebates.

(C) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2024:

Electric	June 30, 2023	Additions	Retirements	June 30, 2024	Due within 1 Year
Revenue Bonds Payable:					
2010 Series B Bonds	52,665	-	(2,210)	50,455	2,295
2023 Series Bonds	120,000	-	-	120,000	-
Compensated Absences	7,513	4,638	(3,758)	8,394	340
	\$ 180,178	4,638	(5,968)	178,849	\$ 2,635
Less current portion	(2,516)			(2,635)	
Less unamortized bond premium (discount)	10,989			10,408	
Total	\$ 188,651			\$ 186,622	

A summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2024:

Water	June 30, 2023	Additions	Retirements	June 30, 2024	Due within 1 Year
Loans and Revenue Bonds Payable:					
2010 Series B Bonds	27,095	-	(1,050)	26,045	1,085
2021 Series Bonds	23,410	-	(430)	22,980	470
Compensated Absences	1,030	677	(580)	1,127	106
	\$ 57,065	677	(7,590)	50,152	\$ 1,661
Less current portion	(1,560)			(1,661)	
Less unamortized bond premium (discounts)	4,521			4,258	
Total	\$ 60,028			\$ 52,749	

NOTE 10: Related Party Transactions

The city allocates certain administrative and overhead costs to the Electric and Water Utility Funds in the other operating expenses category. These costs for the year ended June 30, 2024, were as follows:



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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	<u>Electric</u>	<u>Water</u>
	<u>2024</u>	<u>2024</u>
Administrative and overhead costs	\$ 6,908	\$ 1,617

The city receives a 7% Utility Users Tax on electric revenues that is not reflected in the Electric Utility Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2024, is \$12,263.

In addition, the city receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; the Electric in-lieu is recorded directly into the General Fund., and the Street Lighting in-lieu is recorded directly into the Street Lighting Fund. This tax for the year ended June 30, 2024, were Electric in-lieu of \$9,564 and Street Lighting in-lieu of \$2,608.

During the fiscal year the Electric Utility completed a net fund transfer to the city of \$285 for various information technology projects' capital contributions benefiting the Utility. The Electric Utility allocated \$33 of this transfer to the Water Utility.

During the fiscal year, the MPP and Tieton Hydropower Project borrowed \$199 and \$111, respectively, from the city to fund expenditures incurred at year-end. The balance due was paid in August 2024.

NOTE 11: Power Supply and Fuel Expenses - Retail

(A) Retail Energy Supply

The city receives electricity through firm contracts, local generation and market purchases. The majority of electricity is delivered through firm contracts, which include "take or pay", "take and pay" and term purchases. Local generation and market purchases supplement firm contracts to meet the city's retail load requirements.

(B) Joint Powers Agency Contracts

The city, through its Electric Utility Fund, has entered into several "take or pay" and "take and pay" contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the Southern California Public Power Authority (SCPPA) in order to meet the electric needs of its customers. These contracts are not considered joint ventures since the city has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer.

Under the "take or pay" contract, the city is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the city's need for the electricity. The city is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. However, in the opinion of management, the city does not have a financial responsibility for purposes of GASB Statement No. 14, "Financial Reporting Entity", because the IPA and SCPPA do not depend on revenue from the city to continue in existence.

These contracts constitute an obligation of the Electric Utility Fund to make debt service payments from its operating revenues. The Electric Utility Fund's share of debt service is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses.

During the fiscal years ending on June 30, 2024 and 2023, the Electric Fund made payments totaling \$40,145 and \$44,348 for "take or pay" contracts, respectively, and \$17,487 and \$27,480 for the "take and pay" contracts, respectively.

(a) Intermountain Power Agency (IPA)



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In 1980, the city, along with the California Cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the Intermountain Power Project (IPP) in Utah. The city, through contract, is entitled to 60 megawatts (MW) or 3.371% of the 1,800 MW of generation at the plant. In addition, the city entered into an Excess Power Sales Agreement, also on a "take or pay" basis, with Utah municipal and cooperative IPP purchasers, which provides for the city to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

The Senate Bill 1368, which became effective in January 2007 prohibits any investment in baseload generation that does not meet specific emissions performance standards, subject to certain exceptions. In light of this restriction, the initial power sales contracts will terminate on June 15, 2027, and will be replaced with combined cycle natural gas units by July 1, 2025 and continue for a term ending in 2077. Pursuant to the provisions of the power sales contracts, the IPP participants also agreed to reduce the initially planned generation capacity from 1,200 MW to 840 MW. This would allow for compliance with greenhouse gas ("GHG") emissions performance standards. Some of the power purchasers under the original power sales contracts will continue to be IPP participants under the Renewal Power Sales Contracts. The cities of Anaheim, Riverside, and Pasadena will not be power purchasers under the Renewal Power Sales Contracts. The City will take a smaller share of 28 MW generation capacity under the Renewal Power Sales Contracts, and LADWP and the City of Glendale both increased their respective generation shares.

(b) Southern California Public Power Authority (SCPPA)

SCPPA membership consists of 11 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

Hoover Upgrading Project

The city is a participant in SCPPA's Hoover Upgrading Project, consisting primarily of the upgrading of the 17 generating units at the hydroelectric power plant of the Hoover Dam. The City has a 15.9574% (15 MW) entitlement interest in SCPPA's approximately 94 MW interest in the total capacity and allocated energy of Hoover. The city has executed a power sales contract with SCPPA under which the city has agreed to make monthly payments on a "take-or-pay" basis in exchange for its share of SCPPA's proportionate share of Hoover capacity and allocated energy.

Palo Verde Nuclear Generation Station (PVNGS)

The city has a 4.40% entitlement interest (9.7 MW) and a 5.91% ownership interest in PVNGS, including certain associated facilities and contractual rights, a 5.56% ownership in the Arizona Nuclear Power Project ("ANPP") High Voltage Switchyard and associated contractual rights, and a 6.55% share of the rights to use certain portions of the ANPP Valley Transmission System. Commercial operation and initial deliveries from PVNGS Units 1 and 2 commenced in 1986 and Unit 3 commenced in 1987.



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Southern Transmission System Project (STS)

Pursuant to an agreement dated May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the STS, which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of SCPPA, serves as project manager and operating agent of IPP. The STS consists of a 488 mile transmission line and the associated converter station on each end. The 500 kV DC bi-pole transmission lines are currently rated at 2,400 MW as a result of an upgrade completed in December 2010. The city's ownership share of this project is 4.498%.

Magnolia Power Project (MPP)

In March 2003, the city, along with the Cities of Anaheim, Cerritos, Colton, Glendale and Pasadena, entered into a power sales agreement with SCPPA for MPP. MPP commenced commercial operations in Burbank, California in September 2005. MPP is a combined-cycle natural gas-fired generation plant with a nominal rate net base capacity of 242 MW, but can boost its output to 310 MW, if needed. The city has entitlement up to 97.6 MW or 30.992% of its output. The city's share of outstanding debt is 32.350% which excludes debt relating solely to the City of Cerritos. The city is also MPP's operating agent.

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which

subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena).

The city's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the city's gas requirements for MPP. The city has no obligation under the natural gas supply agreement to pay for gas not delivered.

Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345 kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over 366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the city and the City of Pasadena, California) acquired 100.000% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20 -year delivery term, with a guaranteed annual quantity in each year. The city's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

Mead-Adelanto Project (MA)

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a



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transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The city's ownership share of MA is 11.534%.

Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100.000% of entitlement shares. Each of the two project participants, the city and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115 kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual generation from this plant is approximately 48,000 megawatt hours (MWh). The city is also Tieton's operating agent.

Mead-Phoenix Project (MP)

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The city's ownership share of MP is 15.400%.

Natural Gas Project (NGP)

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the city's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100.000% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the city, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The city has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

Ameresco/Chiquita Landfill Gas Project

Ameresco/Chiquita Landfill Gas Project is located in Valencia, California near Lake Castaic and began commercial operations in November 2010. The renewable energy is generated using landfill gas produced at the Chiquita Canyon Landfill. This plant has a total generating capacity of 10 MW and SCPPA members receive 100.000% of the project output. The project participants are the city and the City of Pasadena. The city contracted to purchase approximately 16.700% or 1.7 MW.

Don A Campbell Geothermal (aka Wild Rose)

In November 2013, the City began to receive geothermal energy output from the Wild Rose Geothermal (aka Don A. Campbell) Project, located in Mineral County, Nevada. The term of this agreement is 20 years. This is a geothermal power



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generating facility with a generating nameplate capacity of 25 MW and a projected capacity of 16.2 MW. The city and the City of Los Angeles are project participants. The city contracted to purchase approximately 15.380% (3.845 MW).

Pebble Springs Wind Project

Pebble Springs is located in Gilliam County, Oregon, near the town of Arlington and began commercial operations in early 2009. The term of this agreement is 18 years. The city, and the Cities of Los Angeles and Glendale receive the entire energy output of 99 MW. The city contracted to purchase approximately 10.000% (10 MW).

Copper Mountain 3 Solar Project

Copper Mountain 3 Solar Project is located near Boulder City, Nevada, approximately 25 miles southeast of Las Vegas, Nevada. The facility is the third phase of one of the largest photovoltaic solar facilities in the U.S. situated on about 1,400 acres of land. The city and the City of Los Angeles entered into a 20-year power sales agreement through SCPPA. The city's share of this project is 16.000% (40 MW) of the total capacity of 250 MW. In May 2014, ahead of schedule, the city began to receive solar energy output from Copper Mountain 3. The plant went from partial commercial operations to full commercial operations in 2015.

Desert Harvest II Solar Project

In December 2017, the city, along with the Cities of Anaheim and Vernon, entered into a power sales agreement with SCPPA for Desert Harvest Project. The Desert Harvest Project is located in Riverside County, California and began commercial operations in December 2020. Desert Harvest II Solar Project supplies energy and renewable attributes to SCPPA under a twenty-five-year Renewable Energy Credit (REC) + Index structure contract. The

city and the Cities of Anaheim and Vernon are the participants. The city contracted to purchase approximately 31.34% of its output.

A summary of the city's contracts and related projects and its commitments at June 30, 2024 are shown below:

	City of Burbank portion*	City of Burbank share of bonds	City of Burbank obligation relating to total debt service
Intermountain Power Project Renewal Contract ⁽¹⁾	3.334%	\$ 54,433	\$ 91,690
SCPPA: ⁽²⁾			
Southern Transmission System	4.498%	58,008	110,988
Magnolia Power Project (Project A)	32.350%	67,984	87,605
Prepaid Natural Gas Project #1	33.000%	81,579	108,377
Milford I Wind Project	5.000%	3,781	4,375
Tieton Hydropower Project	50.000%	15,400	21,912
Natural Gas Project - Barnett	100.000%	7,302	9,191
Natural Gas Project - Pinedale	100.000%	2,358	2,968
SCPPA Total		236,412	345,416
Total		\$ 290,845	\$ 437,106

* Burbank shares in % and amounts are estimated based on weighted average.

⁽¹⁾ Based on the 2022 Series A and B IPA outstanding bonds.

⁽²⁾ All SCPPA listed obligations are "take or pay" contracts except the Prepaid Natural Gas Project #1, a "take and pay" contract, and the Milford I Wind Project, a prepaid purchase power agreement.

The following schedule details the amount of principal and interest that is due and payable by the city as part of the joint power agency contracts, by project, in the fiscal year indicated (year ending June 30).



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	2024/25		2025/26		2026/27	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	\$ -	\$ 2,726	\$ -	\$ 2,726	\$ 1,654	\$ 2,685
SCPPA: ⁽²⁾						
Southern Transmission System	1,217	2,612	1,328	3,001	1,494	2,931
Magnolia Power Project (Project A)	3,529	2,501	3,711	2,369	3,905	2,229
Prepaid Natural Gas Project #1	4,241	4,024	4,886	3,784	5,166	3,520
Milford I Wind Project	556	175	584	147	613	117
Tieton Hydropower Project	650	733	1,458	672	618	615
Natural Gas Project - Barnett	930	410	888	357	854	305
Natural Gas Project - Pinedale	300	132	287	115	276	98
Total	\$ 11,423	\$ 13,313	\$ 13,142	\$ 13,171	\$ 14,580	\$ 12,500

	2027/28		2028/29		2029/34	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	\$ 1,736	\$ 2,602	\$ 1,821	\$ 2,514	\$ 10,554	\$ 11,086
SCPPA:						
Southern Transmission System	1,721	2,766	860	2,618	5,872	12,277
Magnolia Power Project (Project A)	4,110	2,081	4,324	1,925	25,264	6,956
Prepaid Natural Gas Project #1	5,858	3,231	6,588	2,912	42,961	8,728
Milford I Wind Project	644	85	676	52	710	18
Tieton Hydropower Project	650	583	680	550	3,950	2,189
Natural Gas Project - Barnett	824	254	801	205	3,005	357
Natural Gas Project - Pinedale	266	82	259	66	970	115
Total	\$ 15,809	\$ 11,684	\$ 16,009	\$ 10,842	\$ 93,286	\$ 41,726

	2034/39		2039/44		2044/49	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	\$ 13,430	\$ 8,141	\$ 17,113	\$ 4,352	\$ 8,124	\$ 424
SCPPA:						
Southern Transmission System	7,779	10,587	9,645	8,411	12,311	5,671
Magnolia Power Project (Project A)	23,142	1,561	-	-	-	-
Prepaid Natural Gas Project #1	11,880	599	-	-	-	-
Milford I Wind Project	-	-	-	-	-	-
Tieton Hydropower Project	5,043	1,075	2,353	95	-	-
Natural Gas Project - Barnett	-	-	-	-	-	-
Natural Gas Project - Pinedale	-	-	-	-	-	-
Total	\$ 61,273	\$ 21,963	\$ 29,111	\$ 12,858	\$ 20,435	\$ 6,095

	2049/54		Total	
	Principal	Interest	Principal	Interest
Intermountain Power Project	\$ -	\$ -	\$ 54,432	\$ 37,256
SCPPA:				
Southern Transmission System	15,782	2,106	58,009	52,980
Magnolia Power Project (Project A)	-	-	67,985	19,622
Prepaid Natural Gas Project #1	-	-	81,580	26,798
Milford I Wind Project	-	-	3,783	594
Tieton Hydropower Project	-	-	15,402	6,512
Natural Gas Project - Barnett	-	-	7,302	1,888
Natural Gas Project - Pinedale	-	-	2,358	608
Total	\$ 15,782	\$ 2,106	\$ 290,851	\$ 146,258

For further information regarding SCPPA, please visit www.scppa.org.

Hedge Policies and Outstanding Hedge Contracts

The Electric Utility Fund utilizes natural gas hedging as outlined in its Energy Risk Management Policy. The purpose of hedging is to protect against fluctuating prices and deliver stable and competitive rates to its retail customers.

Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. On June 30, 2024, the City of Burbank has sufficient allocated greenhouse gas allowances for its retail sales.

NOTE 12: Purchased Power and Fuel Expenses - Wholesale

The Electric Utility Fund has been involved in the wholesale market for many years. Since 2000, the Electric Utility Fund's strategy has been one of primarily optimizing revenues from temporarily underutilized electric assets to develop wholesale net margins that reduce its power supply expenses.

The Electric Utility continues using the wholesale margin as an offset to its overall power supply expenses.

Wholesale margins for the year ended June 30, 2024, are as follows:

	2024
Wholesale Revenues	\$ 23,197
Wholesale Costs	20,974
Wholesale Margin	\$ 2,223



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NOTE 13: Regulatory Credits and Deferred Revenue

The Electric Utility regulatory credits as of June 30, 2024 were as follows:

Regulatory Credits - Electric Fund	Balance			Balance
	July 1, 2023	Additions	Deletions	
Deferred CEC grant	\$ 140	-	(94)	\$ 46
Deferred Greenhouse Gas proceeds	69	-	-	69
Cal Trans electric vehicle chargers grant	-	1,000	(9)	991
Total Regulatory Credits - Electric Fund	\$ 209	1,000	(103)	\$ 1,106

On January 22, 2013, the Electric Utility was awarded a grant of \$1,000 from the California Energy Commission (CEC) in support of the Department of Energy's systems' modernization capital projects funded during fiscal years 2010-11 through 2014-15. The Electric Utility is deferring payments received for these capital assets to match corresponding depreciation expense over their useful lives, as allowed by Accounting Standards Codification (ASC) 980 rules under GASB Statement No. 62. The Electric Utility recognized revenue and depreciation expense of \$94. The deferred CEC payments were reported as regulatory credits in noncurrent liabilities and were \$46.

During fiscal year 2014-15, the Electric Utility sold greenhouse gas (GHG) allowance credits at auction, resulting in proceeds of \$69. These proceeds were reported as deferred inflows of resources and will remain deferred until such time that the City Council authorizes use that supports the intent of California Assembly Bill 32, which includes mitigating risks associated with climate change while improving energy efficiency, expanding the use of renewable energy resources, cleaner transportation, and reducing waste. The deferred GHG proceeds were reported as regulatory credits in noncurrent liabilities and were \$69.

In January 2024, the Electric Utility received grant payments of \$1,000 from the California Department of Transportation (CalTrans) for the installation of public

electric vehicle chargers. During the fiscal year the Electric Utility installed 8 electric vehicle chargers in the city for a total cost of \$8. The deferred grant proceeds were reported as regulatory credits in noncurrent liabilities and were \$992.

During the prior fiscal year, the Electric Fund was awarded a grant of \$638 from the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development. This grant was an extension of the fiscal year 2021/22 CAPP Program to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the prior fiscal year, the Electric Utility Fund applied the full grant amount of \$638 to qualifying customer accounts for unpaid electric services. During the fiscal year, the Electric Utility discovered that \$47 of CAPP grant funds were erroneously applied to ineligible customers' accounts. As of June 30, 2024, the Electric Utility and the State are in discussions regarding the potential refunding of the ineligible application of the \$47, grant proceeds, which were reported as deferred revenues.

NOTE 14: Retirement Plan

(A) Pension Plans

The Utility Funds participate in the city's Miscellaneous Employee Defined Benefit Plans and the Utility Funds' share of net pension liability is reported as a cost sharing plan in these financial statements.

1. Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the city's Miscellaneous (Non-Safety) Employee Pension Plan, an agent multiple-employer defined benefit pension plan administered by the California



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Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and city resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

2. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily defined benefits. For employees hired into the plan with the 2.5% at 55 formula, eligibility for service retirement is age 50 with at least 5 years of service. PEPR (Public Employees' Pension Reform Act) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the June 30, 2023 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.81%
Required employer contribution rates	11.110%	10.000%
Payment of unfunded liability	\$18,844	\$ -

3. Contributions

Contributions Section 20814(c) of the California Public Employees' Retirement Law 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 city is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City Miscellaneous Plan employer contributions to CalPERS for the fiscal year were \$35,876. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.



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(B) Net Pension Liability

As of June 30, 2024, the Utility Funds reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

Proportionate Share of Net Pension Liability		
	June 30, 2024	June 30, 2023
Electric Utility Fund	\$ 79,303	\$ 80,714
Water Utility Fund	12,432	12,653

The Utility Funds' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and June 30, 2022, respectively, using an annual actuarial valuation as of June 30, 2022, and June 30, 2021, respectively, rolled forward to June 30, 2023, and June 30, 2022, respectively, using standard update procedures. The Utility Funds' proportionate share of net pension liability was based on a projection of the Utility Funds' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Electric and Water Utility's proportionate share of the net pension liability for

	Electric Utility	Water Utility
Proportion - June 30, 2023	34.32%	5.38%

the Miscellaneous Plan as of the June 30, 2023 measurement was as follows:

(C) Pension Expenses and Deferred Outflows /Inflows of Resources Related to Pensions

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/

The Utility has the following pension outflow that qualifies for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows from pensions resulting from differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflows related to pensions for differences between projected and actual earnings on investments of the pensions plan fiduciary net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:



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- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

For the year ended June 30, 2024, the city recognized pension expense for the Electric and Water Funds of \$14,245 and \$2,233, respectively. On June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Electric	Water	Electric	Water
Pension contributions subsequent to measurement date	\$ 12,313	1,930	-	-
Differences between actual and expected experience	585	92	(444)	(70)
Change in assumptions	3,789	594	-	-
Net differences between projected and actual earnings on plan investments	13,102	2,054	-	-
Total	\$ 29,789	4,670	(444)	(70)

For the Electric and Water Utility Funds, \$12,313 and \$1,930, respectively, were reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:



Year Ending	Electric Utility	Water Utility
2025	\$ 5,401	847
2026	2,076	325
2027	9,215	1,445
2028	340	53
Thereafter	-	-
Total Deferred Inflows of Resources	\$ 17,032	\$ 2,670

1. Actuarial Assumptions

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

	Miscellaneous Plan
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.300%
Payroll Growth	2.750%
Salary Increases ⁽¹⁾	
Mortality ⁽²⁾	
Post Retirement Benefit Increase ⁽³⁾	
⁽¹⁾ Varies by entry age and service.	
⁽²⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the "2021 CalPERS Experience Study and Review of Actuarial Assumptions". Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.	
⁽³⁾ The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.	

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1. Discount Rate

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

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

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return 1 - 10 (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation rate of 2.30% used for this period.
(b) Figures are based on the 2022 Asset Management Liability study.

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

The following presents the net pension liability of the Utility for the Miscellaneous Plan, calculated using the discount rate, as well as what the Utility's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (actual amounts):

Utility Funds' Allocation		
	Elec	Water
	5.90%	
\$	127,872	\$
		20,045
	6.90%	
\$	79,303	\$
		12,432
	7.90%	
\$	39,261	\$
		6,155



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2. Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

On June 30, 2024, the city reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 15: Post-Retirement Health Care Benefits

PEMHCA

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the State of California's government code, is an agent multiple employer plan. The city pays the required PEMHCA minimum contribution for all miscellaneous employees retiring directly from the city who enroll in a CalPERS medical plan. The 2024 PEMHCA minimum contribution amount is \$157 (in dollars) per month. In addition, the city pays retiree health contribution amounts of \$100 (in dollars) per month for 13 management retirees, and \$188 (in dollars) per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of \$157 (in dollars) is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 19.700% to the Electric Fund and 3.594% to the Water Fund. The PEMHCA benefit provisions are established and amended through negotiations between the city and its unions.

BERMT

The Burbank Employees Retiree Medical Trust (BERMT) is a single employer, defined benefit plan. The BERMT was established in April 2003 by the city's employee associations to provide post-retirement medical benefits to all non-safety employees, including elected and appointed officials. BERMT members represented by a bargaining group are required to contribute \$50 (in dollars) per pay period, and the city contributes \$50 (in dollars) per pay period for these members. BERMT members unrepresented by a bargaining group are not able to make employee contributions, and the city contributes \$100 (in dollars) per pay period for these members. BERMT plan provisions and contribution requirements are established by and may be amended by the BERMT board.

The trust is controlled by the seven voting members from the various employee associations appointed to three year terms. The city appoints an eighth member to the board, but that member is non-voting. Investments are determined by the BERMT plan trustees and are governed by the Employee Retirement Income Security Act of 1974 (ERISA) provisions.

Eligibility for benefits require that members are retired from the city and have reached age 58 with a minimum of 5 years of contributions into the plan. The benefit ranges from \$150 to \$630 (in dollars) in reimbursements per month based on number of contributions for eligible medical expenses. For the fiscal year 2023-24, the city contributed \$1,574 to BERMT. BERMT is not subject to GASB 75 reporting.



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Utility Retiree Medical Trust (URMT)

The URMT is an agent multiple employer plan, established during the 2008-09 fiscal year for IBEW members and 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$1,200/month (in dollars) for individuals aged 50 to age 64 and \$750/month (in dollars) for those age 65 and above, with the exception that for qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at Burbank and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be \$975/month (in dollars), including payments from BERMT, PEMHCA minimum and URMT. For the fiscal year 2023-24 the city contributed \$20.

Funding Policy

The city has pre-funded the PEMHCA and URMT Plans through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the city's Actuarially Determined Contribution (ADC) each year. For the fiscal year 2023-24 (measurement period of June 30, 2023), the city contributed \$5,505, consisting of \$1,782 in implied subsidy payment contributions netted against \$3,123 in benefit payments and administrative expense.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45.

The CERBT issues a publicly available financial report that includes financial statements and required supplementary

information for the city, not individualized, but in aggregate with the other CERBT participating agencies.

This report may be obtained at the following address:

PEMHCA, CERBT—State of California, 400 Q Street, Sacramento, CA 95811

The Utility Retiree Medical Trust does not issue a separate financial statement.

Employees Covered

As of June 30, 2023 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

Net OPEB Liability/(Asset)	URMT
Inactive employees or beneficiaries currently receiving benefits	72
Active employees	146
Total	218

Contributions

The URMT and PEMHCA contribution requirements are established by city policy and may be amended. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, the city's total contributions of \$5,525 consist of payments to the trust of \$5,505 to PEMHCA and \$20 to URMT. The proportionate share of the PEMHCA payments of \$1,084 and \$198 were allocated to the Electric and Water



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

Utility Funds, respectively; the URMT payments of \$20 were allocated to the Electric and Water Utility Funds.

Net OPEB Liability/(Asset)

The city's net OPEB liability/(asset) was measured as of June 30, 2023 and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability are as follows:

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.25%	6.25%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	2.75%	2.75%
Expected long term investment rate of return	6.25%	6.25%
	6.25% Medicare (Kaiser), 7.50% Medicare (Non-Kaiser), 8.50% Non-Medicare, decreasing to 3.45% in 2076	
Healthcare cost trends (PEMHCA)	and later	
Benefit Increase trend rates (URMT)	0% to 2023, then 3.5% after	
Pre-retirement turnover	Derived from CalPERS pension plan	
Mortality ⁽¹⁾		
⁽¹⁾ The probabilities of mortality are 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. For more details on this table, please refer to the 1997-2015 experience study report.		

The actuarial assumptions used in the June 30, 2023 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the city.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	New Strategic Allocation	Expected Real Return
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS (Treasury Inflation-Protected Security)	5.00%	-0.08%
REITs (Real Estate Investment Trust)	20.00%	4.06%
Commodities	3.00%	1.22%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability/(asset) was 6.25%. The projection of cash flows used to determine the discount rate assumed that the city's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

Change of Discount Rate

The discount rate used in the June 30, 2023 valuation was 6.25%, which did not change from the June 30, 2022 valuation discount rate of 6.25%.

Changes in Assumptions

There were no changes in assumptions since the measurement period June 30, 2021, all assumptions remained the same for the measurement period June 30, 2023.

Changes in the NET OPEB URMT Plan Liability/(Asset)

Changes in the net OPEB liability - URMT	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 (Measurement date)	\$ 10,814	12,821	(2,007)
Changes in the year:			
Service cost	289		289
Interest on the total OPEB liability	686		686
Differences between actual and expected experience	(689)		(689)
Changes in assumptions	145		145
Contributions - employer		323	(323)
Contributions - employee		76	(76)
Net investment income		843	(843)
Benefit payments	(248)	(248)	-
Administrative expenses		(4)	4
Net Changes	183	990	(807)
Balance at June 30, 2022 (Measurement date)	\$ 10,997	13,811	(2,814)

As of June 30, 2024 the Utility Funds reported net OPEB liability/(asset) for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan		June 30, 2024
Electric Utility	\$	2,730
Water Utility		498

a. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability/(asset) of the Utility, as well as what the Utility's net OPEB liability/(assets) would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	PEMHCA		URMT	
1% Decrease		5.25%		5.25%
Net OPEB Liability	\$	4,987	\$	(854)
Current Trend		6.25%		6.25%
Net OPEB Liability	\$	3,228	\$	(2,814)
1% Increase		7.25%		7.25%
Net OPEB Liability	\$	1,764	\$	(4,373)

b. Sensitivity of the net OPEB liability/(asset) to changes in healthcare cost trend rates

The following presents the net OPEB liability/(asset) of the city, as well as what the city's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or higher than the current healthcare cost trend rates:



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

	<u>PEMHCA</u>	<u>URMT</u>
1% Decrease (Asset)		
Net OPEB Liability/(Asset)	\$ 1,635	\$ (5,448)
Current Trend		
Net OPEB Liability/(Asset)	\$ 3,228	\$ (2,814)
1% Increase		
Net OPEB Liability/(Asset)	\$ 5,172	\$ 531

OPEB expense and deferred outflows/inflows of resources related to OPEB:

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Utility has the following OPEB outflow that qualifies for reporting in this category:

- Deferred outflow related to OPEB equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the plans.
- Deferred outflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that

time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the Plan.

For the fiscal, year ended June 30, 2024 the Utility recognized OPEB expense/(revenue) of (\$8) and (\$146) for PEMHCA and URMT, respectively.

On June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources beginning on the next page.

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**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

	PEMHCA	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:		
Electric Fund	\$ 940	\$ -
Water Fund	170	-
Differences between actual and expected experience:		
Electric Fund	-	(2,107)
Water Fund	-	(384)
Change in assumptions:		
Electric Fund	973	(1,116)
Water Fund	178	(204)
Differences between projected and actual earnings:		
Electric Fund	488	-
Water Fund	90	-
Total	\$ 2,839	\$ (3,811)

Utility Funds	URMT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:		
Electric Fund	\$ 70	-
Water Fund	-	-
Differences between actual and expected experience:		
Electric Fund	125	(1,330)
Water Fund	-	-
Change in assumptions:		
Electric Fund	196	(1,402)
Water Fund	-	-
Differences between projected and actual earnings:		
Electric Fund	812	-
Water Fund	-	-
Total	\$ 1,203	\$ (2,732)

\$1,110 and \$70 reported as deferred outflows of resources related to contributions subsequent to the measurement date for PEMHCA and URMT respectively, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	PEMHCA	URMT
2025	\$ (705)	\$ (248)
2026	(758)	(317)
2027	196	162
2028	(160)	(464)
2029	(215)	(468)
Thereafter	(443)	(263)
Total Deferred Inflows of Resources	\$ (2,085)	\$ (1,598)

Payable to the OPEB Plan

On June 30, 2024, the Utility reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

NOTE 16: Self-Insurance

The Electric and Water Funds are in the city’s self-insurance program as part of its policy to self-insure certain levels of risk within separate lines of coverage to maximize cost savings. The city is a member in ACCEL (Authority for California Cities Excess Liability), which is a risk sharing pool for municipal excess liability.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

Each individual member self-insures all general liability losses for the first \$1,000 and the members of the pool share losses between \$1,000 and \$10,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with Burbank purchasing an additional \$55,000 of excess coverage, for total coverage of \$65,000. The layers of coverage above \$10,000 are not pooled, but rather jointly purchased.

The city's worker's compensation program is self-insured for the first \$2,000 of each loss. The city charges the Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There have not been any settlements in excess of insurance coverage for the past three years.

Additional information regarding all the city's self-insurance programs can be found in the city's ACFR.

NOTE 17: Hedging Derivative Instruments

In accordance with GASB Statement No. 53, the Electric Fund recorded the fair values of its financial natural gas hedges on the statement of net position. As of June 30, 2024, and June 30, 2023, the fair values of the financial natural gas hedges were approximately \$3,729 and \$1,417, respectively, and were recorded as current assets and deferred inflow of resources on the Statement of Net Position.

The Electric Utility Fund entered into natural gas hedging contracts to stabilize the cost of gas needed to produce electricity to serve its customers. It is designed to cap gas prices over a portion of the forecasted gas requirements. The Electric Utility Fund does not speculate when entering into financial transactions. Financial hedges are variable to fixed-price swaps, and hedge transactions are layered in to achieve dollar cost



**WATER AND
POWER**

averaging. For the prior fiscal year, the Electric Fund entered into three fiscal year 2023-24 gas hedging contracts that resulted in the purchase of natural gas and were recorded in the Power supply expenses-retail account. As such, the related deferrals recorded in fiscal year 2022-23 have been eliminated.

As of June 30, 2024, the Electric Fund's financial natural gas hedges are as follows:

Gas Hedging Contracts	Contracts Quantity	Contract Price	First Effective Date	Last Effective Date	Fair Value
FY 24-28	3,651,000 MMBtu*	\$6.366 avg	July 1, 2024	June 30, 2028	(\$3,729)

* one million British thermal units

The fair value of the natural gas hedges was affected by a decrease in the contracted natural gas prices during the year. All fair values were estimated using a third party forward curve subscription by StoneX Financial Inc.

NOTE 18: Contingencies

Potential Litigation

BWP is presently involved in certain matters of litigation that have arisen in the normal course of conducting electric and water operations. Management believes, based on consultation with the city attorney, that these cases in the aggregate are not expected to result in a material adverse financial impact on either the Electric or Water Funds.

NOTE 19: Subsequent Events

During the first and second quarters to date of fiscal year 2024-25 the Electric and Water Utility Funds drew down projects' proceeds of \$17,867 from the Electric Fund's 2023 bond issue, and \$5,503 from the Water Fund's 2021

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

bond issue. These proceeds were deposited to each fund's operating cash account from August to October, 2024, and are for covered qualified projects' spending for the Electric and Water Utilities.

In July 2024, the Electric and Water Funds issued new revenue bonds to refund their 2010B revenue bond issues' outstanding debt. The Electric revenue refunding bonds, Series 2024, were issued for \$46,060 with a premium of \$6,419 at an interest rate of 3.231377% due in 2040. The 2010B outstanding electric revenue bonds (Build America Bonds), including the 2024 bonds cost of issuance and the 2010B bonds accrued interest, were paid off in the amount of \$53,079. The Water revenue refunding bonds, Series 2024, were issued for \$23,475 with a premium of 3,109 at an interest rate of 3.357718% due in 2040. The 2010B outstanding water revenue bonds (Build America Bonds), including the 2024 bonds cost of issuance and the 2010B bonds accrued interest, were paid off in the amount of \$26,240.

On June 30, 2023, an electrical transformer fire occurred at Warner Bros. Substation, a customer substation serving only Warner Bros. Studios. The fire was contained to the area of the transformer and put out within a short period of time. There was no major, structural damage to buildings and no injuries reported; however, one of the substation's two transformers was damaged beyond repair. Warner Bros. is currently receiving service from the substation's second transformer and a smaller-sized, temporary transformer until its permanent replacement arrives in 2027. The Electric Utility is in the process of filing an insurance claim for its loss. The estimated cost of permanently replacing the damaged transformer is approximately \$2,500.

In July, 2024, the Tieton Hydropower Project, a SCPPA project with the city and the City of Glendale as participants with each having a 50% entitlement share, suffered significant damage to the plant as a result of the Retreat Fire in Yakima County, WA. Damages are currently estimated at \$1,000. SCPPA is currently working with the insurance carrier on pending claims.

During the fiscal year, the Water Utility was awarded a grant of \$566 from the CWWAPP within the SWRCB to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the fiscal year, \$550 of grant funds were applied to customer accounts. In October 2024, it was discovered that \$58 of grant proceeds was applied to ineligible customers. The erroneous applied funds were reverse from the affected customers accounts and made to be collectible to the Electric Utility. In November 2024, \$58 of grant proceeds were returned to the SWRCB. In addition, the grant proceeds allocated for administrative fees was recorded as Electric Utility miscellaneous revenue in the amount of \$16.

In fiscal year 2020-21, the city received an advance of \$3,000 on its settlement with its insurance carrier concerning damaged property and equipment relating to the Golden State Substation fire in April 2020. No further insurance proceeds were received during the fiscal year. The city negotiated a revised settlement with the insurance carrier and, in a closed session meeting, the Burbank City Council authorized the BWP General Manager to execute a settlement agreement.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS					
Last 10 Fiscal Years *					
ELECTRIC FUND					
Fiscal Year Ended	2024	2023	2022	2021	2020
Measurement Period	2023	2022	2021	2020	2019
Plan's Proportionate Share of Net Pension Liability in %	34.32%	34.32%	34.27%	34.27%	34.27%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 79,303	\$ 80,714	\$ 33,366	\$ 75,580	\$ 74,938
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.59%	77.57%	90.18%	76.99%	76.49%
Covered-Employee Payroll	29,725	30,136	29,612	27,711	27,500
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	266.79%	267.83%	112.68%	272.75%	272.50%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 12,313	\$ 11,895	\$ 11,621	\$ 11,867	\$ 7,321
WATER FUND					
Fiscal Year Ended	2024	2023	2022	2021	2020
Measurement Period	2023	2022	2021	2020	2019
Plan's Proportionate Share of Net Pension Liability in %	5.38%	5.38%	5.54%	5.54%	5.54%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 12,432	\$ 12,653	\$ 5,394	\$ 12,218	\$ 12,114
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.59%	77.57%	90.18%	76.99%	76.49%
Covered-Employee Payroll	\$ 4,660	\$ 4,724	\$ 4,787	\$ 4,480	\$ 4,446
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	266.79%	267.83%	112.68%	272.75%	272.50%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,930	\$ 1,865	\$ 1,879	\$ 1,918	\$ 1,183

* - Fiscal year 2015 was the 1st year of implementation.
 Additional information regarding this Schedule can be found in the city's Annual Comprehensive Financial Report.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS

Last 10 Fiscal Years *

ELECTRIC FUND

Fiscal Year Ended	2019	2018	2017	2016	2015
Measurement Period	2018	2017	2016	2015	2014
Plan's Proportionate Share of Net Pension Liability in %	34.96%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 73,226	\$ 78,580	\$ 71,305	\$ 58,442	\$ 55,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.63%	74.40%	74.83%	78.81%	79.89%
Covered-Employee Payroll	\$ 28,470	\$ 27,615	\$ 27,587	\$ 27,521	\$ 27,719
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	257.20%	284.56%	258.47%	212.36%	198.65%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 6,663	\$ 5,864	\$ 5,355	\$ 4,788	\$ 4,258

WATER FUND

Fiscal Year Ended	2019	2018	2017	2016	2015
Measurement Period	2018	2017	2016	2015	2014
Plan's Proportionate Share of Net Pension Liability in %	5.49%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 11,499	\$ 12,340	\$ 11,198	\$ 9,178	\$ 8,647
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.63%	74.40%	74.83%	78.81%	79.89%
Covered-Employee Payroll	\$ 4,471	\$ 4,337	\$ 4,332	\$ 4,322	\$ 4,353
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	257.20%	284.56%	258.47%	212.36%	198.65%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,046	\$ 921	\$ 841	\$ 752	\$ 669

* - Fiscal year 2015 was the 1st year of implementation.

Additional information regarding this Schedule can be found in the city's Annual Comprehensive Financial Report.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Miscellaneous Plan Pension Contributions - 2024

ELECTRIC FUND

Fiscal Year Ended June 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 9,567	\$ 9,150	\$ 7,478	\$ 8,880	\$ 8,438
Contributions in Relation to the Actuarially Determined Contribution	<u>(12,313)</u>	<u>(11,895)</u>	<u>(10,220)</u>	<u>(11,622)</u>	<u>(11,865)</u>
Contribution Deficiency (Excess)	<u>\$ (2,746)</u>	<u>\$ (2,746)</u>	<u>\$ (2,742)</u>	<u>\$ (2,742)</u>	<u>\$ (3,427)</u>
Covered-Employee Payroll	\$ 34,983	\$ 28,472	\$ 29,153	\$ 27,711	\$ 27,500
Contributions as a Percentage of Covered-Employee Payroll	35.20%	41.78%	35.06%	41.94%	43.14%
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

WATER FUND

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 1,500	\$ 1,434	\$ 1,209	\$ 1,436	\$ 1,364
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,930)</u>	<u>(1,865)</u>	<u>(1,652)</u>	<u>(1,879)</u>	<u>(1,918)</u>
Contribution Deficiency (Excess)	<u>\$ (430)</u>	<u>\$ (430)</u>	<u>\$ (443)</u>	<u>\$ (443)</u>	<u>\$ (554)</u>
Covered-Employee Payroll	\$ 5,484	\$ 4,463	\$ 4,713	\$ 4,480	\$ 4,446
Contributions as a Percentage of Covered-Employee Payroll	35.20%	41.78%	35.06%	41.94%	43.14%
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Miscellaneous Plan Pension Contributions - 2024

ELECTRIC FUND

Fiscal Year Ended June 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 7,463	\$ 6,657	\$ 5,355	\$ 4,788	\$ 4,258
Contributions in Relation to the Actuarially Determined Contribution	<u>(7,463)</u>	<u>(6,657)</u>	<u>(5,355)</u>	<u>(4,788)</u>	<u>(4,258)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$ 28,470	\$ 27,615	\$ 27,587	\$ 27,521	\$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

WATER FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,172	\$ 1,045	\$ 841	\$ 752	\$ 669
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,172)</u>	<u>(1,045)</u>	<u>(841)</u>	<u>(752)</u>	<u>(669)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$ 4,471	\$ 4,337	\$ 4,332	\$ 4,322	\$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years⁽¹⁾

In Thousands

UTILITY FUNDS

Fiscal Year

	PEMHCA 6/30/2024	PEMHCA 6/30/2023	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018
Actuarially determined contribution	\$ 683	\$ 676	\$ 423	\$ 410	\$ 621	\$ 608	\$ 598
Contributions in relation to the actuarially determined contribution	(1,111)	(1,303)	(241)	(423)	(603)	(608)	(598)
Contribution deficiency (excess)	<u>\$ (427)</u>	<u>\$ (627)</u>	<u>\$ 182</u>	<u>\$ (13)</u>	<u>\$ 18</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 33,599	\$ 26,852	\$ 16,880	\$ 17,282	\$ 18,828	\$ 16,928	\$ 16,671
Contributions as a percentage of covered- employee payroll	3.31%	4.85%	1.43%	2.45%	3.20%	3.59%	0.00%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

* Agent multiple employers	Entry age normal; Level percentage of pay
* Amortization method	Level percentage of pay
* Amortization period	21-year fixed period for 2022/23
* Asset valuation method	Investment gains and losses spread over 5-year rolling period
* Discount rate	6.25%
* Inflation	2.50%
* Investment rate of return	6.25%
* Mortality	CalPERS 1997-2015 experience study

⁽¹⁾ Fiscal year 2018 was the first year of implementation; therefore, seven years are shown.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years⁽¹⁾

In Thousands

UTILITY FUNDS

Fiscal Year

	URMT 6/30/2024	URMT 6/30/2023	URMT 6/30/2022	URMT 6/30/2021	URMT 6/30/2020	URMT 6/30/2019	URMT 6/30/2018
Actuarially determined contribution	\$ 18	\$ 17	\$ 231	\$ 224	\$ 170	\$ 167	\$ 154
Contributions in relation to the actuarially determined contribution	(70)	(323)	(229)	(228)	(170)	(167)	(154)
Contribution deficiency (excess)	<u>\$ (52)</u>	<u>\$ (306)</u>	<u>\$ 2</u>	<u>\$ (4)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 17,306	\$ 18,164	\$ 17,448	\$ 18,172	\$ 19,521	\$ 17,698	\$ 17,084
Contributions as a percentage of covered-employee payroll	0.40%	1.78%	1.31%	1.25%	0.87%	0.94%	0.90%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

- * Agent multiple employers
- * Amortization method
- * Amortization period
- * Asset valuation method
- * Discount rate
- * Inflation
- * Investment rate of return
- * Mortality

⁽¹⁾ Fiscal year 2018 was the first year of implementation; therefore, seven years are shown.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** SUPPLEMENTAL INFORMATION ***

Schedule 1

ANNUAL ELECTRIC SUPPLY		
Fiscal Year ended June 30, 2024		
Resource	MWh	Percentage
Renewables ⁽¹⁾	384,390	40.3%
Intermountain Power Project	134,930	14.2%
Magnolia Power Project	272,010	28.5%
Spot Purchases	83,940	8.8%
Palo Verde Nuclear	49,260	5.2%
On-Site Generation	12,540	1.3%
Hoover Uprating	16,190	1.7%
Total⁽²⁾	953,260	100.0%

¹Renewable resources include the Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Desert Harvest II Solar Project, Spot and long-term renewable certificates, local generation from BWP Valley Pumping Plant, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2024, renewable energy resources made up approximately 40.8% of Burbank's total retail sales. This number differs from the official Renewable Portfolio Standard (RPS) calculation and compliance period, which are based on retail sales and calendar year.

²Does not equal total sales to customers throughout the City due to distribution losses and timing differences in billing cycle.

Schedule 2

CUSTOMERS, SALES, ELECTRIC REVENUES AND DEMAND					
Fiscal Years ended June 30					
	2020	2021	2022	2023	2024
Number of Retail Service:					
Residential	46,098	46,152	46,290	46,688	46,155
Commercial ¹	6,844	6,861	6,880	6,959	6,914
Large Commercial ¹	88	84	82	82	84
Total	53,030	53,097	53,252	53,729	53,153
Retail Kilowatt-hour Sales (millions)					
Residential	275	287	275	286	259
Commercial ²	485	448	477	475	461
Large Commercial ²	260	227	228	232	223
Total	1,019	962	979	993	943
Electric Revenues (\$ in thousands):					
Retail ³	\$ 158,024	\$ 149,846	\$ 154,304	\$ 165,417	\$ 173,453
Wholesale	\$ 15,442	\$ 42,088	\$ 21,486	\$ 40,324	\$ 23,197
Other ⁴	\$ 7,274	\$ 9,040	\$ 6,600	\$ 7,146	\$ 6,962
Total	\$ 180,740	\$ 200,974	\$ 182,390	\$ 212,887	\$ 203,612
Peak Demand (MW)					
	283	292	246	290	263

¹Meter counts include all billed meters.

² Retail sales for Commercial and Large Commercial customers were lower in FY 2019-2020 and FY 2020-2021 because of closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020.

³Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.

⁴Other miscellaneous revenues include transmission, telecommunications, intergovernmental, and other miscellaneous revenues. Other miscellaneous revenues do not include aid-in-construction.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)

*** SUPPLEMENTAL INFORMATION ***

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC ⁽¹⁾					
(Cents per Kilowatt-hour)					
	2020	2021	2022	2023	2024
Residential ⁽²⁾	15.83	15.86	16.01	17.12	19.25
Commercial	16.07	16.02	16.21	17.30	18.51
Large Commercial	13.93	13.96	14.08	15.05	16.02
System Weighted Average Electric Rate	15.46	15.49	15.66	16.72	18.12

¹ All weighted average rates exclude annual in-lieu transfers to the City’s General Fund and street lighting transfers. City voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of BWP’s gross annual sales of electricity to pay for City’s essential services.

² Residential includes multi-family dwellings.

Schedule 4

ANNUAL WATER SUPPLY		
Fiscal Year ended June 30, 2024		
Resource	Acre Feet (AF)	Percentage
Metropolitan Water District	2,442	17.1%
Local Production – BOU	11,877	82.9%
Total	14,319	100.0%



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

*** SUPPLEMENTAL INFORMATION ***

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES					
Fiscal Years ended June 30					
	2020	2021	2022	2023	2024
Number of Water Service:					
Potable					
Residential ¹	22,161	22,188	22,216	22,211	21,955
Commercial ²	3,205	3,212	3,211	3,206	3,189
Other ³	1,171	1,184	1,195	1,192	1,177
Recycled	240	250	256	262	276
Total	26,777	26,834	26,878	26,871	26,597
AF Sales Per Year:					
Potable					
Residential ¹	11,671	12,642	11,713	9,630	9,772
Commercial ²	3,155	2,645	2,943	2,794	2,824
Other ³	183	170	200	231	176
Recycled	3,032	2,927	3,134	2,673	2,852
Total in AF	18,041	18,384	17,990	15,328	15,624
Water Revenues (\$ in thousands):					
Retail ⁴	\$ 32,394	\$ 32,961	\$ 32,876	\$ 32,703	\$ 35,414
Other ⁵	\$ 955	\$ 1,064	\$ 1,083	\$ 1,280	\$ 1,230
Total	\$ 33,349	\$ 34,025	\$ 33,959	\$ 33,983	\$ 36,644
Maximum Demand Day (AF)	62.8	57.1	60.1	54.6	51.9

¹Residential includes multi-family dwellings.

²Commercial includes Large Commercial.

³Other includes city department water, school, fire protection, and miscellaneous users

⁴Potable and Recycled.

⁵Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024 (in thousands)**

*** SUPPLEMENTAL INFORMATION ***

Schedule 6

WEIGHTED AVERAGE BILLING PRICE – POTABLE WATER					
(\$ per CCF¹)					
	2020	2021	2022	2023	2024
Residential ²	4.21	4.18	4.33	5.04	5.46
Commercial ³	4.17	4.29	4.25	4.85	5.12
Weighted Average Water Rate	4.20	4.20	4.31	5.00	5.39

¹CCF is one hundred of cubic feet; one AF is equal to approximately 435.6 CCF.

²Residential includes multi-family dwellings.

³Commercial includes Large Commercial.

