



**WATER
AND
POWER**

ANNUAL REPORT

FISCAL YEAR 2021-2022



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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

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Electric and Water Utility Funds of the City of Burbank (the City), as of and for the year ended June 30, 2022, 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 respective financial position of the Electric and Water Utility Enterprise Funds of the City of Burbank as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City of Burbank 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(C), the financial statements present only the Electric and Water Utility Enterprise Funds and do not purport to, and do not, present fairly the financial position of the City of Burbank as of June 30, 2022, 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 opinions are not modified with respect to this matter.

As discussed in Note 1(R) to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, GASB No. 87, Leases. The guidance requires lessees to recognize right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 City of Burbank'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, the schedules of changes in the net pension liability and related ratios of the defined benefit plans, the schedules of contributions of the defined benefit plans, the schedule of changes in net OPEB liability and related ratios and the schedule of contributions of the OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and supplemental information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Partial Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2021 from which such partial information was derived.

CliftonLarsonAllen LLP

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Irvine, California
February 15, 2023

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

FISCAL YEAR ENDED JUNE 30, 2022 (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, 2022 (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 to the basic financial statements provide additional information that is essential for a full understanding of the data provided in these financial statements.

Electric Utility Fund

Electric Utility Fund highlights:

- For the fiscal year, overall retail load was higher than the prior fiscal year by 1.7% due in part to a partial recovery from the COVID-19 pandemic. This recovery was primarily attributable to higher energy demand associated with increased business activity.
- The Electric Utility continued with its asset optimization strategy. A net wholesale margin of \$2,641 was generated during high energy prices driven by the summer heat waves.
- For the fiscal year, the Electric Utility's availability rate was 99.997%. The system average interruption was only 14.96 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.36 outages per customer served every year.
- The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2021, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation. This designation is effective until April 2024.

- The Electric Utility met the California's Renewables Portfolio Standard (RPS) goal of 35.75% for the calendar year of 2021 and is on track to meet the RPS goal of 38.50% for the calendar year of 2022.

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Financial Analysis

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

	<u>2022</u>	<u>2021</u>	<u>Incr. (Decr.)</u>
Retail sales (in MWh)	978,966	962,319	16,647
Operating revenues:			
Retail	\$ 154,304	\$ 149,846	\$ 4,458
Wholesale	21,486	42,088	(20,602)
Other revenues	6,600	8,946	(2,346)
Total operating revenues	<u>182,390</u>	<u>200,880</u>	<u>(18,490)</u>
Operating expenses:			
Power supply and fuel – retail	108,440	93,250	15,190
Purchased power and fuel – wholesale	18,845	34,197	(15,353)
Transmission expense	10,362	11,425	(1,064)
Distribution expense	4,795	11,158	(6,363)
Other operating expenses	20,544	24,869	(4,325)
Depreciation	21,719	19,163	2,555
Total operating expenses	<u>184,705</u>	<u>194,062</u>	<u>(9,358)</u>
Operating income	<u>(2,315)</u>	<u>6,818</u>	<u>(9,133)</u>
Nonoperating income (expenses):			
Interest income	(2,015)	733	(2,747)
Intergovernmental	1,783	94	1,689
Lease rentals	293		293
Lease interest expense	(13)		(13)
Interest expense	(3,348)	(3,403)	56
Gain on disposal of capital assets	109	106	3
Other income (expenses), net	(446)	2,200	(2,646)
Total nonoperating income (expenses)	<u>(3,637)</u>	<u>(270)</u>	<u>(3,366)</u>
Income before contributions	<u>(5,952)</u>	<u>6,548</u>	<u>(12,501)</u>
Capital contributions and transfers:			
Customer capital contributions	2,766	2,949	(183)
Transfers from the City	22	31	(9)
Transfers to the City	(416)	(13)	(403)
Total capital contributions and transfers	<u>2,374</u>	<u>2,967</u>	<u>(593)</u>
Change in net position	<u>(3,579)</u>	<u>9,515</u>	<u>(13,086)</u>
Net position, beginning of year	<u>302,991</u>	<u>293,476</u>	<u>9,515</u>
Net position, end of year	<u>\$ 299,412</u>	<u>\$ 302,991</u>	<u>\$ (3,579)</u>



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 95.4% of the Electric Utility's operating revenues. Retail energy sales increased by 16,647 MWh, or 1.7%, compared to the prior fiscal year primarily attributable to partial recovery from the COVID-19 pandemic. Commercial load made up about 67.6% of the Electric Utility's retail load and it increased by 2.1% from the prior year; while residential load made up 28.7% of the Electric Utility's retail load and decreased by 1.9% from the prior year. Retail revenues were higher by \$4,458, or 3.0%, resulting from higher demand and two rate increases of 1.24% in October 2021 and April 2022.

Wholesale trading opportunities exist because the Electric Utility is able to market excess capacity, energy, and transmission. Wholesale margins of \$2,641 contributed to the Electric Utility's financial performance by increasing the Electric Utility's operating income. Prior fiscal year wholesale margin was 66.5% higher than the fiscal year primarily driven by two weather events: a summer heat wave and a snowstorm in Texas that caused natural gas and power prices to spike. During the 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 \$2,346, or 26.2%, lower than the prior fiscal year primarily due to lower revenues from selling the Low Carbon Fuel Standard (LCFS) Credits, offset in part by higher revenues from ONE Burbank.

The prior fiscal year also included an insurance reimbursement of \$3 million from the Golden State Substation fire in April 2020. 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 vehicles (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 549 less LCFS credits and the price per LCFS credit also decreased by \$54 per LCFS.

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 revenues of \$4,061 this fiscal year compared to \$3,944 in the prior fiscal year.

Retail power supply and fuel expenses were \$15,190, or 16.3%, higher than the prior fiscal year primarily due to higher energy prices, unplanned repair costs for the Lake One generation unit, and limited coal supply for the Intermountain Power Project (IPP). The higher expenses were offset by GASB Statement No. 68, Accounting and Financial Reporting for Pensions" (GASB 68) was valued higher by \$2,992. GASB 68 pension value was \$3,824 for the fiscal year compared to \$832 in the prior fiscal year.

Transmission expenses were \$1,064, or 9.3%, lower than the prior fiscal year primarily because of re-financing savings on transmission



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FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

assets.

Distribution expenses were \$6,363, or 57.0%, lower than the prior fiscal year primarily as a result of GASB 68 and an increase in capital work performed over the prior year, thereby resulting in less resources being used for operations and maintenance expenses. GASB 68 was valued higher by \$3,490. GASB 68 pension value was \$4,452 for the fiscal year compared to \$962 in the prior fiscal year.

Other operating expenses were \$4,325, or 17.4%, lower than the prior fiscal year, primarily due to GASB 68 and \$1,689 CAPP grant expenses for the fiscal year were offset by the CAPP grants. See intergovernmental revenue. GASB 68 was valued higher by \$2,399. GASB 68 pension value was \$3,085 for the fiscal year compared to \$687 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 \$2,750 in the last two fiscal years. This is the third year of a four-year citywide funding plan to reduce future pension obligations. This additional payment is included in the distribution expense 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 \$2,555, or 13.3%, primarily as a result of completion of capital projects being put into services.

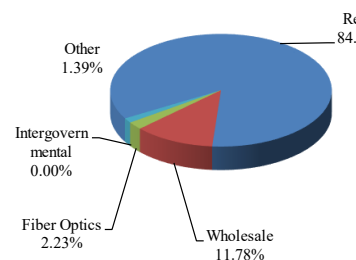
Interest income was (\$2,747), or 375%, lower than the prior fiscal year primarily due to a \$2,998 market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" compared to prior fiscal year. The GASB 31 value for the prior fiscal year was \$426 compared to \$3,424 for the fiscal year.

Intergovernmental revenue was \$1,689 higher than prior fiscal year due to financial relief under the California Arrearage Payment Program (CAPP). The CAPP is a state program that provided financial relief for eligible customers who fell behind on their utility bill payments due to COVID-19.

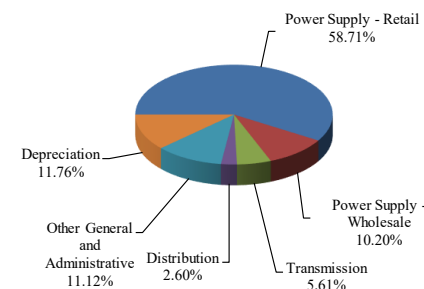
As of June 30, 2022, the Electric Utility had \$52,499 in outstanding revenue bonds. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid \$3,348 in interest expense, compared to \$3,403 in the prior fiscal year.

Customer capital contributions were \$183, or 6.2%, lower compared to the prior fiscal year primarily due to more resources being devoted to Electric Utility's capital projects and infrastructures.

Operating Revenues



Operating Expenses



The Electric Utility Fund's net position as of June 30, 2022 and June 30, 2021 were as follows:



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Schedule of Net Position (\$ in thousands)

	2022	2021	Incr. (Decr.)
Assets			
Current and regulatory assets	\$ 125,739	\$ 133,226	\$ (7,486)
Noncurrent and regulatory assets	7,007	6,450	557
Capital assets, net of accumulated depreciation	321,624	313,391	8,233
Total assets	454,370	453,067	1,303
Deferred outflows of resources			
Deferred outflows of resources	12,585	15,215	(2,630)
Total deferred outflows of resources	12,585	15,215	(2,630)
Liabilities			
Current liabilities	30,453	23,335	7,119
Noncurrent and regulatory liabilities	93,982	139,092	(45,110)
Total liabilities	124,435	162,427	(37,991)
Deferred inflows of resources			
Deferred inflows of resources	43,108	2,864	40,244
Total deferred inflows of resources	43,108	2,864	40,244
Net position			
Net investment in capital assets	269,817	261,742	8,075
Restricted for public benefits	9,315	7,796	1,519
Unrestricted	20,280	33,453	(13,173)
Total net position	\$ 299,412	\$ 302,991	\$ (3,579)

Changes in total net position may serve as useful indicators of the Electric Utility Fund's financial strength over time. The highlight of changes in the Schedule of Net Position are increases in the current and regulatory assets and Current liabilities. The primary driver of the decrease in the current and regulatory assets by \$7,486 during the fiscal year is the decrease in general operating cash and accounts receivable, offset in part by an increase in derivative instruments and higher LCFS proceeds.

The increase in capital assets is due to new capital investment, net of depreciation and retirement during the fiscal year. The increase in current liabilities is from customer deposits and accounts payable, offset in part by a decrease in accrued expenses. Deferred inflows of resources as of June 30, 2022 increased by \$40,244, or 1,405%, compared to the prior fiscal year primarily due to higher amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Notes 13 and 14 to the basic financial statements. GASB Statement No. 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 Statement No. 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 decreased by \$3,579, or 1.2%, compared to the prior fiscal year due to unfavorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 90.1% of the Electric Utility's total net position was in capital assets (see Capital Assets), followed by 3.1% restricted for public benefits and 6.8% unrestricted funds.

Capital Assets

As of June 30, 2022, the largest portion of the Electric Utility Fund's total assets, \$321,624, or 70.8%, was invested in capital assets. The Electric Utility invested \$28,126 in the acquisition and construction of capital assets funded from cash reserves and capital contribution from customers. The majority of these investments were for expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

The Electric Utility, in alignment with the Electric Distribution Master Plan, continues to make strategic capital investments such as 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 reduce 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 750 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 Avion Burbank, 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 to 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	\$	6,339
Overhead/Underground Distribution Lines		3,120
Build New Customer Transformer Stations, 750 kVA & Under		2,489
Build Facilities for Avion Burbank Development		2,125
Relocation of Facilities for Caltrans Burbank Bridge Replacement		1,689
Transmission Distribution Management System		1,218
Golden State Substation Rebuild		894
Fiber Optic Services to Customers City Wide		847
ONE Burbank Network Infrastructure Expansion		806
Media District		764
Build Service to Large Project Over 1 MVA		680
Electric SCADA Hardware Replacement		653
Electric Vehicle Charging Program		622
Service Replacements		527
Electric Substations Equipment Replacement		523
Replace Station High Voltage Oil Circuit Breakers		515
69 kV and 34.5 kV Line Replacements		492
Pacific Northwest DC Intertie		329
Total	\$	24,632

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 99.997%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 41 minutes every 2.8 years. The system average interruption was only 14.96 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.36 outages per customer every year.

The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2021, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation. The RP3 application is carefully evaluated every three years to ensure that the criteria are relevant, thorough and is keeping up



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with industry trends and best practices. The Diamond Level designation will be effective until April 2024.

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

Debt Administration

As of June 30, 2022, the Electric Utility had \$52,499 in outstanding revenue bonds. There is no principal payment due within a year due to early redemption of the 2010A Electric Revenue. These bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities. The Electric Utility maintained an AA- rating from Standard & Poor's and Aa3 rating from Moody's.

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 in-state within California to Wyoming, Utah, Nevada, Washington, and Oregon.

The Electric Utility met the RPS goal of 35.75% for calendar year 2021 and is on track to meet RPS compliance goal of 38.5% for calendar year 2022. The Electric Utility staff continues to evaluate renewable resources for future compliance requirements.

A coal shortage has been a challenge at IPP and generation was curtailed due to this supply chain disruption. 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 prices and demand periods. This operational change will save the coal supply for use during higher energy period. The coal shortage is expected to continue into next fiscal year.

Los Angeles Department of Water and Power (LADWP), the Electric Utility and 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.

Inflation rate climbed as high as 8.6% during the fiscal year. The Electric Utility is seeing increases across the board such as natural gas prices, materials, equipment, and construction costs. Some inflation costs for equipment and materials are higher, such as 125% for plastic conduits, 71% for renewable energy plus storage projects, 35.5% for metals, 25% for Lake One emission control system upgrade, 12.8% precast concrete products and 9.9% for concrete.

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 pipelines operation has reductions and outages, and operating constraints from the California Public Utilities Commission restricting the use of the Aliso Canyon Storage Facility (Aliso Canyon). The current Aliso Canyon withdrawal protocol can occur under less acute circumstances and less restrictive than the previous protocol where withdrawal was only allowed when curtailment was imminent.



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

In June 2022, the California Legislature approved a new round of funding for unpaid electric bills for COVID-19 relief. There will be \$239.4 million made available for publicly owned utilities. This program, known informally as CAPP 2.0, will operate similarly as CAPP. CAPP 2.0 will be for eligible residential customers with a relief period from June 16, 2021 to December 31, 2021. CAPP 2.0 will not be applied to commercial customers. The Electric Utility received \$638 in December 2022 under CAPP 2.0 and resumed disconnections for commercial customers in fiscal year 2023. Residential customer disconnection will start in April 2023.

The Electric Utility is proposing up to \$120 million of bond issuance with maximum maturities of 30-year fixed rate tax-exempt bonds to fund increased capital expenditures over the next few years in fiscal year 2023.

Water Utility Fund

Water Utility Fund highlights:

- Total water sales decreased by 4% compared to prior fiscal year, primarily driven by the state mandate to voluntarily reduce water use by 15% to 2020 levels. Residential water sales decreased by 7%, offset by a 10% increase in commercial water sales.
- Total net position was higher by \$2,661 than the prior fiscal year due to favorable operating results.
- Burbank's water rates are amongst some of the lowest in the region.
- In October 2021, S&P Global Ratings assigned its 'AAA' long-term rating to the 2021 water revenue bonds and re-affirmed its 'AAA' long-term rating on the City's existing water revenue bonds.

- In January 2021, Fitch Ratings affirmed the 'AAA' rating for the Water Revenue Bonds, Series 2010B.

Financial Analysis

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

	2022	2021	Incr. (Decr.)
Potable water (in AF)	14,857	15,457	(600)
Recycled water (in AF)	3,134	2,995	138
Operating revenues:			
Potable water sales	\$ 28,593	\$ 29,037	\$ (444)
Recycled water sales	4,283	3,924	359
Other revenues	1,083	1,064	19
Total operating revenues	33,959	34,025	(66)
Operating expenses:			
Water supply expenses	12,362	12,102	260
Operations, maintenance and administration	10,565	13,195	(2,630)
Other operating expenses	2,190	1,750	440
Depreciation	4,119	4,208	(89)
Total operating expenses	29,236	31,256	(2,020)
Operating income	4,723	2,769	1,953
Nonoperating income (expenses):			
Interest income	(392)	106	(497)
Intergovernmental	378	-	378
Lease rentals	21	-	21
Bond interest expense	(2,267)	(1,568)	(699)
Loan interest expense	(69)	(251)	182
Gain (loss) on disposal of capital assets	(176)	-	(176)
Other income (expenses), net	(34)	942	(976)
Total nonoperating income (expenses)	(2,539)	(770)	(1,769)
Income before contributions	2,184	1,999	186
Capital contributions and transfers:			
Customer capital contributions	477	1,325	(847)
Transfers to the City	-	-	-
Total capital contributions and transfers	477	1,325	(847)
Change in net position	2,661	3,323	(663)
Net position, beginning of year	68,048	64,725	3,322
Net position, end of year	\$ 70,709	\$ 68,048	\$ 2,661



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 83.2% of the total Water Utility operating revenues. Potable water sales volume decreased by 600-acre feet (AF), or 3.9%, compared to the prior fiscal year. A decrease in residential sales has been primarily driven by conservation in response to the Governor's call for all Californians to voluntarily reduce water use by 15% to 2020 levels. Potable water revenues were lower by \$444, or 1.5%, compared to the prior fiscal year due to lower sales offset by three rate increases of 1.96% in October 2021, January 2022, and April 2022.

Recycled water sales made up 17.4% of total water sales. The increasing use of recycled water for landscaping and industrial or commercial cooling towers help support Burbank's sustainability goals. During the fiscal year, 6 new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume increased by 138 AF, or 4.8% due to an increase in customer connections and Magnolia Power Plant was operational all year while it was down for maintenance in the prior fiscal year. Recycled water revenues were higher by \$359, or 9.2%, compared to the prior fiscal year due to higher sales volume and three rate increases of 1.96% in October 2021, January 2022, and April 2022.

Water supply expenses were higher by \$260, or 2.1%, compared to the prior fiscal year primarily driven by rate increases for imported water from the Metropolitan Water District (MWD), offset in part by higher use of lower-cost water produced by the Burbank Operable Unit (BOU) and lower potable water sales volume. The BOU supplied approximately 78.5% of the City's potable water supply for the fiscal year compared to approximately 73.2% in the prior fiscal year. The increase in BOU local production during the last two 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, resulting in cost savings.

Operations, maintenance, and administration were \$2,630, or 19.9%, lower than the prior fiscal year, primarily due to GASB 68 valued higher by \$1,459. GASB 68 pension value was \$1,855 for the fiscal year compared to \$386 in the prior fiscal year.

Other operating expenses were \$440, or 25.1%, higher compared to the prior fiscal year. The higher expenses were largely attributed to higher cost of shared services with the City, such as legal, purchasing, and human resource services.

In addition to the annual required 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 \$440 in the last two fiscal years. This is the third year of a four-year citywide funding plan to reduce future pension obligations. This additional payment is included in the operations, maintenance, and administration expenses and other operating expenses.

Interest income was (\$497), or 471% lower than the prior fiscal year primarily due to \$534 decrease 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 prior fiscal year. The GASB 31 value prior fiscal year was \$76 compared to \$610 for the fiscal year.

Intergovernmental revenue was \$378 higher than prior fiscal year primarily due to the California Water and Wastewater Arrearage Payment Program (CWWAPP). The State Water Board created CWWAPP to provide relief to community



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

for water and wastewater systems for unpaid bills related to the pandemic. Similar to the CAPP, 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. The funding covered water debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021. CWWAPP prioritized drinking water residential and commercial arrearages. The Water Utility received \$340 as part of the CWWAPP program in the fiscal year.

Bond interest expense was \$699, or 44.6% higher due to interest expense with the addition of the 2021 Bonds.

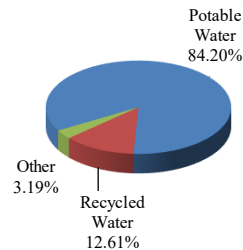
As of June 30, 2022, the Water Utility had \$56,705 in outstanding revenue bonds. The SWRCB loans (see Debt Administration) of \$5,530 were paid off with the 2021 Bonds and cash reserves. The Water Utility paid \$2,188 in bond interest expense, compared to \$1,568 in the prior fiscal year, and paid \$69 in loan interest expense, compared to \$251 in the prior fiscal year.

Customer capital contributions were \$847, or 64.0%, lower compared to the prior fiscal year, primarily from the Los Angeles-Burbank ground water interconnection project and few other customer driven projects in prior year.

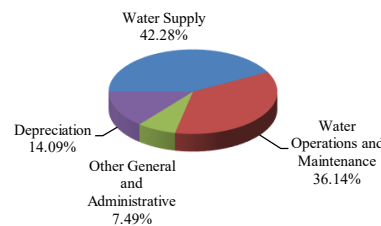
The Water Utility Fund's net positions as of June 30, 2022, and June 30, 2021, were as follows:

<i>Schedule of Net Position (\$ in thousands)</i>			
	2022	2021	Incr. (Decr.)
Assets			
Current and regulatory assets	\$ 47,498	\$ 29,972	\$ 17,526
Noncurrent and regulatory assets	177	23	154
Capital assets, net of accumulated depreciation	93,507	92,681	825
Total assets	141,182	122,676	18,506
Deferred outflows of resources			
Deferred outflows of resources	1,968	2,341	(373)
Total deferred outflows of resources	1,968	2,341	(373)
Liabilities			
Current liabilities	4,993	3,335	1,658
Noncurrent and regulatory liabilities	62,091	53,134	8,958
Total liabilities	67,084	56,469	10,615
Deferred inflows of resources			
Deferred inflows of resources	5,357	500	4,857
Total deferred inflows of resources	5,357	500	4,857
Net position			
Net investment in capital assets	59,708	59,154	554
Unrestricted	11,001	8,894	2,107
Total net position	\$ 70,709	\$ 68,048	\$ 2,661

Operating Revenues



Operating Expenses



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

Total net position was higher by \$2,661, or 3.9%, compared to the prior fiscal year (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 84.4% of the Water Utility's total net position was in net investment in capital assets, followed by 15.6% in the unrestricted funds.

As of June 30, 2022, total assets increased by \$18,506, or 15.1%, primarily from the 2021 bond proceeds, an increase in general operating cash driven by favorable operating results, and an



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

increase in capital investment, offset by decrease in deposits and prepaid expenses. The decrease in accounts receivable is partially due to the April 2, 2020 California Executive Order N-42-20. The Water Utility received \$340 from CWWAPP for this fiscal year, the federal funding allocated by the California legislature for eligible customers who fell behind on their water utility bill payments due to COVID-19.

Total liabilities as of June 30, 2022 increased by \$10,615, or 18.8%, compared to the prior fiscal year. This increase was primarily due to the 2021 Bonds issuance, an increase in current liabilities driven by an increase in accounts payable, and a decrease in customer deposits. Deferred inflows of resources as of June 30, 2022 increased by \$4,857, or 972%, compared to the prior fiscal year primarily due to lower amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Notes 13 and 14 to the basic financial statements.

Capital Assets

As of June 30, 2022, the Water Utility Fund invested \$93,507, or 66.2%, 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 \$5,143 in the acquisition and construction of capital assets funded from cash reserves 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 20.8 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.

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

(\$ in thousands)

Potable Small Water Mains	\$	1,235
Potable Large Water Mains		849
Potable System Expansion		766
Potable Boosters		657
Potable Miscellaneous Facilities		387
Potable Meter Replacements		324
Potable Valve Replacements		178
Potable Hydrants Replacement		122
Recycled System Expansion		108
Potable Storage - Reservoirs and Tanks		101
Total	\$	4,728

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



Debt Administration

As of June 30, 2022, the Water Utility had \$56,705 in outstanding revenue bonds, of which \$1,410 will be due within a year.

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.

The Water Utility received a total of \$9,254 in loans from the State Water Resources Control Board (SWRCB) for three recycled water transmission main extensions and a water pumping station beginning fiscal year 2011-12. The \$5,530 outstanding SWRCB loans were paid off with the 2021 Bonds and cash reserves in November 2021 for interest savings.

The Water Utility issued \$24,825 of tax-exempt revenue bonds in November 2021 to pay off the SWRCB outstanding loans and 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. For many years, Burbank's water quality, rates and reliability have been some of the best in the region. The Water Utility continues to lean on a strategy of predictive and preventative capital replacement and maintenance as a key part of this success.

Environmental, Supply, and Economic Factors

Drought. The State has a history of experiencing periods of drought, including most recently in 2012-2016. 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 State Water Project (SWP), which is one source of water for MWD, 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. In March 2021, due to ongoing dry conditions, the SWP allocation to MWD was reduced from 10% to 5%. The Water Utility achieved 2.7% reduction compared to June 2020.

On August 16, 2021 the historic Colorado River Shortage Declaration was made by the Bureau of Reclamation declaring an official shortage condition due to the lowering of Lake Mead's water level behind Hoover Dam to below 1,075 feet. 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



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

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

conditions. On September 14, 2021, the Burbank City Council authorized the move to Stage II 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.

On June 27, 2022, the City of Burbank moved to Stage III of the Sustainable Water Use Ordinance. Stage III allows landscape watering for only one day a week on Saturday from November to March before 9 AM or after 6 PM. Attended hand-watering is allowed before 9 AM and after 6 PM. By activating Stage III, all existing Stage I and Stage II 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.

On June 10, 2022, the State Water Resources Control Board adopted an emergency water conservation regulation in response to the current drought. The regulation bans the use of potable water on decorative or non-functional grass at commercial, industrial, institutional properties, and 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.

Water Supply Availability and Treatment. In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of 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 withdrawn, and the water taken without affecting the capacity charge that would otherwise be in place. In December of 2018, the Water Utility made an advanced payment for 5,719 AF at a cost of \$3,970 of Cyclic Storage Water ("CSW") under this program, funded by a loan of \$3,950 from the Electric Fund. During Fiscal Year 2019-20, the Water Utility made another advance payment for 5,609 AF at a cost of \$4,100, partially funded by a loan of \$2,500 from the Electric Utility. During the fiscal year, the Water Utility blended 11,283 AF of CSW with 299 AF of untreated water and paid off the loans from the Electric Fund. The use of CSW coincided with upgrade work at the Pacoima Spreading Grounds that began in September 2021 and possibly may run through July 2024, during which annual water spreading will be limited. Burbank ratepayers benefit from these advance purchases by avoiding MWD's planned rate increases.

During 2020 fiscal year, the construction of the "temporary interconnection" (LAIX) under an agreement between the Water Utility and Los Angeles Department of Water and Power (LADWP) was completed. This temporary interconnection uses excess capacity at the BOU to benefit Burbank ratepayers when Burbank's 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 date. During the fiscal year, 581 AF was delivered to LADWP through LAIX.

Inflation. Inflation rate climbed as high as 8.6% during the fiscal year. Inflation and supply chain disruption has been seen in chemical prices as well as equipment and materials. Since June 2021, the cost of chlorine has increased by more than 98%. Other increases include 35.5% for metals, 25% for water meter boxes, 12.8% for precast concrete products and 9.9% for concrete.

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 Stela Kalomian, Acting Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91502.

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CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2022

(With partial comparative financial information for the year ended June 30, 2021)

(in thousands)

Assets	Electric		Water	
	2022	2021	2022	2021
Current and regulatory assets:				
Cash and cash equivalents				
General operating	\$ 61,966	66,714	11,400	10,970
Capital and debt reduction	10,000	10,000	2,220	2,220
Restricted nonpooled cash and cash equivalents	2,487	2,505	23,501	89
General plant	800	800	-	-
Fleet replacement	2,210	2,210	-	-
Greenhouse gas credits' proceeds	69	-	-	-
Lower carbon fuel credits' proceeds	3,464	2,999	-	-
Distribution mains	-	-	1,100	1,100
Total cash and cash equivalents	<u>80,996</u>	<u>85,228</u>	<u>38,221</u>	<u>14,379</u>
Accounts receivable, net	16,875	21,974	3,772	4,032
Inventories	8,813	8,747	756	605
Derivative instruments	2,020	-	-	-
Leases receivable	302	-	22	-
Due from the City of Burbank	284	-	-	-
Deposits and prepaid expenses	16,164	17,104	4,679	10,758
Interest receivable	285	159	48	29
Regulatory costs to be recovered in one year	-	14	-	169
Total current and regulatory assets	<u>125,739</u>	<u>133,226</u>	<u>47,498</u>	<u>29,972</u>
Noncurrent and regulatory assets:				
Leases receivable	4,557	-	177	-
Interfund receivable	-	6,450	-	-
OPEB assets	2,450	-	-	-
Regulatory costs for future recovery	-	-	-	23
Total noncurrent and regulatory assets	<u>7,007</u>	<u>6,450</u>	<u>177</u>	<u>23</u>
Capital assets :				
Land	2,734	2,734	309	309
Rights to purchase power	1,335	1,335	-	-
Utility plant and buildings	561,708	541,437	166,931	163,339
Machinery and equipment	78,957	78,273	8,190	7,891
Lease assets	1,779	-	-	-
Construction in progress	36,323	29,527	2,796	2,577
Total utility plant and equipment	<u>682,836</u>	<u>653,306</u>	<u>178,226</u>	<u>174,116</u>
Less accumulated depreciation	<u>(361,212)</u>	<u>(339,915)</u>	<u>(84,719)</u>	<u>(81,435)</u>
Total capital assets, net	<u>321,624</u>	<u>313,391</u>	<u>93,507</u>	<u>92,681</u>
Total noncurrent and regulatory assets	<u>328,631</u>	<u>319,841</u>	<u>93,684</u>	<u>92,704</u>
Total assets	<u>454,370</u>	<u>453,067</u>	<u>141,182</u>	<u>122,676</u>
Deferred outflows of resources:				
Deferred amounts from pensions	10,925	14,001	1,766	2,263
Deferred amounts from OPEB	1,660	1,214	202	78
Total deferred outflows of resources	<u>12,585</u>	<u>15,215</u>	<u>1,968</u>	<u>2,341</u>
Staten Total assets and deferred outflows of resources	\$ <u>466,955</u>	<u>468,282</u>	<u>143,150</u>	<u>125,017</u>

See accompanying notes to basic financial statements.

(Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2022

(With partial comparative financial information for the year ended June 30, 2021)

(in thousands)

Liabilities	Electric		Water	
	2022	2021	2022	2021
Current liabilities:				
Accounts payable	\$ 12,330	8,887	2,242	1,316
Accrued expenses	300	4,172	-	5
Bond interest payable	275	279	216	135
Unearned revenues	548	-	45	-
Leases payable	245	-	-	-
Due to the City of Burbank	-	12	-	-
Customer deposits	16,427	8,535	1,022	1,369
Current portion of revenue bonds payable, net	-	1,145	1,410	-
Current portion of loan payable	-	-	-	454
Current portion of compensated absences	328	305	58	56
Total current liabilities	30,453	23,335	4,993	3,335
Noncurrent liabilities:				
Revenue bonds payable, net	52,499	52,497	55,295	27,866
Loan payable	-	-	-	5,076
Interfund payable	-	-	-	6,450
Compensated absences	6,688	6,922	1,040	1,073
Regulatory credits	302	327	-	-
Leases payable	1,127	-	-	-
Net OPEB liability	-	3,766	362	451
Net pension liability	33,366	75,580	5,394	12,218
Total noncurrent and regulatory liabilities	93,982	139,092	62,091	53,134
Total liabilities	124,435	162,427	67,084	56,469
Deferred inflows of resources:				
Deferred amounts on pensions	28,905	1,013	4,673	164
Deferred amounts on OPEB	7,324	1,851	485	336
Deferred amounts from leases	4,859	-	199	-
Deferred amounts from derivative instruments	2,020	-	-	-
Total deferred inflows of resources	43,108	2,864	5,357	500
Net Position				
Net position:				
Net investment in capital assets	269,817	261,742	59,708	59,154
Restricted for public benefits	9,315	7,796	-	-
Unrestricted	20,280	33,453	11,001	8,894
Total net position	\$ 299,412	302,991	70,709	68,048

See accompanying notes to basic financial statements.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2022

(With partial comparative financial information for the year ended June 30, 2021)

(in thousands)

	Electric		Water	
	2022	2021	2022	2021
Operating revenues:				
Sale of power-retail	\$ 154,304	149,846	-	-
Sale of power and fuel-wholesale	21,486	42,088	-	-
Sale of water	-	-	32,876	32,961
Other revenues	6,600	8,946	1,083	1,064
Total operating revenues	<u>182,390</u>	<u>200,880</u>	<u>33,959</u>	<u>34,025</u>
Operating expenses:				
Power supply expenses-retail	108,440	93,250	-	-
Purchased power and fuel expenses-wholesale	18,845	34,197	-	-
Water supply expenses	-	-	12,362	12,102
Water maintenance and operation expenses	-	-	10,565	13,195
Transmission expenses	10,362	11,425	-	-
Distribution expenses	4,795	11,158	-	-
Other operating expenses	20,544	24,869	2,190	1,750
Depreciation	21,719	19,163	4,119	4,208
Total operating expenses	<u>184,705</u>	<u>194,062</u>	<u>29,236</u>	<u>31,256</u>
Operating income	<u>(2,315)</u>	<u>6,818</u>	<u>4,723</u>	<u>2,769</u>
Nonoperating income (expenses):				
Interest income	(2,015)	733	(392)	106
Intergovernmental	1,783	94	378	-
Lease rentals	293	-	21	-
Bond interest expense	(3,348)	(3,403)	(2,267)	(1,568)
Lease interest expense	(13)	-	-	-
Loan interest expense	-	-	(69)	(251)
Gain (loss) on disposal of capital assets	109	106	(176)	-
Other income (expenses), net	(446)	2,200	(34)	942
Total nonoperating income (expenses)	<u>(3,637)</u>	<u>(270)</u>	<u>(2,539)</u>	<u>(770)</u>
Income before contributions	<u>(5,952)</u>	<u>6,548</u>	<u>2,184</u>	<u>1,999</u>
Capital contributions	2,766	2,949	477	1,325
Transfers from the City	24	31	-	-
Transfers to the City	(416)	(13)	-	-
Total capital contributions and transfers	<u>2,374</u>	<u>2,967</u>	<u>477</u>	<u>1,325</u>
Change in net position	<u>(3,579)</u>	<u>9,515</u>	<u>2,661</u>	<u>3,323</u>
Net position, July 1	<u>302,991</u>	<u>293,476</u>	<u>68,048</u>	<u>64,725</u>
Net position, June 30	<u>\$ 299,412</u>	<u>302,991</u>	<u>70,709</u>	<u>68,048</u>

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Net Position

June 30, 2022

(With partial comparative financial information for the year ended June 30, 2021)

(in thousands)

	Electric		Water	
	2022	2021	2022	2021
Cash flows from operating activities:				
Cash received from customers	\$ 187,771	193,899	34,218	33,827
Cash paid to suppliers	(146,604)	(127,341)	(15,196)	(19,312)
Cash paid to employees	(22,210)	(26,448)	(5,722)	(7,445)
Other income (expense)	1,281	2,200	335	546
Net cash provided by operating activities	<u>20,238</u>	<u>42,310</u>	<u>13,635</u>	<u>7,616</u>
Cash flows from noncapital financing activities:				
Loans to other funds	(284)	-	-	-
Proceeds from other governmental agencies	1,783	94	378	-
Lease income	293	-	-	-
Payments on leases	(407)	-	-	-
Interfund loan	-	-	(6,450)	-
Proceeds from other funds	6,450	31	-	-
Transfers to / from other funds	(416)	(13)	-	-
Net cash provided by (used in) noncapital financing activities	<u>7,419</u>	<u>112</u>	<u>(6,072)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from debt issuance	-	-	29,873	-
Principal payments - bond	(1,145)	(1,090)	(855)	-
Interest paid	(3,352)	(3,381)	(2,132)	(1,813)
Contributed capital	2,766	2,949	477	1,325
Acquisition and construction of assets	(28,126)	(21,747)	(5,143)	(3,130)
Proceeds from sales of capital assets	109	106	-	-
Principal payments - loan payable	-	-	(5,530)	(443)
Net cash used in capital and related financing activities	<u>(29,748)</u>	<u>(23,163)</u>	<u>16,690</u>	<u>(4,061)</u>
Cash flows from investing activities:				
Interest received	1,282	1,259	198	193
Change in fair value	(3,423)	(426)	(609)	(76)
Net cash provided by investing activities	<u>(2,141)</u>	<u>833</u>	<u>(411)</u>	<u>117</u>
Net increase (decrease) in cash and cash equivalents	(4,232)	20,092	23,842	3,672
Cash and cash equivalents - July 1	<u>85,228</u>	<u>65,230</u>	<u>14,379</u>	<u>10,707</u>
Cash and cash equivalents - June 30	<u>\$ 80,996</u>	<u>85,228</u>	<u>38,221</u>	<u>14,379</u>

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Cash Flows

June 30, 2022

(With partial comparative financial information for the year ended June 30, 2021)
(in thousands)

	<u>Electric</u>		<u>Water</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :				
Operating income (loss)	\$ (2,315)	6,912	4,723	3,165
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	21,719	19,163	4,119	4,208
GASB 68 and 75 pension adjustments		-		-
Other income	1,281	2,200	335	546
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	5,099	(7,044)	260	(198)
(Increase) decrease in inventories	(66)	(1,645)	(151)	18
(Increase) decrease in prepaid items	940	14,726	6,079	1,223
(Increase) decrease in deferred outflows	2,630	(302)	373	(18)
(Increase) decrease in deferred charges	14	-	192	-
Change in reporting of operating income & other income/(expense), net	(1,717)	-	(631)	-
(Increase) decrease in deferred bond issuance costs	-	40	-	18
Increase (decrease) in accounts payable and accrued expenses	(441)	5,274	729	(709)
Increase (decrease) in net pension and OPEB liability	(48,429)	1,026	(6,913)	100
Increase (decrease) in deferred inflows	33,365	(3,000)	4,857	(467)
Increase (decrease) in compensated absences	(257)	683	(35)	201
Increase (decrease) in deferred / unearned revenue	523	-	45	(118)
Increase (decrease) in customer deposits	7,892	4,440	(347)	(353)
Increase (decrease) in deferred revenue	-	(163)	-	-
Total adjustments	<u>22,553</u>	<u>35,398</u>	<u>8,911</u>	<u>4,451</u>
Net cash provided by operating activities	<u>\$ 20,238</u>	<u>42,310</u>	<u>13,635</u>	<u>7,616</u>
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments	<u>\$ (3,423)</u>	<u>(426)</u>	<u>(609)</u>	<u>(76)</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, 2022 (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.

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 the Utility Funds to be Enterprise Funds (a proprietary fund type) as for the operation,



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maintenance, and construction of the City-owned electric and water utility. The City considers 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 15 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 \$5 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 are no material losses on retirements as of June 30, 2022. 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 and meters are capitalized when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTES 6 and 7):

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
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
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, 2022, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3 for changes related to COVID-19).

(G) Inventories

Inventories consist of materials and supplies held for future consumption and are priced at average cost.



**WATER AND
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**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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(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 4).

(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 8).

(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 8).

(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 10.

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 (see NOTE 9).

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



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**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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interest rate method. Bond issuance costs, including underwriters' discount, are reported as bond issuance costs (see NOTE 5). Amortization of bond premiums and discounts are included in interest expense (see NOTE 8).

(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) Adoption of New Accounting Standards - GASB 87 Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes 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, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Lease assets (see NOTE 7), which include buildings, structures, and equipment, follow the same capitalization threshold of \$5 as capital assets. Lease assets are reported in the applicable governmental and business-type activities columns in the government-wide and respective proprietary fund financial statements. Lease assets are recorded at the amount of the initial measurement of the lease 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 depreciated using straight-line depreciation over the useful life of the underlying asset.

Leases payable (see NOTE 7) represents the City's obligation to make lease payments arising from the lease. 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.



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Lessor:

The Utility Funds adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Lessee:

The Utility Funds adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

	Electric	Water	Total
Unrestricted cash and investments	\$ 78,509	14,720	\$ 93,229
Restricted investments	2,487	23,501	25,988
Total	\$ 80,996	38,221	\$ 119,217
Cash on hand	\$ 13	-	\$ 13
Held by fiscal agent	2,487	23,501	25,988
Equity in City investment pool	78,496	14,720	93,216
Total	\$ 80,996	38,221	\$ 119,217

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.

Each fund's portion of the pooled cash and investments are displayed on the statement of net position. Cash and investments restricted for a specific purpose by either bond resolution, funding agency or an outside third party are classified as restricted assets.

BWP has no separate bank accounts or investments other than investments held by bond trustee and BWP's equity in the cash and investment pool managed by the City. BWP is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council. BWP has not adopted a formal investment policy separate from that of the City. GASB Statement No. 72 establishes disclosure requirements for fair value measurements related to investments. The information related to authorized investments, credit risk, etc. is available in the ACFR of the City. The Utility Funds' equity in the City's investment pool is not subject to fair value hierarchy.

The City is responsible for all investments on behalf of the Utility Funds.

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.

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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. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code.

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. The amount of deposits are covered by FDIC (Federal Insurance Deposit Corporation) 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 market 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's investments are reported at fair value. 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. Investments held by fiscal agent are not subject to fair value hierarchy.

NOTE 3: Accounts Receivable

Accounts receivable for the Utility Funds as of June 30, 2022 are:

	Electric	Water
	2022	2022
Billed accounts receivable	\$ 10,414	\$ 2,465
Unbilled accounts receivable	7,355	1,659
Allowance	(895)	(353)
Total	\$ 16,875	3,772

The CPUC's decision to extend the moratorium on suspension of electric services, and the April 2, 2020 California Executive Order N-42-20 to indefinitely restricting the shut off of water services to residential and qualifying small business customers continued during the fiscal year.

On April 21, 2020, the Burbank City Council authorized the suspension of water and power disconnections and late fees. This suspension continued to be in effect for electric residential customers and small businesses, and for water residential

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customers and commercial businesses.

During the fiscal year, the Electric and Water Funds were awarded grants of \$2,236 and \$385, respectively, from the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development, and the California Water and Wastewater Arrearage Payment Program (CWWAPP). These grants were to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the fiscal year, the Electric and Water Utility Funds applied a total of \$1,689 for unpaid electric services and \$340 for unpaid water services.

The allowance for uncollectibles calculation deterred from Policy due to COVID-19. The allowance for uncollectibles was calculated by factoring residential customers eligible for CAPP and CWWAPP funding at fiscal year end by the rate of residential customers ineligible for service shut-offs.

NOTE 4: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of \$16,164 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a \$8,682 prepayment to the Southern California Public Power Authority (SCPPA) Natural Gas Reserve for future gas deliveries, a \$3,794 deposit with SCPPA for future use in projects, a \$2,901 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), \$690 in operating and administrative prepaid expenses, and \$97 in renewables. In addition, in June 2000, the City prepaid a lease payment of \$1,500 for the use of land to locate a new switching station. The terms of the agreement were an advance payment of \$1,500 for a twenty-year lease term, with the City's right to renew for ten years at an annual base payment of \$50 in year 21, with a 3% increase in years 22-30. The twenty-year lease began in January 2002. The Electric Fund amortized \$38 on this prepaid lease, which has been fully amortized. The agreement was renewed in January 2022.

The Water Utility Fund shows a total of \$4,679 in deposits and prepaid expenses. The composition of



these prepaid expenses include \$4,610 for untreated groundwater and \$69 for other administrative prepaid expenses. During the fiscal year the Water Utility Fund made significantly lower groundwater purchases of 299.9 AF, compared to previous annual purchases of approximately 6,000 AF. The average cost of the fiscal year's purchases was \$788.11. During the fiscal year, the Water Utility used its blended water inventory of 12,449.9 AF at an average cost of \$509.65 per AF.

NOTE 5: Regulatory Assets (Costs)

Utility regulatory assets were previously reported for unamortized bond issuance costs. These assets were classified as current and noncurrent. During the fiscal year the Electric and Water Utility Funds expensed the unamortized balances of its bond issuance costs of \$16 and \$175, respectively, and have reported these costs as other income (expenses), net. The Water Utility issued revenue bonds in November 2021, and expensed \$207 in bond issuance costs that are reported as operating expense.

NOTE 6: Capital Assets

	Balance July 1, 2021 as restated	Additions	Deletions	Balance June 30, 2022
Electric Fund				
Capital assets not being depreciated :				
Land	\$ 2,734	-	-	\$ 2,734
Construction in progress	29,527	27,377	(20,581)	36,323
Total capital assets not being depreciated	<u>32,261</u>	<u>27,377</u>	<u>(20,581)</u>	<u>39,057</u>
Capital assets being depreciated :				
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(950)	(44)	-	(994)
Buildings & Improvements	541,437	20,949	(678)	561,708
Accumulated depreciation	(274,469)	(16,591)	665	(290,395)
Machinery & other	78,243	1,482	(768)	78,957
Accumulated depreciation	(64,466)	(5,158)	-	(69,624)
Lease assets	1,779	-	-	1,779
Accumulated depreciation	-	(199)	-	(199)
Total capital assets being depreciated, net	<u>282,909</u>	<u>439</u>	<u>(781)</u>	<u>282,567</u>
Total net capital assets - Electric utility	<u>\$ 315,170</u>	<u>27,816</u>	<u>(21,362)</u>	<u>\$ 321,624</u>

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
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Water Fund	Balance July 1, 2021 as restated	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated :				
Land	\$ 309	-	-	\$ 309
Construction in progress	2,577	5,004	(4,785)	2,796
Total capital assets not being depreciated	2,886	5,004	(4,785)	3,105
Capital assets being depreciated :				
Buildings & Improvements	163,339	4,918	(1,326)	166,931
Accumulated depreciation	(75,502)	(3,636)	832	(78,306)
Machinery & other	7,891	299	-	8,190
Accumulated depreciation	(5,933)	(480)	-	(6,413)
Total capital assets being depreciated, net	89,795	1,101	(494)	90,402
Total net capital assets - Water utility	\$ 92,681	6,105	(5,279)	\$ 93,507

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 \$955 in betterments for its share of the Intertie; and capitalized assets of \$9,933, with accumulated depreciation and depreciation expense of \$297. These capital improvements are expected to continue until 2024.

NOTE 7: Leases

(a) Assets

The Electric Fund's lease assets as of June 30, 2022, are \$1,779, with accumulated amortization of \$200. These lease assets include land, machinery and equipment, and telecommunications space colocation and other services. The lease asset events during the current fiscal year include the following:

Electric Utility Fund Lease Assets

	Electric 2022
Lease Assets:	
Land	\$ 628
Machinery and equipment	694
Telcommunications	457
Total lease assets	1,779
Accumulated amortization	(200)
Total lease assets, net	\$ 1,579

(b) Payable

The Electric Utility Fund's leases payable as of June 30, 2022, is \$1,372, with \$245 and \$1,127 reported as current and long-term liabilities, respectively. The lease events resulting in a liability during the current fiscal year include the following:

Electric Utility Fund Leases Payable, Current and Long-Term

	Electric 2022
Leases Payable:	
Current -	
Ground lease for substation	\$ 39
Right-to-use lease for a gas turbine	111
Colocation space and services	95
Total current	245
Noncurrent -	
Ground lease for substation	417
Right-to-use lease for a gas turbine	370
Colocation space and services	340
Total noncurrent	1,127
Total Lease Liability	\$ 1,372



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The Electric Utility is a lessee for:

- Land: the Electric Utility is leasing a portion of a private entity's grounds (land) located in Burbank for a substation.
- Machinery and equipment: the Electric Utility's power supply division is leasing a right-to-use gas turbine for its Lake One power generating unit.
- Telecommunications: the Electric Utility is leasing space for colocation of computer and communications equipment.

(c) Lessor Receivables

Below is a schedule of lessor receivables for the Electric Utility:

Electric Fund Lessor Receivable	Principal	Interest
2023	\$ 302	129
2024	310	121
2025	319	112
2026	327	104
2027	337	94
2028-2032	1,828	327
2033 and thereafter	1,437	72
Total minimum lease payments	\$ 4,859	959

The Electric Utility is a lessor for a site lease on its property for the Magnolia Power Plant.

Following is a schedule of lessor receivable for the Water Utility:

Water Fund Lessor Receivable	Principal	Interest
2023	\$ 22	5
2024	22	5
2025	23	4
2026	24	3
2027	24	3
2028-2032	84	4
Total minimum lease payments	\$ 199	24

The Water Utility is a lessor for a site lease on its property for mobile communications equipment.

(d) Lessee Payable

Below is a schedule of lessee payables due for the Electric Utility:

Electric Fund Lessee Liability	Principal	Interest
2023	\$ 245	37
2024	255	30
2025	266	23
2026	277	16
2027	126	9
2028-2032	204	16
Total minimum lease payments	\$ 1,372	131

NOTE 8: Long-Term Liabilities, including Loan Payable, Revenue Bonds Payable, and Leases Payable

(A) Loans Payable

In November 2021, the Water Utility Fund issued revenue bonds, Series of 2021 with total bond proceeds of \$29,873. A portion of these proceeds were used to payoff the outstanding balances of four State Water Resources Control Board (SWRCB) loans totaling \$5,530, with accrued interest of \$59. The



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Water Utility Fund no longer has any loans or loan interest due to the SWRCB.

(B) 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. During the fiscal year, the Electric 2012A Series bonds were paid in full. In addition, in November 2021, the Water Utility Fund issued revenue bonds, Series of 2021 with a revenue bond payable balance of \$23,410 as of June 30, 2022.

	Electric
	2022
<u>2010B Series Bonds:</u>	
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.	\$ 52,665
Less:	
Current portion	-
Original issue discount/premium	(166)
Long-term Bonds Series B of 2010	\$ 52,499

	Water
	2022
<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.	\$ 27,945
Less:	
Current portion	(850)
Original issue discount/premium	(72)
Long-term Bonds Series B of 2010	\$ 27,023

	Water
	2022
<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.	\$ 23,970
Less:	
Current portion	(560)
Original issue discount/premium	4,862
Long-term Bonds Series 2021	\$ 28,272
Total Water long-term revenue bonds payable	\$ 55,295



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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, 2022 is as follows:

	Electric		Water		Total
	Principal	Interest	Principal	Interest	
2023	-	2,142	1,410	2,587	6,139
2024	2,210	2,142	1,480	2,518	8,350
2025	2,295	2,054	1,555	2,445	8,349
2026	2,390	1,963	1,630	2,368	8,351
2027	2,485	1,867	1,720	2,280	8,352
2028-2032	14,025	7,767	10,090	9,894	41,776
2033-2037	17,165	4,659	13,080	6,900	41,804
2038-2042	12,095	1,007	11,325	3,258	27,685
2043-2047	-	-	4,930	1,546	6,476
2048-2051	-	-	4,695	479	5,174
Total	\$ 52,665	\$ 23,600 ⁽¹⁾	51,915	34,275	\$ 162,456

⁽¹⁾ Electric Series 2010B Bonds are Build America Bonds. \$25,744 of the Electric interest shown is gross of the expected receipt of Federal Subsidy equal to 35% of the interest payment due.

C) 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 21-22 Net Revenue Pledged	Total Bond Principal Debt	Total Bond Interest Debt	Principal Paid this Fiscal Year	Interest Paid this Fiscal Year	
Electric Utility	\$ 19,406	52,665	23,600	1,145	3,348	⁽¹⁾
Water Utility	\$ 8,842	51,915	34,275	855	2,267	^{(1), (2)}

⁽¹⁾ Net of 2012B Series Build America Bonds (BAB) Federal subsidy rebates.
⁽²⁾ Includes interest only payments of \$1,568 for 2010B Series Bonds.

(D) 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, 2022:

Electric	July 1, 2021	Additions	Retirements	July 1, 2022	Due within 1 Year
Revenue Bonds Payable:					
2010 Series B Bonds	52,665	-	-	52,665	-
2012 Series A Bonds	1,145	-	(1,145)	-	-
Compensated Absences	7,227	3,148	(3,359)	7,016	328
	\$ 61,037	3,148	(4,504)	59,681	\$ 328
Less current portion	(1,450)			(328)	
Less unamortized bond premium (discount)	(168)			(166)	
Total	\$ 59,419			\$ 59,187	

A summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2022:



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Water	July 1, 2021	Additions	Retirements	July 1, 2022	Due within 1 Year
Loans and Revenue Bonds Payable:					
Intergovernmental Loan Payable	\$ 304		(304)	\$ -	
Intergovernmental Loan Payable	2,130		(2,130)	\$ -	
Intergovernmental Loan Payable	1,938		(1,938)	\$ -	
Intergovernmental Loan Payable	1,158		(1,158)	\$ -	
2010 Series B Bonds	27,945		-	27,945	850
2021 Series Bonds	-	24,825	(855)	23,970	560
Compensated Absences	1,129	643	(674)	1,098	58
	<u>\$ 34,604</u>	<u>25,468</u>	<u>(7,059)</u>	<u>53,013</u>	<u>\$ 1,468</u>
Less current portion	(510)			(1,468)	
Less unamortized bond premium (discounts)	(79)			4,790	
Total	<u>\$ 34,017</u>			<u>\$ 56,335</u>	

NOTE 9: 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, 2022 is as follows:

		<u>Electric</u>	<u>Water</u>
		<u>2022</u>	<u>2022</u>
Administrative and overhead costs	\$	6,191	1,720
Total	\$	6,191	1,720

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, 2022 is \$10,128.

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; it is recorded directly into the General Fund. This tax for the year ended June 30, 2022 is Electric in-lieu of \$8,485 and Street Lighting in-lieu of \$2,314.



In fiscal year 2019-2020, the Water Utility borrowed \$2,500 from the City for the purchase of cyclic storage water from MWD. The interest rate for this loan is the City's pooled investment return rate with a term not to exceed four years. The interest paid was \$28. In fiscal year 2018-19, the Water Utility borrowed \$3,950 from the City, also for the purchase of cyclic storage water from MWD. The interest rate for this loan is at the City's pooled investment return rate with payment terms not to exceed August 2027. The interest paid was \$45. The loan payable balance was paid in full in April 2022.

NOTE 10: 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" contracts and "take and pay" contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the 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

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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 ended June 30, 2022 and 2021, the Electric Fund made payments totaling \$47,313 and \$54,613 for "take or pay" contracts, respectively, and \$21,498 and \$17,878 for the "take and pay" contract, respectively.

(a) Intermountain Power Agency (IPA)

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 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" contract, 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.

(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.

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 megawatts (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.



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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 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



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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 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

The Desert Harvest II Solar Project is a 70 MW solar project located in Riverside County, California. It achieved commercial operations on December 17, 2020. Desert Harvest II



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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%.

A summary of the City's contracts and related projects and its commitments at June 30, 2022 are as follows:

	City of Burbank portion*	City of Burbank share of bonds	City of Burbank obligation relating to total debt service
Intermountain Power Project ⁽¹⁾	3.371%	\$ 3,559	\$ 6,085
Intermountain Power Project Renewal Contract ⁽²⁾	3.334%	\$ 26,592	\$ 43,818
SCPPA: ⁽³⁾			
Southern Transmission System	4.498%	8,068	9,116
Magnolia Power Project (Project A)	32.350%	71,336	94,927
Prepaid Natural Gas Project #1	33.000%	85,292	118,487
Milford I Wind Project	5.000%	4,311	5,215
Tieton Hydropower Project	50.000%	16,013	23,688
Natural Gas Project - Barnett	100.000%	8,285	10,882
Natural Gas Project - Pinedale	100.000%	2,675	3,513
SCPPA Total		195,979	265,828
Total		\$226,130	\$315,731

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

⁽¹⁾ Based on the IPA Subordinated notes.

⁽²⁾ Based on the 2022 Series A and B IPA outstanding bonds. It excludes Burbank's share of the transitional project indebtedness (transitional debt) related to the STS construction and capitalized interest through 2025. As of June 30, 2022, total transitional debt was \$0. The IPA expects to issue long-term bonds to replace this transitional debt.

⁽³⁾ 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).

	2022/23 Principal	Interest	2023/24 Principal	Interest	2024/25 Principal	Interest
Intermountain Power Project	\$ 3,559	1,199	-	1,326	-	1,312
SCPPA:						
Southern Transmission System	2,826	398	1,217	256	1,277	196
Magnolia Power Project (Project A)	3,352	2,687	3,529	2,566	3,711	2,437
Prepaid Natural Gas Project #1	3,712	4,330	4,240	4,135	4,886	3,912
Milford I Wind Project	530	216	556	189	584	161
Tieton Hydropower Project	613	788	650	752	1,458	715
Natural Gas Project - Barnett	983	490	930	435	888	384
Natural Gas Project - Pinedale	317	158	300	141	287	124
Total	\$ 15,891	10,265	11,422	9,801	13,090	9,241

	2025/26 Principal	Interest	2026/27 Principal	Interest	2027/32 Principal	Interest
Intermountain Power Project	\$ 813	1,312	853	1,272	4,934	5,692
SCPPA:						
Southern Transmission System	1,341	133	1,407	66	-	-
Magnolia Power Project (Project A)	3,905	2,301	4,110	2,157	24,009	8,328
Prepaid Natural Gas Project #1	5,166	3,656	5,858	3,385	39,498	11,776
Milford I Wind Project	613	132	644	101	1,386	105
Tieton Hydropower Project	618	630	650	599	3,760	2,476
Natural Gas Project - Barnett	854	331	824	279	3,806	677
Natural Gas Project - Pinedale	276	107	266	90	1,229	219
Total	\$ 13,585	8,601	14,612	7,950	78,622	29,272

	2032/37 Principal	Interest	2037/42 Principal	Interest	2042/47 Principal	Interest
Intermountain Power Project	\$ 6,266	4,361	7,940	2,687	5,785	590
SCPPA:						
Southern Transmission System	-	-	-	-	-	-
Magnolia Power Project (Project A)	28,721	3,116	-	-	-	-
Prepaid Natural Gas Project #1	21,932	2,001	-	-	-	-
Milford I Wind Project	-	-	-	-	-	-
Tieton Hydropower Project	4,803	1,436	3,463	281	-	-
Natural Gas Project - Barnett	-	-	-	-	-	-
Natural Gas Project - Pinedale	-	-	-	-	-	-
Total	\$ 61,721	10,914	11,402	2,968	5,785	590

	Total Principal	Interest
Intermountain Power Project	\$ 30,151	19,752
SCPPA:		
Southern Transmission System	8,068	1,049
Magnolia Power Project (Project A)	71,336	23,591
Prepaid Natural Gas Project #1	85,292	33,195
Milford I Wind Project	4,311	904
Tieton Hydropower Project	16,013	7,676
Natural Gas Project - Barnett	8,285	2,596
Natural Gas Project - Pinedale	2,675	838
Total	\$ 226,130	89,601

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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. At June 30, 2022, the City of Burbank has sufficient allocated greenhouse gas allowances for its retail sales.

NOTE 11: 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, 2022 are as follows:

	<u>2022</u>
Wholesale Revenues	\$ 21,486
Wholesale Costs	<u>18,845</u>
Wholesale Margin	<u>\$ 2,641</u>

NOTE 12: Deferred Inflows of Resources / Unearned Revenue

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 deferred inflows of resources and were \$233.

During the fiscal year, the Electric and Water Funds were awarded grants from the State of California and the SWRCB of \$2,236 and \$385, respectively, known as CAPP and CWWAPP, respectively. The Utility Funds applied a total of \$1,689 for unpaid electric services and \$340 for unpaid water services. As of June 30, 2022, the remaining CAPP and CWWAPP balances for these grants were \$548 and \$45, respectively. Unused grant funds were refunded in full in July 2022 (CWWAPP) and October 2022 (CAPP). Grant revenues and related expenses are reported as nonoperating income (expenses).

During fiscal year 2014-15, the Electric Utility sold greenhouse gas allowance credits at auction, resulting in proceeds of \$69. These proceeds were reported as deferred inflows of resources. During the prior fiscal year, the Electric Utility used these proceeds to fund PCC (Product Content Category)-3 renewable energy credits, and also recognized the initial sales as revenue. The Electric Utility was informed by the California Air Resources Board (CARB) that the use of these proceeds for the PDD-3 renewable energy credits was disqualified. As a result, the Electric Utility reversed the recognized revenue, and has again recorded the sales proceeds as deferred inflows of resources.



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NOTE 13: 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 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, 2021 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%	6.50%
Required employer contribution rates	10.555%	10.380%
Payment of unfunded liability	\$18,720,919	-

3. 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



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contribute the difference between the actuarially determined rate and the contribution rate of employees. City employer contributions to CalPERS for the fiscal year were \$28,922. 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.

(B) Net Pension Liability

As of June 30, 2022, 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			
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Electric Utility Fund	\$ 33,366	\$ 75,580	
Water Utility Fund	5,394	12,218	

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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 the Miscellaneous Plan as of the June 30, 2021 measurement was as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>
Proportion - June 30, 2021	34.27%	5.54%

(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/expenditure) until that time.

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

- Deferred outflow 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 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 expected and actual 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.



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- Deferred inflows 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.

For the year ended June 30, 2022, the City recognized pension expense for the Electric and Water Funds of (\$1,027) and (\$166), respectively. At June 30, 2022, 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	\$ 10,220	1,652	-	-
Differences between actual and expected experience	\$ 705	114	(210)	(34)
Net differences between projected and actual earnings on plan investments	-	-	(28,695)	(4,639)
Total	\$ 10,925	1,766	(28,905)	(4,673)

For the Electric and Water Utility Funds, \$10,220 and 1,652, 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, 2023. 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
2023	(7,068)	(1,143)
2024	(6,420)	(1,038)
2025	(6,809)	(1,101)
2026	(7,903)	(1,278)
Total Deferred Inflows of Resources	\$ (28,200)	\$ (4,794)

1. Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Miscellaneous Plan	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Payroll Growth	2.750%
Projected Salary Increase	3.2% - 12.2% ⁽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 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.	
⁽³⁾ The less of contract COLA (Cost -of-Living Adjustment) or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.	



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All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-

block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% was used for this period.

(c) An expected inflation of 2.92% was used for this period.

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):

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	<u>Utility</u>	
1% Decrease		6.15%
Net Pension Liability	\$	89,613
Current Discount Rate		7.15%
Net Pension Liability	\$	38,760
1% Increase		8.15%
Net Pension Liability	\$	(3,303)

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

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 14: 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 2022 PEMHCA minimum contribution amount is \$149.00 per month. In addition, the City pays retiree health contribution amounts of \$100.00 per month for 14 management retirees, and \$188.00 per

month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of \$149.00 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 12.79% to the Electric Fund and 2.32% 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 \$50.00 per pay period, and the City contributes \$50.00 per pay period for these members. BERMT members unrepresented by a bargaining group are not able to make employee contributions, and the City contributes \$100.00 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



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\$150.00 to \$630.00 in reimbursements per month based on number of contributions for eligible medical expenses. For the fiscal year 2021-22, the City contributed \$1,373 to BERMT. BERMT is not subject to GASB 75 reporting.

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 \$1,200.00/month for individuals age 50 to age 64 and \$750.00/month 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 \$975.00/month, including payments from BERMT, PEMHCA minimum and URMT. For the fiscal year 2021-22 the City contributed \$229.

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 2021-22 (measurement period of June 30, 2021), the City contributed \$1,821, consisting of \$1,717 in implied subsidy payment contributions netted against \$107 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.



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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, 2021 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

Net OPEB Liability	URMT
Inactive employees or beneficiaries currently receiving benefits	64
Active employees	145
Total	209

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, 2022, the City's total contributions of \$1,821 consist of payments to the trust of \$1,821 (\$1,592 to PEMHCA; \$229 to URMT). The proportionate share of the PEMHCA payments of \$204 and \$37 were allocated to the Electric and Water Utility Funds, respectively; the URMT payments were allocated to the Electric Utility Fund.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial

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valuation dated June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below:

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2021	June 30, 2021
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	6.75%	6.75%
Healthcare cost trends (PEMHCA)	4.6% Medicare (Kaiser), 5.65% Medicare (non-Kaiser), 6.5% Non-Medicare, decreasing to 4% in 2076 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, 2021 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	59.00%	4.56%
Global Fixed Income	25.00%	0.78%
TIPS (Treasury Inflation-Protected Security)	5.00%	0.08%
Real Estate	8.00%	4.06%
Commodities	3.00%	1.22%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability 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. 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.

Change of Discount Rate

The discount rate used in the June 30, 2021 valuation was 6.25%, a decrease from the June 30, 2019 valuation discount rate of 6.75%. The discount rate changed due to newer capital market assumptions and inflation being lowered.

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Changes in Assumptions

Changes in assumptions since the measurement period June 30, 2020, consisted of updating the discount rate based on newer capital market assumptions, lowering inflation, which also affected discount rate, medical trend and PEMCHA minimum increases, and the mortality improvement scale was updated to Scale MP-2021. Age factors for estimating age-based claims were updated for PEMCHA, usage assumption was added for URMT, and the benefit cap increase rate was lowered for URMT.

Changes in the NET OPEB Liability

Changes in the net OPEB liability - URMT

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement date)	\$ 12,546	11,266	1,280
Changes in the year:			
Service cost	351	-	351
Interest on the total OPEB liability	862	-	862
Differences between actual and expected experience	(1,134)	-	(1,134)
Changes in assumptions	(2,197)	-	(2,197)
Contributions - employer	-	228	(228)
Contributions - employee	-	230	(230)
Net investment income	-	3,154	(3,154)
Benefit payments	(254)	(254)	-
Administrative expenses	-	(4)	4
Net Changes	(2,372)	3,354	(5,726)
Balance at June 30, 2021 (Measurement date)	\$ 10,174	14,620	(4,446)

As of June 30, 2022 the Utility Funds reported net OPEB liability for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan	June 30, 2022
Electric Utility	\$ 1,996
Water Utility	\$ 362

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

The following presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability 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	\$ 3,637	\$ (2,613)
Current Discount Rate	6.25%	6.25%
Net OPEB Liability	\$ 2,358	\$ (4,446)
1% Increase	7.25%	7.25%
Net OPEB Liability	\$ 1,303	\$ (5,900)

b. Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability 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:

	PEMHCA	URMT
1% Decrease (Asset)		
Net OPEB Liability	\$ 1,218	\$ (6,931)
Current Trend		
Net OPEB Liability	\$ 2,358	\$ (4,446)
1% Increase		
Net OPEB Liability	\$ 3,757	\$ (1,283)



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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 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 expected and actual 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.

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.

- Deferred inflows 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.

For the fiscal year ended June 30, 2022 the Utility recognized OPEB expense of (\$175) and (\$609) for PEMHCA and URMT, respectively.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as follows:

	PEMHCA	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:		
Electric Fund	\$ 204	\$ -
Water Fund	\$ 37	\$ -
Differences between actual and expected experience:		
Electric Fund	-	705
Water Fund	\$ -	\$ 128
Change in assumptions:		
Electric Fund	912	1,259
Water Fund	165	228
Differences between projected and actual earnings:		
Electric Fund	-	709
Water Fund	-	129
Total	\$ 1,318	\$ 3,158



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Electric Fund	URMT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 229	\$ -
Differences between actual and expected experience	203	997
Change in assumptions	112	1,932
Differences between projected and actual earnings	-	1,721
Total	\$ 544	\$ 4,650

\$241 and \$229 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, 2023. 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
2,023	(559)	(767)
2,024	(547)	(747)
2,025	(548)	(751)
2,026	(582)	(820)
2,027	36	(341)
Thereafter	119	(909)
Total Deferred Inflows of Resources	\$ (2,081)	\$ (4,335)

Payable to the OPEB Plan

At June 30, 2022, the Utility reported a payable of \$44 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 15: 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.

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 \$45,000 of excess coverage, for total coverage of \$55,000. 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, and the City purchases excess insurance coverage for losses to the statutory limits. The City charges the Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There have been no significant settlements or reductions in 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.



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)**

NOTE 16: 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, 2022, the fair values of the financial natural gas hedges were approximately \$2,020 and were recorded as current assets and deferred inflows of resources on the Statement of Net Position.

The Electric Fund entered into natural gas hedging contracts in order 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 averaging. As of June 30, 2022, the Electric Fund's financial natural gas hedges are as follows:

Gas hedging contract	Contract quantity	Contract price	First effective date	Last effective date	Fair value
FY22-23	1,095,000 MMBtu*	\$5.26 to \$ 9.86	7/1/2022	6/30/2023	(\$2,020)

*1 million British Thermal Unit

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

NOTE 17: 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 18: Insurance Proceeds

In the prior fiscal year, 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. No further insurance proceeds were received during the fiscal year. Once the repairs are completed on the Golden State Substation, the Electric Utility Fund expects to submit a final claim for the remainder of its repair costs.

NOTE 19: Subsequent Events

The Electric Utility is proposing for fiscal year 2022-23 up to \$120 million of bond issuance with maximum maturities of 30-year fixed rate tax-exempt bonds to fund increased capital expenditures over the next few years in fiscal year 2023.

The State of California released a second round of CAPP funding and extended the pandemic period from March 4, 2020, through December 31, 2021. The Electric Utility Fund applied for this funding on October 25, 2022, for \$638, on behalf of 1,393 active residential accounts. On December 6, 2022, the Electric Utility received a check to apply the funds to eligible residential customers' overdue balances. Credits on accounts were applied in December 2022.



**WATER AND
POWER**

CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS

Last 10 Fiscal Years *

ELECTRIC FUND

Fiscal Year Ended Measurement Period	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Plan's Proportionate Share of Net Pension Liability in %	34.27%	34.27%	34.27%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 33,366	\$ 75,580	\$ 74,938	\$ 73,226	\$ 78,580	\$ 71,305	\$ 58,442
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%
Covered-Employee Payroll	27,711	27,500	27,908	\$ 27,615	\$ 27,587	\$ 27,521	\$ 27,719
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	120.41%	274.83%	268.52%	265.17%	284.85%	259.09%	210.84%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 11,621	\$ 11,867	\$ 7,321	\$ 6,663	\$ 5,864	\$ 5,355	\$ 4,788

WATER FUND

Fiscal Year Ended Measurement Period	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
Plan's Proportionate Share of Net Pension Liability in %	5.54%	5.54%	5.54%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in \$	\$ 5,394	\$ 12,218	\$ 12,114	\$ 11,499	\$ 12,340	\$ 11,198	\$ 9,178
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%
Covered-Employee Payroll	\$ 4,480	\$ 4,446	\$ 4,512	\$ 4,337	\$ 4,332	\$ 4,322	\$ 4,353
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	120.41%	274.83%	268.52%	265.17%	284.85%	259.09%	210.84%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,879	\$ 1,918	\$ 1,183	\$ 1,046	\$ 921	\$ 841	\$ 752

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

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



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)
*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Miscellaneous Plan Pension Contributions - 2022

ELECTRIC FUND

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 7,478	\$ 8,880	\$ 8,438	\$ 7,463	\$ 6,657	\$ 5,355	\$ 4,788	\$ 4,258
Contributions in Relation to the Actuarially Determined Contribution	(10,220)	(11,622)	(11,865)	(7,463)	(6,657)	(5,355)	(4,788)	(4,258)
Contribution Deficiency (Excess)	<u>\$ (2,742)</u>	<u>\$ (2,742)</u>	<u>\$ (3,427)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$ 29,153	\$ 27,711	\$ 27,500	\$ 28,470	\$ 27,615	\$ 27,587	\$ 27,521	\$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	35.06%	41.94%	43.15%	26.21%	24.11%	19.41%	17.40%	15.36%

WATER FUND

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,209	\$ 1,436	\$ 1,364	\$ 1,172	\$ 1,045	\$ 841	\$ 752	\$ 669
Contributions in Relation to the Actuarially Determined Contribution	(1,652)	(1,879)	(1,918)	(1,172)	(1,045)	(841)	(752)	(669)
Contribution Deficiency (Excess)	<u>\$ (443)</u>	<u>\$ (443)</u>	<u>-\$554</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$ 4,713	\$ 4,480	\$ 4,446	\$ 4,471	\$ 4,337	\$ 4,332	\$ 4,322	\$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	35.06%	41.94%	43.15%	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	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, 2022 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years⁽¹⁾

In Thousands

UTILITY FUNDS

	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018
Actuarially determined contribution	\$ 423	\$ 410	\$ 621	\$ 608	\$ 598
Contributions in relation to the actuarially determined contribution	(241)	(423)	(603)	(608)	(598)
Contribution deficiency (excess)	\$ 182	\$ (13)	\$ 18	\$ 0	\$ 0
Covered payroll	\$ 16,880	\$ 17,282	\$ 18,828	\$ 16,928	\$ 16,671
Contributions as a percentage of covered- employee payroll	1.43%	2.45%	3.20%	3.59%	3.59%

Notes to Schedule

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years⁽¹⁾

In Thousands

UTILITY FUNDS

	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018	URMT 6/30/2022
Actuarially determined contribution	\$ 423	\$ 410	\$ 621	\$ 608	\$ 598	\$ 231
Contributions in relation to the actuarially determined contribution	(241)	(423)	(603)	(608)	(598)	(229)
Contribution deficiency (excess)	\$ 182	\$ (13)	\$ 18	\$ 0	\$ 0	\$ 2
Covered payroll	\$ 16,880	\$ 17,282	\$ 18,828	\$ 16,928	\$ 16,671	\$ 17,448
Contributions as a percentage of covered- employee payroll	1.43%	2.45%	3.20%	3.59%	3.59%	1.31%

Notes to Schedule

Valuation date	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017	6/30/2021
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**Methods and assumptions used to determine
contribution rates with valuation date 6/30/2019:**

* Agent multiple employers	Entry age normal
* Amortization method	Level percentage of payroll
* Asset valuation method	Investment gains and losses spread over 5-year rolling period
* Inflation	2.75%
* Investment rate of return	6.75%
* Mortality	CalPERS 1997-2015 experience study

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



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

SCHEDULE OF CHANGES IN THE NET URMT LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

In Thousands

Fiscal year end	2022	2021	2020	2019	2018
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Service cost	\$ 351	\$ 340	\$ 299	\$ 291	\$ 283
Interest on the total pension liability	862	802	715	668	623
Actual vs. expected experience	(1,134)	-	320	-	-
Assumption changes	(2,197)	-	178	-	-
Benefit payments	(254)	(266)	(285)	(256)	(222)
Net Change in Total OPEB liability	(2,372)	876	1,227	703	684
Total OPEB Liability - Beginning of Year	12,546	11,670	10,443	9,740	9,056
Total OPEB Liability - End of Year (a)	10,174	12,546	11,670	10,443	9,740
Plan Fiduciary Net Position:					
Contributions - employer	228	170	167	154	148
Contributions - employee	230	168	167	154	148
Net investment income	3,154	405	657	717	889
Administrative expenses	(4)	(5)	(2)	(17)	(5)
Benefit payments	(254)	(266)	(285)	(256)	(222)
Net Change in Plan Fiduciary Net Position	3,354	472	704	752	958
Plan Fiduciary Net Position - Beginning of Year	11,266	10,794	10,090	9,338	8,380
Plan Fiduciary Net Position - End of Year (b)	14,620	11,266	10,794	10,090	9,338
Net OPEB liability - Ending (a) - (b)	\$ (4,446)	\$ 1,280	\$ 876	\$ 353	\$ 402
Plan fiduciary net position as a percentage of the total OPEB liability	143.70%	89.80%	92.49%	96.62%	95.87%
Covered payroll	\$ 17,448	\$ 19,521	\$ 17,698	\$ 17,084	\$ 18,086
Net OPEB liability as a percentage of covered payroll	-25.48%	6.56%	4.95%	2.07%	2.22%

Notes to Schedule

1. There were no changes in benefits.

* Fiscal year ended June 30, 2018, was the first year of implementation; therefore, only five years are shown.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** REQUIRED SUPPLEMENTARY INFORMATION ***

SCHEDULE OF NET PEMCHA LIABILITY INFORMATION AND RATIOS

Last 10 Fiscal Years * In Thousands

ELECTRIC FUND

Fiscal Year Ended June 30, Measurement Date	<u>2022</u> <u>6/30/2021</u>	<u>2021</u> <u>6/30/2020</u>	<u>2020</u> <u>6/30/2019</u>	<u>2019</u> <u>6/30/2018</u>	<u>2018</u> <u>6/30/2017</u>
Plan's Proportionate Share of Net PEMCHA Liability in %	12.79%	12.79%	12.79%	12.79%	12.79%
Plan's Proportionate Share of Net PEMCHA Liability in \$	\$ 1,996	\$ 2,486	\$ 2,506	\$ 5,034	\$ 5,039
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	\$ 14,629	\$ 15,937	\$ 14,329	\$ 14,111	\$ 14,004
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 358	\$ 506	\$ 504	\$ 506	\$ 405

WATER FUND

Fiscal Year Ended June 30, Measurement Date	<u>2022</u> <u>6/30/2021</u>	<u>2021</u> <u>6/30/2020</u>	<u>2020</u> <u>6/30/2019</u>	<u>2019</u> <u>6/30/2018</u>	<u>2018</u> <u>6/30/2017</u>
Plan's Proportionate Share of Net PEMCHA Liability in %	2.32%	2.32%	2.32%	2.32%	2.32%
Plan's Proportionate Share of Net PEMCHA Liability in \$	\$ 362	\$ 451	\$ 455	\$ 913	\$ 914
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	\$ 2,654	\$ 2,891	\$ 2,599	\$ 2,560	\$ 2,540
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 65	\$ 92	\$ 91	\$ 92	\$ 73

* Fiscal year 2018 was the 1st year of implementation; therefore, only five years are shown.

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



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** SUPPLEMENTAL INFORMATION * (unaudited)**

Schedule 1

ANNUAL ELECTRIC SUPPLY Fiscal Year ended June 30, 2022		
Resource	MWh	Percentage
Renewables ⁽¹⁾	363,370	34.7%
Intermountain Power Project	152,150	14.5%
Magnolia Power Project	247,730	23.6%
Spot Purchases	191,680	18.3%
Palo Verde Nuclear	50,320	4.8%
On-Site Generation	24,840	2.4%
Hoover Upgrading	18,340	1.7%
Total⁽²⁾	1,048,430	100.0%

¹Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, 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, Renewable Certificate, local generation from BWP Valley Pumping Plant, bio-methane gas, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2021, renewable energy resources made up approximately 41.5% 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					
	2018	2019	2020	2021	2022
Number of Retail Service:					
Residential	46,140	46,294	46,098	46,152	46,290
Commercial ¹	6,889	6,920	6,844	6,861	6,880
Large Commercial ¹	81	84	88	84	82
Total	53,110	53,298	53,030	53,097	53,252
Retail Kilowatt-hour Sales (millions)					
Residential	274	274	275	287	275
Commercial ²	534	524	485	448	477
Large Commercial ²	270	263	260	227	228
Total	1,078	1,061	1,019	962	979
Electric Revenues (\$ in thousands):					
Retail ³	\$ 176,450	\$ 162,386	\$ 158,024	\$ 149,846	\$ 154,304
Wholesale	\$ 21,252	\$ 21,791	\$ 15,442	\$ 42,088	\$ 21,486
Other ⁴	\$ 6,448	\$ 8,504	\$ 7,274	\$ 9,040	\$ 8,428
Total	\$ 204,150	\$ 192,681	\$ 180,740	\$ 200,974	\$ 184,218
Peak Demand (MW)	320	302	283	292	246

¹Meter counts include all billed meters.

²Retail sales for Commercial and Large Commercial customers were lower in FY 2020-21 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, 2022 (in thousands)

*** SUPPLEMENTAL INFORMATION * (unaudited)**

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC ^{(1) (2)}					
(Cents per Kilowatt-hour)					
	2018	2019	2020	2021	2022
Residential	16.57	15.81	15.83	15.86	16.01
Commercial	16.76	15.89	16.07	16.02	16.21
Large Commercial	14.48	13.66	13.93	13.96	14.08
System Weighted Average Electric Rate	16.14	15.32	15.46	15.49	15.66

¹ All weighted average rates exclude Street Lighting charges.

² Effective FY 2019, all weighted average rates no longer include in-lieu transfer. Prior to 2019, this transfer was embedded in the rates. Burbank voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of Burbank Water and Power's gross annual sales of electricity to pay for City's essential services.

Schedule 4

ANNUAL WATER SUPPLY		
Fiscal Year ended June 30, 2022		
Resource	Acre Feet (AF)	Percentage
Metropolitan Water District	3,419	21.5%
Local Production – BOU	12,450	78.5%
Total	15,869	100.0%



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** SUPPLEMENTAL INFORMATION * (unaudited)**

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES					
Fiscal Years ended June 30					
	2018	2019	2020	2021	2022
Number of Water Service:					
Potable					
Residential ¹	22,216	22,173	22,161	22,188	22,216
Commercial ²	3,213	3,235	3,205	3,212	3,211
Other ³	1,145	1,160	1,171	1,184	1,195
Recycled	234	236	240	250	256
Total	26,808	26,804	26,777	26,834	26,878
AF Sales Per Year:					
Potable					
Residential ¹	11,887	11,331	11,671	12,642	11,713
Commercial ²	3,455	3,340	3,155	2,645	2,943
Other ³	225	199	183	170	200
Recycled	3,281	2,824	3,032	2,927	3,134
Total in AF	18,848	17,694	18,041	18,384	17,990
Water Revenues (\$ in thousands):					
Retail ⁴	\$ 30,565	\$ 30,578	\$ 32,394	\$ 32,961	\$ 32,876
Other ⁵	\$ 3,518	\$ 702	\$ 955	\$ 1,064	\$ 1,495
Total	\$ 34,083	\$ 31,280	\$ 33,349	\$ 34,025	\$ 34,371
	2018	2019	2020	2021	2021
Maximum Demand Day (AF)	63.5	63.1	62.8	57.1	60.1

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.



**WATER AND
POWER**

CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022 (in thousands)

*** SUPPLEMENTAL INFORMATION * (unaudited)**

Sched 6

WEIGHTED AVERAGE BILLING PRICE – POTABLE WATER					
(\$ per CCF ¹)					
	2018	2019	2020	2021	2022
Residential ²	3.82	4.04	4.21	4.18	4.33
Commercial ³	3.66	3.87	4.17	4.29	4.25
Weighted Average Water Rate	3.78	4.00	4.20	4.20	4.31

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.

