BURBANK WATER AND POWER ANNUAL REPORT

FISCAL YEAR 2022-2023

CITY OF BURBANK WATER AND POWER

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CITY OF BURBANK WATER AND POWER

WATER
AND
POWER

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.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Electric and Water Utility Funds (the "Funds") of the City of Burbank (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds of the City as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1S to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Component Unit Reporting

As discussed in Note 1C, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required pension and other postemployment benefits schedules as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Summarized Comparative Information

The financial statements of the Funds for the year ended June 30, 2022, were audited by another auditor, who expressed an unmodified opinion on those financial statements in their report dated February 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of the City’s internal control over the Fund‘s financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over the Fund‘s financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over the Fund‘s financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
March 14, 2024

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, 2023 (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 1.4% due in part to warmer weather. This higher retail load was primarily attributable to higher energy demand from a warmer summer.
- The Electric Utility continued with its asset optimization strategy. A net wholesale margin of $2,938 was generated primarily during high energy prices driven by summer heat waves.
- On January 12, 2023, S&P Global Ratings assigned an 'AA-' and Moody's assigned an 'Aa3' to the Electric Revenue Bonds, Series of 2023 (2023 bonds) with stable outlook.
- For the fiscal year, the Electric Utility's availability rate was 99.998%. The system average interruption was only 11.2 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was

approximately 0.27 outages per customer served every year or an outage per customer every 3.7 years.

- The Electric Utility met the California's Renewables Portfolio Standard (RPS) goal of 38.50% for the calendar year of 2022 and is on track to meet the RPS goal of 41.25% for the calendar year of 2023.

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Financial Analysis

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

	2023	2022	Incr. (Decr.)
Retail sales (in MWh)	992,871	978,966	13,905
Operating revenues:			
Retail	$ 165,417	$ 154,304	$ 11,113
Wholesale	40,324	21,486	18,839
Other revenues	7,146	6,600	546
Total operating revenues	212,887	182,390	30,497
Operating expenses:			
Power supply and fuel – retail	119,701	108,323	11,378
Purchased power and fuel – wholesale	37,386	18,845	18,542
Transmission expense	10,162	10,362	(200)
Distribution expense	11,850	4,735	7,115
Other operating expenses	27,253	20,521	6,732
Depreciation	20,960	21,919	(959)
Total operating expenses	227,312	184,705	42,608
Operating income	(14,425)	(2,315)	(12,110)
Nonoperating income (expenses):			
Interest income	3,391	(2,015)	5,406
Intergovernmental	797	1,783	(985)
Lease rentals	302	293	9
Lease interest expense	(67)	(13)	(54)
Interest expense	(4,878)	(3,348)	(1,530)
Gain (loss) on disposal of capital assets	76	109	(32)
Other income (expenses), net	788	(446)	1,234
Total nonoperating income (expenses)	409	(3,637)	4,046
Income before contributions	(14,016)	(5,952)	(8,064)
Capital contributions and transfers:			
Customer capital contributions	7,079	2,766	4,313
Transfers from the City	29	22	7
Transfers to the City	(350)	(416)	66
Total capital contributions and transfers	6,758	2,374	4,385
Change in net position	(7,258)	(3,579)	(3,686)
Net position, beginning of year	299,412	302,991	(3,579)
Net position, end of year	**$ 292,154**	**$ 299,412**	**$ (7,259)**

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 77.7% of the Electric Utility's operating revenues. Retail energy sales increased by 13,905 MWh, or 1.4%, compared to the prior fiscal year primarily attributable to a warmer summer. Commercial load made up about 67.9% of the Electric Utility's retail load and increased by 0.7% from the prior year; while residential load made up 29.6% of the Electric Utility's retail load and increased by 1.1% from the prior year. Retail revenues were higher by $11,113, or 7.2%, resulting from higher demand due to a warmer summer and a rate increase of 6.0% that became effective on July 1, 2022.

Wholesale trading opportunities exist because the Electric Utility can market excess capacity, energy, and transmission. Wholesale margins of $2,938 contributed to the Electric Utility's financial performance by increasing the Electric Utility's operating income. Wholesale margin was $297 or 1.3% higher than the prior fiscal year primarily driven by a warmer summer that caused higher natural gas and power prices. 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 $546, or 8.3%, higher than the prior fiscal year primarily due to higher revenues from ONE Burbank and providing services to other utilities offset by lower revenues from selling Low Carbon Fuel Standard (LCFS) Credits.

ONE Burbank is a fiber optic-based infrastructure program that includes dark fiber, carrier-class internet, and high-speed managed services for local Burbank businesses. ONE Burbank generated revenues of $4,215 this fiscal year compared to $4,061 in the prior fiscal year. The increase is due to continuous growth of the business.

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 $827 in LCFS revenues. This revenue is $367 less or 30.8% lower than prior year due to decrease price per LCFS. LCFS credit is a market-based product and price is driven by supply and demand.

Retail power supply and fuel expenses were $11,378, or 10.5%, higher than the prior fiscal year primarily due to higher energy prices, limited coal supply for the Intermountain Power Project (IPP), purchase of more renewable resources to meet state regulatory requirements, and actuarial loss due to fluctuation of the equity market under GASB Statement No. 68, Accounting and Financial Reporting for Pensions" (GASB 68). GASB 68 pension value was $740 for the fiscal year compared to $3,824 in the prior fiscal year.

Transmission expenses were $200, or 1.9%, lower than the prior fiscal year primarily because of re-financing savings on transmission assets.

Distribution expenses were $7,115, or 150.3%, higher than the prior fiscal year primarily due to actuarial loss related to GASB 68. GASB 68 was valued lower by $3,469. GASB 68 pension value was $983 for the fiscal year compared to $4,452 in the prior fiscal year.

Other operating expenses were $6,732, or 32.8%, higher than the prior fiscal year, primarily due to actuarial loss related to GASB 68 and less California Arrearage Payment Program (CAPP) grant received for the fiscal year. The Electric Utility incurred $1,689 CAPP grant expenses in the prior fiscal year. See intergovernmental revenue. GASB 68 was valued lower by $2,493. GASB 68 pension value was $592 for the fiscal year compared to $3,085 in the prior fiscal year.

In June 2022, the California Legislature approved a new round of funding for unpaid electric bills for COVID-19 relief under CAPP. $239.4 million was made available for publicly owned utilities for this program. This program, known informally as CAPP 2.0,operated similarly as CAPP. CAPP 2.0 is for eligible residential customers with a relief period from June 16, 2021 to December 31, 2021. CAPP 2.0 did not apply to commercial customers. The Electric Utility received $638 in December 2022 under CAPP 2.0 and all of it was applied to customer accounts. Residential customer disconnection resumed on April 3, 2023.

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 a year for the last three fiscal years. This is the last year of a four-year citywide funding plan to reduce future pension obligations. This additional payment is included in the power supply and fuel – retail, distribution, and other operating expenses.

Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was lower by $959, or 4.4%, primarily due to the retirement of fully depreciated capital assets and the completion of fewer additional capital projects.

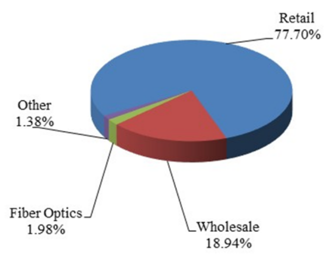
Interest income was $5,406, or 268.3%, higher than the prior fiscal year primarily because of higher interest rate yields due to the Federal Reserve's ongoing effort to tame inflation and a $3,424 market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" compared to the prior fiscal year.

Intergovernmental revenue was $985, or 55.3%, lower than the prior fiscal year due to financial relief under the CAPP 2.0. The CAPP 2.0 is a state program that provided financial relief for eligible customers who fell behind on their utility bill payments due to COVID-19. The Electric Utility received $638 in the fiscal year compared to $1,689 CAPP grant revenue in the prior fiscal year.

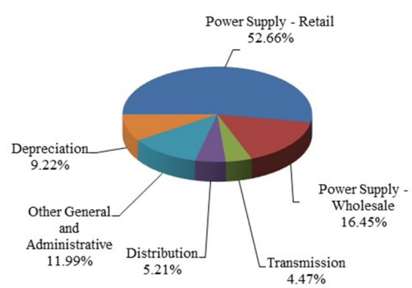
As of June 30, 2023, the Electric Utility had $181,444 in outstanding revenue bonds (principal and interest). The Electric Utility issued $120 million of tax-exempt bonds with maximum maturities of 30- year fixed rate in March 2023 to fund increased capital expenditures. The bond proceeds will primarily be used to fund the construction of two electric substations, the investment in renewable projects, and the modernization of other electric systems. These bonds will enable the Electric Utility to modernize, replace and upgrade the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid $4,878 in interest expense, compared to $3,348 in the prior fiscal year.

Customer capital contributions were $4,313, or 155.9%, higher compared to the prior fiscal year primarily due to the construction of two new substations and 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, 2023, and June 30, 2022, were as follows on the next page:

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Schedule of Net Position *($ in thousands)*

	2023	2022	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 235,880	$ 125,739	$ 110,141
Noncurrent and regulatory assets	6,254	7,007	(753)
Capital assets, net of accumulated depreciation	339,213	321,624	17,589
Total assets	**581,347**	**454,370**	**126,977**
Deferred outflows of resources			
Deferred outflows of resources	37,629	12,585	25,044
Total deferred outflows of resources	**37,629**	**12,585**	**25,044**
Liabilities			
Current liabilities	38,751	30,453	8,298
Noncurrent and regulatory liabilities	276,331	93,982	182,349
Total liabilities	**315,083**	**124,435**	**190,648**
Deferred inflows of resources			
Deferred inflows of resources	11,739	43,108	(31,369)
Total deferred inflows of resources	**11,739**	**43,108**	**(31,369)**
Net position			
Net investment in capital assets	275,877	269,817	6,060
Restricted for public benefits	10,710	9,315	1,395
Unrestricted	5,567	20,280	(14,713)
Total net position	**$ 292,154**	**$ 299,412**	**$ (7,258)**

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 noncurrent and regulatory liabilities.

The primary driver of the increase in total assets by $126,977 during the fiscal year is due to the 2023 bond proceed. The increase in deferred outflows of resources of $25,044 during the fiscal year is mainly due to an increase in deferred amounts from pensions. Additional information on GASB 68 and GASB Statement No. 75 (GASB 75) as it relates to pensions and OPEB can be found in Note 16 and 17 to the basic financial statements.

Total liabilities increased by $190,648 primarily due to the 2023 bonds issued in March 2023 and an increase in net pension liability. Deferred inflows of resources as of June 30, 2023, decreased by $31,369, compared to the prior fiscal year primarily due to lower amounts deferred on pensions and Other Post-Employment Benefits (OPEB). GASB 68 requires governments to recognize their long-term obligation for pension benefits as a liability and to measure the annual costs of pension benefits more comprehensively and comparably. GASB 75 requires the accounting and financial reporting of an OPEB liability to be reported on the face of the financial statements as it recognizes and measures liabilities, deferred outflows of resources, deferred inflows of resources, and expense/ expenditures.

Total net position decreased by $7,258, or 2.4%, 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 94.4% of the Electric Utility's total net position was in capital assets (see Capital Assets), followed by 3.7% in unrestricted funds and 1.9% in restricted for public benefits.

Capital Assets

As of June 30, 2023, the largest portion of the Electric Utility's total assets, $339,213, or 58.3%, was invested in capital assets. The Electric Utility invested $38,851 in the acquisition and construction of capital assets funded from cash reserves and capital contribution from customers. Most of these investments were for the expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

The Electric Utility, in alignment with the Electric Distribution Master Plan, continues to make strategic capital investments in the 4 kV to 12 kV conversions during the fiscal year to improve the robustness and reliability of the electric system. Converting 4 kV to 12 kV lines is a capital investment strategy that will help the Electric Utility manage its aging infrastructure by upgrading old 4 kV distribution equipment to new 12 kV standards, thereby enhancing system reliability, and reducing long term costs. The 12 kV conversions improve grid efficiency by transmitting electricity at a higher operating voltage which significantly 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 856 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)		
Golden State Substation Rebuild	$	5,986
69 kV and 34.5 kV Line Upgrade/Replacements/Reconfigurations		4,289
4 kV to 12 kV Conversions		3,689
Media District		2,649
Overhead/Underground Distribution Lines		2,469
ONE Burbank Network Infrastructure Expansion		2,424
Transmission Distribution Management System		2,047
Build New Customer Transformer Stations, 750 kVA & Under		2,026
Lake NOx Emission System Retrofit		1,500
Replace Station High Voltage Oil Circuit Breakers		1,000
Pacific Northwest DC Intertie		876
Customer Information System Replacement/Upgrade		785
Service Replacements		747
Relocation of Facilities for Caltrans Burbank Bridge Replacement		587
Build Facilities for Avion Burbank Development		408
Build Service to Large Project Over 1 MVA		337
BWP Campus Network Update		301
Electric Substations Equipment Replacement		283
Electric Vehicle Charging Program		272
Reconfigure San Jose Station 12kV gateways for better reliability		262
Site Restoration of the Alameda/Old Hollywood Way Substation		228
Fiber Optic Services to Customers City Wide		200
Total	**$**	**33,365**

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 99.998%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 41 minutes every 3.7 years. The system average interruption was only 11.2 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.27 outages per customer every year.

In 2021, Burbank Water and Power was designated a Diamond Level utility, the highest Reliable Public Power Provider (RP3) designation. The American Public Power Association's RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. The RP3 application is carefully evaluated every three years to ensure that the criteria are relevant, thorough, and is keeping up with industry trends and best practices. The Diamond Level designation will be effective until April 2024. The Electric Utility will be submitting a RP3 application for the next evaluation cycle.

Additional information on capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

As of June 30, 2023, the Electric Utility had $181,444 in outstanding revenue bonds of which $2,210 will be due within a year. The revenue bonds consisted of $50,304 of 2010A Electric Revenue Bonds and $120,000 tax-exempt bonds issued in March 2023.

The 2010A Electric Revenue Bonds were issued for the modernization, replacement and upgrades of the electric system, general plant, and other facilities. The $120 million of tax-exempt bonds will primarily be used to fund the replacement of two electric substations, investment in renewable projects, and the modernization of the electric systems. These projects will provide long-term benefits to ratepayers and support the load grow over the next few years with the state's housing development requirements. The Electric Utility maintained an 'AA-' rating from Standard & Poor's and 'Aa3' rating from Moody's. On January 12, 2023, the 2023 bonds were assigned 'AA-' long-term rating from S&P Global Ratings and 'Aa3' long-term rating from Moody's, primarily due to the stable revenue profile, affordable rates, and robust and growing service area.

Environmental, Supply, and Economic Factors

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

The Electric Utility met the RPS goal of 38.5% for calendar year 2022 and is on track to meet RPS compliance goal of 41.25% for calendar year 2023. The Electric Utility staff continues to evaluate renewable resources for future compliance requirements.

Coal shortage has been a continue challenge at IPP and generation has been curtailed due to supply chain disruption since October 2021. IPP participants agreed to limit output of the IPP units, but to maintain a minimum megawatt supply to preserve the integrity of the Southern Transmission System while meeting the participants' minimal needs during lower energy prices and demand periods. This operational change will enable a buildup of 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.

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 (CPUC) restricting the use of the Aliso Canyon Storage Facility (Aliso Canyon).

On August 31, 2023, the CPUC voted 5-1 to approve the increase of the Aliso Canyon storage capacity from 41.6 billion cubic feet (Bcf) to 68.6 Bcf and ended the Aliso Canyon Withdrawal Protocol. Total storage capacity of Aliso Canyon is 86 Bcf. The Aliso Canyon Withdrawal Protocol restricted gas withdrawal only when curtailment was imminent, the stored gas is to be used during times of high demand to ensure reliability for Southern California. The storage and withdrawal limitation contributed to the natural gas price spikes in the winter of 2023 and this action could mitigate future gas price spikes and moderate gas and electricity prices.

On June 30, 2023, an electrical transformer exploded and caused a fire. The fire was contained to the area of the transformer and put out within a few minutes. There was no damage to buildings and no injuries reported but the equipment was damaged beyond repair. Customers served by this transformer will continue to receive service from another transformer. The Electric Utility will be filing an insurance claim for the loss.

Water Utility Fund

Water Utility Fund highlights:

- Total potable water sales decreased by 14.8% compared to prior fiscal year, primarily driven by the wet winter with heavy rainfall from multiple atmospheric rivers along with state mandate to voluntarily reduce water use by 15% to 2020 levels.
- Total net position increased by $1,809 for the fiscal year due to favorable operating results.
- The Water Utility has 'AAA' long-term rating from S&P Global Ratings on its Water Revenue Bonds, Series of 2021 (2021 bonds), and 'AAA' long-term rating from S&P Global Ratings and 'AAA' with stable outlook from Fitch Ratings for the Water Revenue Bonds, Series 2010B.

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Financial Analysis

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

	2023	2022	Incr. (Decr.)
Potable water (in AF)	12,655	14,857	(2,202)
Recycled water (in AF)	2,673	3,134	(461)
Operating revenues:			
Potable water sales	$ 28,182	$ 28,592	$ (410)
Recycled water sales	4,521	4,283	238
Other revenues	1,280	1,083	196
Total operating revenues	33,983	33,959	24
Operating expenses:			
Water supply expenses	11,303	12,362	(1,059)
Operations, maintenance and administration	12,598	10,565	2,033
Other operating expenses	3,123	2,190	933
Depreciation	4,467	4,119	348
Total operating expenses	31,491	29,236	2,256
Operating income	2,492	4,723	(2,232)
Nonoperating income (expenses):			
Interest income	586	(392)	978
Intergovernmental	21	378	(356)
Lease rentals	22	21	1
Bond interest expense	(2,582)	(2,267)	(315)
Loan interest expense	-	(69)	69
Gain (loss) on disposal of capital assets	(0)	(176)	176
Other income (expenses), net	871	(34)	905
Total nonoperating income (expenses)	(1,081)	(2,539)	1,458
Income before contributions	1,411	2,184	(773)
Capital contributions and transfers:			
Customer capital contributions	399	477	(79)
Total capital contributions and transfers	399	477	(79)
Change in net position	1,810	2,661	(851)
Net position, beginning of year	70,709	68,048	2,660
Net position, end of year	**$ 72,519**	**$ 70,709**	**$ 1,809**

WATER AND POWER

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 82.9% of the total Water Utility operating revenues. Potable water sales volume decreased by 2,202-acre feet (AF), or 14.8%, compared to the prior fiscal year. A decrease in residential sales has been primarily driven by the heavy rainfall from multiple atmospheric rivers from December 2022 to March 2023, and conservation in response to the Governor's call for all Californians to voluntarily reduce water use by 15% to the 2020 levels. Burbank received 30.84 inches of rain compared to 12.02 inches and 4.86 inches in the prior fiscal year and fiscal year 2020-2021 respectively. Potable water revenues were lower by $410, or 1.4%, compared to the prior fiscal year due to lower sales offset by a 9.0% rate increase that became effective on July 1, 2022.

Recycled water sales made up 17.4% of total water sales. Using recycled water for landscaping and industrial or commercial cooling towers helps support Burbank's sustainability goals. During the fiscal year, 6 new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume decreased by 461 AF, or 14.7% due to the heavy rainfall from multiple atmospheric rivers from December 2022 to March 2023 offset by an increase in customer connections. Recycled water revenues were higher by $238, or 5.6%, compared to the prior fiscal year due to the 9.0% rate increase that became effective on July 1, 2022, offset by lower sales.

Water supply expenses were lower by $1,059, or 8.6%, compared to the prior fiscal year primarily driven by lower potable water sales volume resulting in the need to purchase less water and higher use of lower-cost water produced by the Burbank Operable Unit (BOU) offset by the rate increases for imported water from the Metropolitan Water District (MWD). The BOU supplied approximately 81.0% of the city's potable water supply for the fiscal year compared to approximately 78.5% in the prior fiscal year. The increase in BOU local production during the last three 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 $2,033, or 19.2%, higher than the prior fiscal year, primarily due to actuarial loss related to GASB 68 valued lower by $1,316. GASB 68 pension value was $539 for the fiscal year compared to $1,855 in the prior fiscal year.

Other operating expenses were $933, or 42.6%, 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 three fiscal years. This is the last 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.

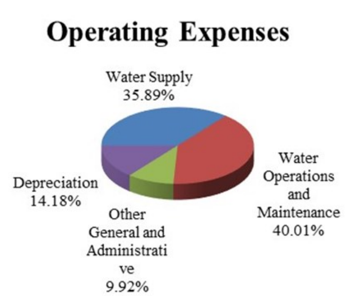
Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was higher by $348, or 8.4%, primarily due to completion of more capital projects being put into services.

Interest income was $978, or 249.6% higher than the prior fiscal year primarily because of higher interest rate yields due to the Federal Reserve's ongoing effort to tame inflation and market value adjustment of investment holdings per GASB 31. The GASB 31 market adjustment for the fiscal year is $596 compared to $610 for the prior fiscal year.

Intergovernmental revenue was $356 lower than prior fiscal year primarily due to the receipt of less funds from the California Water and Wastewater Arrearage Payment Program (CWWAPP) for COVID-19 relief. The State Water Board created CWWAPP to provide relief to the community for water and wastewater systems for unpaid bills related to the pandemic. Like 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 prior fiscal year.

Bond interest expense was $315, or 13.9% higher since this fiscal year is the first full year of interest incurred for the 2021 bonds. The 2021 bonds were issued in November 2021.

As of June 30, 2023, the Water Utility had $55,026 in outstanding revenue bonds. The Water Utility paid $2,582 in bond interest expense, compared to $2,267 in the prior fiscal year .



The Water Utility Fund's net positions as of June 30, 2023, and June 30, 2022, were as follows:

Schedule of Net Position *($ in thousands)*

	2023	2022	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 51,325	$ 47,498	$ 3,827
Noncurrent and regulatory assets	155	177	(22)
Capital assets, net of accumulated depreciation	96,395	93,507	2,888
Total assets	**147,875**	**141,182**	**6,693**
Deferred outflows of resources			
Deferred outflows of resources	5,731	1,968	3,763
Total deferred outflows of resources	**5,731**	**1,968**	**3,763**
Liabilities			
Current liabilities	12,245	4,993	7,253
Noncurrent and regulatory liabilities	68,090	62,091	5,999
Total liabilities	**80,335**	**67,084**	**13,251**
Deferred inflows of resources			
Deferred inflows of resources	751	5,357	(4,606)
Total deferred inflows of resources	**751**	**5,357**	**(4,606)**
Net position			
Net investment in capital assets	59,824	59,708	116
Unrestricted	12,695	11,001	1,694
Total net position	**$ 72,519**	**$ 70,709**	**$ 1,809**

Changes in total net position may serve as useful indicators of the Water 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.

As of June 30, 2023, total assets increased by $6,693, or 4.7%, primarily from an increase in general operating cash driven by favorable operating results, and an increase in capital investment, offset by a decrease in restricted non-pooled cash. The decrease in accounts receivable is partially due to returning to normal operation by restarting disconnection effective April 3, 2023.

CITY OF BURBANK WATER AND POWER

Deferred outflows of resources increased by $3,763, or 191.3%, primarily due to deferred amounts from pensions. Additional information on GASB 68 and GASB 75 as it relates to pensions and OPEB can be found in Note 13 and 14 to the basic financial statements.

Total liabilities as of June 30, 2023, increased by $13,251, or 19.8%, compared to the prior fiscal year. This increase was primarily due to an increase in current liabilities driven by an increase in accrued expenses. Deferred inflows of resources as of June 30, 2023, decreased by $4,606, or 86.0%, compared to the prior fiscal year primarily due to deferred amounts on pensions.

Total net position increased by $1,809, or 2.6%, compared to the prior fiscal year due to favorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion or 82.5% of the Water Utility's total net position was in capital assets (see Capital Assets), followed by 17.5% in unrestricted funds.

Capital Assets

As of June 30, 2023, the Water Utility invested $96,395, or 65.2%, 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 $7,376 in the acquisition and construction of capital assets funded from cash reserves, 2021 bonds, and AIC funds. Most of the investments were for the replacement and upgrade of distribution water mains, service expansions and meter replacements.

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

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

Some of the major capital investments for the fiscal year include (on the next page):

($ in thousands)		
Potable Boosters	$	1,584
Potable Large Water Mains		1,481
Potable Small Water Mains		990
Potable System Expansion		443
Potable Meter Replacements		442
Potable Hydrants Replacement		322
Water Facility Master Plan		242
Potable Production Facilities		206
Painting and abatement of Storage Tanks		190
Recycled System Expansion		114
VPP Forebay Wall Replacement / Realignment		96
Potable Valve Replacements		87
Security Improvements		77
Total	**$**	**6,275**

Additional information on capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

As of June 30, 2023, the Water Utility had $55,026 in outstanding revenue bonds, of which $1,480 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.

Environmental, Supply, and Economic Factors

Drought. California water conditions have improved after three years of historic drought. The Statewide water storage capacity is at 105% of average at the end of May 2023 due to the wet winter and strong water runoff conditions in 2023 and management of reservoir operations. With reservoirs near capacity, the Department of Water Resources announced on April 20, 2023, that the forecasted State Water Project (SWP) will deliver 100% of requested water supplies, up from 75% announced in March 2023. The 100% allocation from SWP last occurred in 2006 and a drastic difference from March 2021 where allocation was reduced to 5%.

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

The Colorado River Basin is a critical water supply for Southern California and in the amidst of a 23-year drought. 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 conditions. On September 14, 2021, the Burbank City Council authorized the move to Stage II of the Sustainable Water Use Ordinance and defined conditions to move to Stage III of the Sustainable Water Use Ordinance. Stage I of the Sustainable Water Use Ordinance has been in effect since the last drought and has become the new normal in Burbank. Stage I allows landscape watering for no more than 15 minutes per station three days each week (Tuesdays, Thursdays, and Saturdays) year-round. Attended hand-watering is allowed any day of the week. By activating Stage II, all existing Stage I restrictions remain in place, plus the additional restrictions are (i) watering of outdoor landscaped areas during the months of November through March is limited to fifteen (15) minutes per station, one (1) day per week (Saturday) and (ii) the filling or refilling of an artificial or ornamental body of water that does not use recycled water is prohibited.

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

On May 31, 2023, the State Water Resources Control Board re-adopted the emergency water conservation regulation. The emergency water conservation regulation was originally adopted on May 24, 2022, in response to the then drought condition with final approval on June 10, 2022. The regulation bans the use of potable water on decorative or non-functional grass at commercial, industrial, institutional properties, and common areas managed by homeowners' associations throughout California. Businesses that use recycled water are not subject to this regulation. The new regulation defines non-functional turf as a ground cover surface of mowed grass that is solely ornamental and not otherwise used for human recreation purposes. In addition to not applying to residences, non-functional turf does not include school fields, sports fields, and areas regularly used for civic or community events. This regulation signals that Californian must continue to use water wisely as the state grapples with extreme weather and plans for possible dry conditions of multi-year drought which can impact communities with vulnerable water supplies across California.

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

The Water Utility will take 3,500 AF under the CSW program starting in July 2023. The availability of the CSW will also benefit the ratepayers as the Pacoima Spreading Grounds is still undergoing some upgrade work that began in September 2021 and possibly run through July 2024, during which annual water spreading will be limited. Burbank ratepayers will benefit from these advance purchases by avoiding MWD's planned rate increases.

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

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 (unaudited)
June 30, 2023
(With partial comparative financial information for the year ended June 30, 2022)
(in thousands)

	Electric		Water	
Assets	**2023**	**2022**	**2023**	**2022**
Current and regulatory assets:				
Cash and cash equivalents				
General operating	$ 49,217	61,966	21,594	11,400
Capital and debt reduction	-	10,000	-	2,220
Restricted nonpooled cash and cash equivalents	127,567	2,487	19,828	23,501
General plant	-	800	-	-
Fleet replacement	-	2,210	-	-
Greenhouse gas credits' proceeds	69	69	-	-
Lower carbon fuel credits' proceeds	3,289	3,464	-	-
Distribution mains	-	-	-	1,100
Total cash and cash equivalents	180,142	80,996	41,422	38,221
Accounts receivable, net	26,276	16,875	3,253	3,772
Inventories	9,752	8,813	1,148	756
Derivative instruments	1,417	2,020	-	-
Leases receivable	310	302	22	22
Due from the City of Burbank	299	284	-	-
Deposits and prepaid expenses	17,493	16,164	5,422	4,679
Interest receivable	191	285	58	48
Total current and regulatory assets	235,880	125,739	51,325	47,498
Noncurrent and regulatory assets:				
Leases receivable	4,247	4,557	155	177
OPEB assets	2,007	2,450	-	-
Total noncurrent and regulatory assets	6,254	7,007	155	177
Capital assets :				
Land	2,734	2,734	309	309
Rights to purchase power	1,335	1,335	-	-
Utility plant and buildings	588,686	561,708	170,928	166,931
Machinery and equipment	80,175	78,957	8,957	8,190
Leased assets	1,779	1,779	-	-
Subscription assets	1,718	-	-	-
Construction in progress	44,368	36,323	5,385	2,796
Total utility plant and equipment	720,796	682,836	185,579	178,226
Less accumulated depreciation/amortization	(381,583)	(361,212)	(89,184)	(84,719)
Total capital assets, net	339,213	321,624	96,395	93,507
Total noncurrent and regulatory assets	345,467	328,631	96,550	93,684
Total assets	581,347	454,370	147,875	141,182
Deferred amounts from pensions	33,119	10,925	5,192	1,766
Deferred amounts from OPEB	4,510	1,660	539	202
Total deferred outflows of resources	37,629	12,585	5,731	1,968
Total assets and deferred outflows of resources	$ 618,975	466,955	153,606	143,150

See accompanying notes to basic financial statements.

(Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2023
(With partial comparative financial information for the year ended June 30, 2022)
(in thousands)

	Electric		Water	
Liabilities	**2023**	**2022**	**2023**	**2022**
Current liabilities:				
Accounts payable	$ 13,520	12,330	2,522	2,242
Accrued expenses	300	300	6,978	-
Bond interest payable	775	275	210	216
Unearned revenues	-	-	-	45
Deferred revenues	47	548	-	-
Leases payable	247	245	-	-
Subscriptions payable	477	-	-	-
Customer deposits	20,869	16,427	975	1,022
Current portion of revenue bonds payable, net	2,210	-	1,480	1,410
Current portion of compensated absences	306	328	80	58
Total current liabilities	38,751	30,453	12,245	4,993
Noncurrent liabilities:				
Revenue bonds payable, net	181,444	52,499	53,546	55,295
Compensated absences	7,207	6,688	950	1,040
Regulatory credits	208	302	-	-
Leases payable	891	1,127	-	-
Subscriptions payable	768	-	-	-
Net OPEB liability	5,098	-	941	362
Net pension liability	80,714	33,366	12,653	5,394
Total noncurrent and regulatory liabilities	276,331	93,982	68,090	62,091
Total liabilities	315,083	124,435	80,336	67,084
Deferred inflows of resources:				
Deferred amounts on pensions	849	28,905	133	4,673
Deferred amounts on OPEB	4,916	7,324	441	485
Deferred amounts from leases	4,557	4,859	177	199
Deferred amounts from derivative instruments	1,417	2,020	-	-
Total deferred inflows of resources	11,739	43,108	751	5,357
Net Position				
Net position:				
Net investment in capital assets	275,877	269,817	59,824	59,708
Restricted for public benefits	10,710	9,315	-	-
Unrestricted	5,567	20,280	12,695	11,001
Total net position	$ 292,154	299,412	72,519	70,709

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2023
(With partial comparative financial information for the year ended June 30, 2022)
(in thousands)

	Electric		Water	
	2023	2022	2023	2022
Operating revenues:				
Sale of power-retail	$ 165,417	154,304	-	-
Sale of power and fuel-wholesale	40,324	21,486	-	-
Sale of water	-	-	32,703	32,876
Other revenues	7,146	6,600	1,280	1,083
Total operating revenues	212,887	182,390	33,983	33,959
Operating expenses:				
Power supply expenses-retail	119,701	108,323	-	-
Purchased power and fuel expenses-wholesale	37,386	18,845	-	-
Water supply expenses	-	-	11,303	12,362
Water maintenance and operation expenses	-	-	12,598	10,565
Transmission expenses	10,162	10,362	-	-
Distribution expenses	11,850	4,735	-	-
Other operating expenses	27,253	20,521	3,123	2,190
Depreciation/amortization	20,960	21,919	4,467	4,119
Total operating expenses	227,312	184,705	31,491	29,236
Operating income	(14,425)	(2,315)	2,492	4,723
Nonoperating income (expenses):				
Interest income	3,391	(2,015)	586	(392)
Intergovernmental	797	1,783	21	378
Lease revenues	302	293	22	21
Bond interest expense	(4,878)	(3,348)	(2,582)	(2,267)
Lease interest expense	(67)	(13)	-	-
Loan interest expense	-	-	-	(69)
Gain (loss) on disposal of capital assets	76	109	(0)	(176)
Other income (expenses), net	788	(446)	871	(34)
Total nonoperating income (expenses)	409	(3,637)	(1,081)	(2,539)
Income before contributions	(14,016)	(5,952)	1,411	2,184
Capital contributions	7,079	2,766	399	477
Capital contributions from the city	29	24	-	-
Transfers to the city	(350)	(416)	-	-
Total capital contributions and transfers	6,758	2,374	399	477
Change in net position	(7,258)	(3,579)	1,810	2,661
Net position, July 1	299,412	302,991	70,709	68,048
Net position, June 30	$ 292,154	299,412	72,519	70,709

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position (unaudited)
June 30, 2023
(With partial comparative financial information for the year ended June 30, 2022)
(in thousands)

	Electric		Water	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities:				
Cash received from customers	$ 203,470	187,771	34,502	34,218
Cash paid to suppliers	(178,765)	(146,604)	(13,947)	(15,196)
Cash paid to employees	(26,660)	(22,210)	(7,355)	(5,722)
Other income (expense)	2,058	1,281	647	335
Net cash provided by operating activities	103	20,238	13,847	13,635
Cash flows from noncapital financing activities:				
Loans to other funds	(299)	(284)	-	-
Proceeds from other governmental agencies	797	1,783	21	378
Lease income	302	293	-	-
Payments on leases	(305)	(407)	-	-
Interfund loan			-	(6,450)
Proceeds from other funds	284	6,450	-	-
Transfers to / from other funds	(332)	(416)	-	-
Net cash provided by (used in) noncapital financing activities	447	7,419	21	(6,072)
Cash flows from capital and related financing activities:				
Proceeds from debt issuance	131,294	-	-	29,873
Principal payments - bond	(139)	(1,145)	(1,679)	(855)
Interest paid	(4,378)	(3,352)	(2,587)	(2,132)
Contributed capital	7,109	2,766	399	477
Acquisition and construction of assets	(38,851)	(28,126)	(7,376)	(5,143)
Proceeds from sales of capital assets	76	109	-	-
Principal payments - loan payable	-	-	-	(5,530)
Net cash used in capital and related financing activities	95,111	(29,748)	(11,243)	16,690
Cash flows from investing activities:				
Interest received	3,488	1,282	1,173	198
Change in fair value	(3)	(3,423)	(596)	(609)
Net cash provided by investing activities	3,485	(2,141)	577	(411)
Net increase (decrease) in cash and cash equivalents	99,146	(4,232)	3,202	23,842
Cash and cash equivalents - July 1	80,996	85,228	38,220	14,379
Cash and cash equivalents - June 30	$ 180,142	80,996	41,422	38,220

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

June 30, 2023
(With partial comparative financial information for the year ended June 30, 2022)
(in thousands)

	Electric		Water	
	2023	**2022**	**2023**	**2022**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :				
Operating income (loss)	$ (14,425)	(2,315)	2,492	4,723
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	20,960	21,719	4,467	4,119
Other income	2,058	1,281	647	335
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(9,401)	5,099	519	260
(Increase) decrease in leases receivable	(8)	-	(1)	-
(Increase) decrease in derivative instruments	603	-	-	-
(Increase) decrease in inventories	(939)	(66)	(392)	(151)
(Increase) decrease in prepaid items	(1,328)	940	(743)	6,079
(Increase) decrease in OPEB assets	443	-	-	-
(Increase) decrease in deferred outflows	(25,044)	2,630	(3,763)	373
(Increase) decrease in deferred charges	-	14	-	192
Change in reporting of operating income &/or other income/(expense), net	(501)	(1,717)	267	(631)
Increase (decrease) in accounts payable and accrued expenses	1,190	(441)	7,258	729
Increase (decrease) in leases/subscriptions payable	479	-	-	-
Increase (decrease) in net pension and OPEB liability	52,445	(48,429)	7,838	(6,913)
Increase (decrease) in deferred inflows	(31,369)	33,365	(4,584)	4,857
Increase (decrease) in compensated absences	497	(257)	(68)	(35)
Increase (decrease) in deferred/unearned revenue	-	523	(45)	45
Increase (decrease) in customer deposits	4,442	7,892	(47)	(347)
Total adjustments	14,528	22,553	11,354	8,911
Net cash provided by operating activities	$ 103	20,238	13,847	13,635
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments	$ (3)	(3,423)	(596)	(609)

See accompanying notes to basic financial statements

NOTE 1: Summary of Significant Accounting Policies

(A) Accounting Methods

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

The basic financial statements include the following:

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

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

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

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

(B) Basis of Presentation

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

(C) Reporting Entity

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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

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

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

(D) Self-Insurance

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

(E) Capital Assets

Capital assets are recorded at cost or, in the case of gifts or contributed assets, at acquisition value at the date of donation. The threshold for capitalizing assets is $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, 2023. Maintenance and repairs that do not add value to or materially extend useful lives of assets are expensed as incurred. Improvements to plant and equipment are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Electric transformers are capitalized when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTES 5 and 6):

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, 2023, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3).

(G) Inventories

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

(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 9).

(J) Compensated Absences

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

(K) Use of Estimates

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

(L) Revenue Recognition

Revenues are recorded in the period in which they are earned. The Utility Funds accrue estimated unbilled revenue for energy and water sold but not billed at the end of the fiscal period (see NOTE 3). All residential and commercial accounts are billed monthly. Operating revenues consist of retail and wholesale sales of electricity, and sales of potable and recycled water. Nonoperating income consists of charges for electric and water related work performed for customers such as aid-in-construction (AIC), subsidies/rebates, work performed for others, and other uses of utility property.

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

(M) Operating Expenses

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

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

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

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

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

Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bond issuance costs, including underwriters' discount, are expensed and reported as Other income (expenses), net.

(O) Prior Year Data

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

(P) Pensions

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

(Q) Postemployment Benefits Other Than Pensions (OPEB)

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

(R) Leases

In 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 6), 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 6) 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.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

Lessor:

The Utility Funds adopted the requirements of the guidance effective July 1, 2021, and have 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.

(S) Adoption of New Accounting Standards - GASB 96 Subscription-Based Information Technology (SBITA)

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology (SBITA). SBITA assets represent the Utility's control of the right to use another party's Information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in exchange or exchange-like transaction. SBITA assets follow the same $5 capitalization threshold as other assets. SBITA assets are reported as Capital assets in the Statement of Net Position. SBITA assets are recorded at the amount of the initial measurement of the SBITA liabilities and modified by any SBITA payments made to the SBITA vendor at or before the commencement of the SBITA term, less any SBITA incentive received from the SBITA vendor at or before the commencement of the SBITA term along with any initial direct costs that are ancillary charges necessary to place the SBITA asset into service. SBITA assets are amortized using a straight-line amortization over the shorter of the term of the arrangement or useful life of the underlying asset.

Subscription payable represents the city's obligation to make subscription payments arising from subscription-based information technology arrangements. Subscriptions payable is recognized at the commencement date based on present value of expected SBITA payments over the SBITA term, less any SBITA incentives. Interest expense is recognized ratably over the contract term. Subscription payables are reported as current and noncurrent liabilities in the Statement of Net Position.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

		Electric	Water		Total
Unrestricted cash and investments	$	52,575	21,594	$	**74,169**
Restricted investments		127,567	19,828		**147,395**
Total	**$**	**180,142**	**41,422**	**$**	**221,564**
Cash on hand	$	13	-	$	**13**
Held by fiscal agent		127,567	19,828		**147,395**
Equity in City investment pool		52,562	21,594		**74,156**
Total	**$**	**180,142**	**41,422**	**$**	**221,564**

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.

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Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments held by fiscal agents consists mostly of money market mutual funds, which are due in less than one year.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Code, the city's investment policy, or debt agreements, and the Moody's actual rating as of year-end for each investment type.

Custodial Credit Risk

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

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

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

Fair Value Measurements

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

NOTE 3: Accounts Receivable

Accounts receivable for the Utility Funds as of June 30, 2023, are:

	Electric 2023	Water 2023
Billed accounts receivable	$ 20,474	$ 1,845
Unbilled accounts receivable	6,084	1,536
Allowance	(283)	(128)
Total	**$ 26,276**	**3,253**

The Electric Fund's billed accounts receivable includes $9,437 of power and aid-in-construction sales accruals.

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 restrict 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. The Burbank City Council authorized BWP to restart disconnections and late fees for residential customers beginning in April 2023 and small business customers in September 2022.

During the fiscal year, the Electric Fund was awarded a grant of $638 from the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development. This grant was an extension of the prior year's CAPP Program to assist eligible residential and commercial customers to pay past due utility bills aged over 60 days. During the fiscal year, the Electric Utility Fund applied the full grant amount of $638 to qualifying customer accounts for unpaid electric services.

For the prior year, 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 California Water and Wastewater Arrearage Payment Program (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 $17,493 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a $6,973 prepayment to the Southern California Public Power Authority (SCPPA) Natural Gas Reserve for future gas deliveries, a $4,580 deposit with SCPPA for future use in projects, a $2,993 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), $2,588 in renewables, and $359 in operating and administrative prepaid expenses. In June 2000, the city prepaid a lease payment of $1,500 for the use of land to locate a new switching station. In the prior year, the Electric Fund amortized the remaining prepaid lease of $38. 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 with a 3% increase each renewal period. The twenty-year lease began in January 2002, and the agreement was renewed in January 2022. This fiscal year's annual base payment of $51 (year 22 of 30) is reported in Distribution expenses.

The Water Utility Fund shows a total of $5,422 in deposits and prepaid expenses. The composition of these prepaid expenses includes $5,380 for untreated groundwater and $41 for other administrative prepaid expenses. During the fiscal year the Water Utility Fund committed to purchase and extract a portion of its full provision of groundwater from LADWP for years 2020-21 (4,200 AF at $814.65/AF) and 2021-22 (4,200 AF at $846.74/AF), as decreed in Section 9 of the water rights judgment with the Superior Court of the State of California, County of Los Angeles. No other water purchases were made. During the fiscal year, the Water Utility used its blended water inventory of 10,805.7 AF at an average cost of $517.66 per AF.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

NOTE 5: Capital Assets

Electric Fund	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated :				
Land	$ 2,734	-	-	$ 2,734
Construction in progress	36,323	41,430	(33,385)	44,368
Total capital assets not being depreciated	**39,057**	**41,430**	**(33,385)**	**47,103**
Capital assets being depreciated :				
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(994)	(44)		(1,038)
Buildings & Improvements	561,708	32,516	(5,538)	588,686
Accumulated depreciation	(290,395)	(16,892)	609	(306,678)
Machinery & other	78,957	2,212	(995)	80,175
Accumulated depreciation	(69,624)	(3,404)	110	(72,918)
Lease assets	1,779	-	-	1,779
Accumulated depreciation	(199)	(270)	-	(469)
Subscription assets	-	1,718	-	1,718
Accumulated depreciation		(481)	-	(481)
Total capital assets being depreciated, net	**282,567**	**15,355**	**(5,814)**	**292,109**
Total net capital assets - Electric utility	**$ 321,624**	**56,786**	**(39,199)**	**$ 339,213**

Water Fund	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated :				
Land	$ 309	-	-	$ 309
Construction in progress	2,796	7,466	(4,877)	5,385
Total capital assets not being depreciated	**3,105**	**7,466**	**(4,877)**	**5,694**
Capital assets being depreciated :				
Buildings & Improvements	166,931	4,140	(142)	170,928
Accumulated depreciation	(78,306)	(3,941)	1	(82,246)
Machinery & other	8,190	767	-	8,957
Accumulated depreciation	(6,413)	(525)	-	(6,938)
Total capital assets being depreciated, net	**90,402**	**440**	**(141)**	**90,701**
Total net capital assets - Water utility	**$ 93,507**	**7,906**	**(5,018)**	**$ 96,395**

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 $803 in betterments for its share of the Intertie; and capitalized assets of $809, with accumulated depreciation and depreciation expense of $7.

NOTE 6: Leases

(a) Leased Assets

The Electric Fund's lease assets as of June 30, 2023, are $1,779, with accumulated amortization of $469. 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 2023
Lease Assets:	
Land	$ 628
Machinery and equipment	694
Telcommunications	457
Total lease assets	1,779
Accumulated amortization	(469)
Total lease assets, net	**$ 1,310**

WATER AND POWER

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

The Electric Utility has entered into a 174 month lease as lessor for the use of the Magnolia Power Project (MPP) site to SCPPA. An initial lease receivable was recorded in the amount of $5,153. As of June 30, 2023, the value of the lease receivable is $4,557. The lessee is required to make monthly fixed payments of $36. The value of the deferred inflow of resources as of June 30, 2023 was $4,441, and the Electric Utility recognized lease revenue of $355 during the fiscal year.

The Water Utility has entered into a 111 month lease as lessor for the use of its facilities to OmniPoint Communications Inc., a subsidiary of T-Mobile USA Inc. An initial lease receivable was recorded in the amount of $220. As of June 30, 2023, the value of the lease receivable is $177. The lessee is required to make monthly fixed payments of $2,250. The value of the deferred inflow of resources as of June 30, 2023 was $173, and the Water Utility recognized lease revenue of $24 during the fiscal year.

(b) Leases Payable

The Electric Utility Fund's leases payable as of June 30, 2023, is $1,138, with $247 and $891 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 2023
Leases Payable:	
Current -	
Ground lease for substation	$ 42
Right-to-use lease for a gas turbine	117
Colocation space and services	88
Total current	247
Noncurrent -	
Ground lease for substation	375
Right-to-use lease for a gas turbine	253
Colocation space and services	263
Total noncurrent	891
Total Lease Liability	**$ 1,138**

The Electric Utility entered into a 126 month lease with an option term as lessee for the use of grounds for a substation. An initial lease liability was recorded in the amount of $499. As of June 30, 2023, the value of the lease liability is $417. The Electric Utility is required to make annual fixed payments of $50 plus 3% for each option year for 10 years.

The Electric Utility entered into a 71 month lease as lessee for the use of a gas turbine. An initial lease liability was recorded in the amount of $587. As of June 30, 2023, the value of the lease liability is $370. The Electric Utility is required to make annual fixed payments of $121.

The Electric Utility has entered into a 60 month lease as lessee for the use of colocation space and services. An initial lease liability was recorded in the amount of $457. As of June 30, 2023, the value of the lease liability is $351. The Electric Utility is required to make monthly fixed payments of $8.

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

Electric Fund Lessee Liability	Principal	Interest
2024	247	30
2025	260	23
2026	273	16
2027	125	9
2028	53	6
2029-2033	180	10
Total minimum lease payments	$ 1,138	95

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

(c) Lessor Receivables

The Electric Utility Fund's lessor receivable as of June 30, 2023, is $4,557, with $310 and $4,247 reported as current and long-term receivables, respectively. The lease event resulting in a receivable during the current fiscal year include the following:

Electric Fund Lessor Receivable	Principal	Interest
2024	310	121
2025	319	112
2026	327	104
2027	337	94
2028	346	85
2029-2033	1,879	276
2034-2035	1,040	37
Total minimum lease payments	$ 4,557	830

The Water Utility Fund's lessor receivable as of June 30, 2023, is $177, with $22 and $155 reported as current and long-term receivables, respectively. The lease event resulting in a receivable during the current fiscal year include the following:

Water Fund Lessor Receivable	Principal	Interest
2024	22	5
2025	23	4
2026	24	3
2027	24	3
2028	25	2
2029-2033	59	2
Total minimum lease payments	$ 177	18

NOTE 7: Subscription Assets and Payable

(a) Subscription Assets

The Electric Fund's subscription assets as of June 30, 2023, are $1,718, with accumulated amortization of $481. These subscription assets include the following:

The Electric Utility entered into a 36-month subscription for the use of security training software. The value of the right to use asset as of June 30, 2023 is $46, with accumulated amortization of $12.

The Electric Utility entered into a 24-month subscription for the use of geographic information system (GIS) utility network management software. The value of the right to use asset as of June 30, 2023 is $94, with accumulated amortization of $47. The Electric Utility has 1 extension option(s), each for 12 months. The Electric Utility had a termination period of 1 month as of the subscription commencement.

The Electric Utility entered into a 60-month subscription for the use of integrated energy trading software. The value of the right to use asset as of June 30, 2023 is $1,224, with accumulated amortization of $471. The Electric Utility had a termination period of 2 months as of the subscription commencement.

(b) Subscriptions Payable

The Electric Utility Fund's subscriptions payable as of June 30, 2023, is $1,246, with $477 and $768 reported as current and long-term liabilities, respectively. The subscription events resulting in a liability during the current fiscal year include the following:

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

An initial subscription liability was recorded in the amount of $46 for the use of security training software. As of June 30, 2023, the subscription has a liability of $30. The Electric Utility is required to make annual fixed payments of $16.

An initial subscription liability was recorded in the amount of $94 for the use of GIS utility network management software. As of June 30, 2023, the value of the subscription liability is $47. The Electric Utility is required to make annual fixed payments of $48.

An initial subscription liability was recorded in the amount of $1,431 for the use of integrated energy trading software. As of June 30, 2023, the value of the subscription liability is $753. The Electric Utility is required to make monthly fixed payments of $21.

Electric Utility Fund Subscriptions Payable, Current and Long-Term

		Electric
		2023
Subscriptions Payable:		
Current -		
Security training software	$	15
GIS utility network management software		47
Integrated energy trading software		415
Total current		477
Noncurrent -		
Security training software		15
GIS utility network management software		47
Integrated energy trading software		706
Total noncurrent		768
Total subscriptions payable	**$**	**1,245**

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

(A) Revenue Bonds Payable

All the revenue bonds issued by the Electric or Water Utility Funds are secured by a pledge of a lien upon the net revenues of the Electric or Water Utility Funds, depending on the purpose of the debt, as well as all amounts on deposit in the funds and accounts established under the indenture, including the reserve account. Net reserves include all revenues received by the Electric or Water Utility Funds, less amounts required for payment of operating expenses. During the fiscal year, the Electric Utility Fund issued revenue bonds, Series of 2023 with a revenue bond payable balance of $120,000 as of June 30, 2023.

		Electric
2010B Series Bonds:		2023
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		(2,210)
Original issue discount/premium		(151)
Long-term Bonds Series B of 2010	**$**	**50,304**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	Electric 2023
2023 Series Bonds:	
These bonds were issued to partially finance the costs of certain improvements to the Electric System, including but not limited to the replacement of two electric substations, investment in renewable projects, the replacement of other infrastructure, facilities, equipment and other upgrades; pay the cost of issuance; and fund a deposit to the Parity Reserve Fund. Payable in installments ranging from \$2,055 to \$7,670. The Interest rate is 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2053. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	\$ 120,000
Less:	
Current portion	-
Original issue discount/premium	11,140
Long-term Bonds Series B of 2010	**\$ 131,140**
Total Electric long-term revenue bonds	**\$ 181,444**

	Water 2023
2010B Series Bonds:	
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.	\$ 27,095
Less:	
Current portion	(1,050)
Original issue discount/premium	(65)
Long-term Bonds Series B of 2010	**\$ 25,980**

	Water 2023
2021 Series Bonds:	
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.	\$ 23,410
Less:	
Current portion	(430)
Original issue discount/premium	4,586
Long-term Bonds Series 2021	**\$ 27,566**
Total Water long-term revenue bonds	**\$ 53,546**

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, 2023, is as follows on the next page.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	Electric		Water		
	Principal	Interest	Principal	Interest	Total
2024	2,210	9,295	1,480	2,518	**15,503**
2025	2,295	9,160	1,555	2,445	**15,455**
2026	4,445	9,019	1,630	2,368	**17,463**
2027	4,645	8,770	1,720	2,280	**17,415**
2028	4,850	8,510	1,810	2,186	**17,356**
2029-2033	27,750	38,207	10,640	9,347	**85,944**
2034-2038	34,645	29,580	13,760	6,217	**84,203**
2039-2043	29,635	19,649	9,195	2,685	**61,163**
2044-2048	27,320	12,949	5,125	1,349	**46,743**
2049-2053	34,870	5,401	3,590	291	**44,152**
Total	**$ 172,665**	**$ 150,539** (1)	**50,505**	**31,685**	**$ 367,383**

(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.

(B) Pledged Revenue

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

	FY 22-23 Net Revenue Pledged	Total Bond Principal Debt	Total Bond Interest Debt	Principal Paid this Fiscal Year	Interest Paid this Fiscal Year	
Electric Utility	$ 6,533	172,665	150,539	-	4,878	(1)
Water Utility	$ 6,959	50,505	31,685	1,410	2,189	(1)

(1) Net of 2012B Series Build America Bonds (BAB) Federal subsidy rebates.

(C) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2023:

Electric	July 1, 2022	Additions	Retirements	July 1, 2023	Due within 1 Year
Revenue Bonds Payable:					
2010 Series B Bonds	52,665	-	-	52,665	2,210
2023 Series Bonds	-	120,000	-	120,000	-
Compensated Absences	7,016	3,861	(3,364)	7,513	306
	$ 59,681	**123,861**	**(3,364)**	**180,178**	**$ 2,516**
Less current portion	(328)			(2,516)	
Less unamortized bond premium (discount)	(166)			10,989	
Total	**$ 59,187**			**$ 188,651**	

A summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2023:

Water	July 1, 2022	Additions	Retirements	July 1, 2023	Due within 1 Year
Loans and Revenue Bonds Payable:					
2010 Series B Bonds	27,945	-	(850)	27,095	1,050
2021 Series Bonds	23,970	-	(560)	23,410	430
Compensated Absences	1,098	551	(619)	1,030	80
	$ 58,543	**551**	**(7,559)**	**51,535**	**$ 1,560**
Less current portion	(1,468)			(1,560)	
Less unamortized bond premium (discounts)	4,790			4,521	
Total	**$ 61,867**			**$ 54,496**	

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, 2023, were as follows:

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

		Electric 2023	Water 2023
Administrative and overhead costs	$	6,423	1,775
Total	**$**	**6,423**	**1,775**

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, 2023, is $11,098.

In addition, the city receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; the Electric in-lieu is recorded directly into the General Fund., and the Street Lighting in-lieu is recorded directly into the Street Lighting Fund. This tax for the year ended June 30, 2023, were Electric in-lieu of $9,078 and Street Lighting in-lieu of $2,476.

During the fiscal year, the MPP and Tieton Hydropower Project borrowed $131 and $168, respectively, from the city to fund expenditures incurred at year-end. The balance due was paid in August 2023.

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

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

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

During the fiscal years ended June 30, 2023, and 2022, the Electric Fund made payments totaling $44,348 and $47,313 for "take or pay" contracts, respectively, and $27,480 and $21,498 for the "take and pay" contracts, 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 megawatts (MW) or 3.371% of the 1,800 MW of generation at the plant. In addition, the city entered into an Excess Power Sales Agreement, also on a "take or pay" basis, with Utah municipal and cooperative IPP purchasers, which provides for the city to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

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

(b) Southern California Public Power Authority (SCPPA)

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

Hoover Uprating Project

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

Palo Verde Nuclear Generation Station (PVNGS)

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

Southern Transmission System Project (STS)

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

Magnolia Power Project (MPP)

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

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the city, and the Cities of Anaheim, Colton, Glendale and Pasadena).

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

Milford I Wind Project (M1WP)

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

Mead-Adelanto Project (MA)

SCPPA also entered into an agreement dated December 17, 1991, to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The city's ownership share of MA is 11.534%.

Tieton Hydro Project (THP)

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

Mead-Phoenix Project (MP)

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

Natural Gas Project (NGP)

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

Ameresco/Chiquita Landfill Gas Project

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

Don A Campbell Geothermal (aka Wild Rose)

In November 2013, the city began to receive geothermal energy output from the Wild Rose Geothermal (aka

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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

In December 2017, the city, along with the Cities of Anaheim and Vernon, entered into a power sales agreement with SCPPA for Desert Harvest Project. The Desert Harvest Project is located in Riverside County, California and began commercial operations in December 2020. Desert Harvest II Solar Project supplies energy and renewable attributes to SCPPA under a twenty-five-year Renewable Energy Credit (REC) + Index structure contract. The city and the Cities of Anaheim and Vernon are the participants. The city contracted to purchase approximately 31.34% of its output.

A summary of the city's contracts and related projects and its commitments on June 30, 2023, 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 Renewal Contract[1]	3.334%	$ 26,592	$ 45,130
SCPPA: [2]			
Southern Transmission System	4.498%	34,213	63,849
Magnolia Power Project (Project A)	32.350%	67,984	88,888
Prepaid Natural Gas Project #1	33.000%	81,579	110,445
Milford I Wind Project	5.000%	3,781	4,470
Tieton Hydropower Project	50.000%	15,400	22,288
Natural Gas Project - Barnett	100.000%	7,302	9,409
Natural Gas Project - Pinedale	100.000%	2,358	3,038
SCPPA Total		212,618	302,386
Total		$ 239,210	$ 347,516

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

(1) Based on the 2022 Series A and B IPA outstanding bonds.
(2) All SCPPA listed obligations are "take or pay" contracts except the Prepaid Natural Gas Project #1, a "take and pay" contract, and the Milford I Wind Project, a prepaid purchase power agreement.

The following schedules on the next page detail 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).

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	2023/24		2024/25		2025/26	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ -	1,312	-	1,312	813	1,312
SCPPA: (2)						
Southern Transmission System	1,217	1,725	1,324	1,665	1,458	1,599
Magnolia Power Project (Project A)	3,529	2,566	3,711	2,437	3,905	2,301
Prepaid Natural Gas Project #1	4,241	4,135	4,886	3,912	5,166	3,656
Milford I Wind Project	556	189	584	161	613	132
Tieton Hydropower Project	650	752	1,458	715	618	630
Natural Gas Project - Barnett	930	435	888	384	854	331
Natural Gas Project - Pinedale	300	141	287	124	276	107
Total	$ 11,423	11,255	13,136	10,710	13,703	10,067

	2026/27		2027/28		2028/33	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 853	1,272	895	1,231	5,177	5,450
SCPPA:						
Southern Transmission System	1,628	1,527	748	1,450	2,691	6,806
Magnolia Power Project (Project A)	4,110	2,157	4,324	2,005	25,264	7,430
Prepaid Natural Gas Project #1	5,858	3,385	6,588	3,077	42,961	9,802
Milford I Wind Project	644	101	676	69	710	35
Tieton Hydropower Project	650	599	680	567	3,950	2,288
Natural Gas Project - Barnett	824	279	801	230	3,005	448
Natural Gas Project - Pinedale	266	90	259	74	970	145
Total	$ 14,832	9,410	14,970	8,702	84,727	32,402

	2033/38		2038/43		2043/48	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 6,565	4,062	8,338	2,288	3,951	300
SCPPA:						
Southern Transmission System	5,492	5,890	5,123	4,515	6,366	3,130
Magnolia Power Project (Project A)	23,142	2,009	-	-	-	-
Prepaid Natural Gas Project #1	11,880	899	-	-	-	-
Milford I Wind Project	-	-	-	-	-	-
Tieton Hydropower Project	5,043	1,196	2,353	142	-	-
Natural Gas Project - Barnett	-	-	-	-	-	-
Natural Gas Project - Pinedale	-	-	-	-	-	-
Total	$ 52,121	14,055	15,814	6,945	10,317	3,430

	2048/53		Total	
	Principal	Interest	Principal	Interest
Intermountain Power Project	-	-	26,592	18,538
SCPPA:				
Southern Transmission System	8,166	1,330	34,213	29,636
Magnolia Power Project (Project A)	-	-	67,984	20,904
Prepaid Natural Gas Project #1	-	-	81,579	28,865
Milford I Wind Project	-	-	3,781	689
Tieton Hydropower Project	-	-	15,400	6,888
Natural Gas Project - Barnett	-	-	7,302	2,107
Natural Gas Project - Pinedale	-	-	2,358	680
Total	8,166	1,330	239,210	108,307

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

Hedge Policies and Outstanding Hedge Contracts

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

Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. On June 30, 2023, 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, 2023, are as follows:

		2023
Wholesale Revenues	$	40,324
Wholesale Costs		37,386
Wholesale Margin	$	**2,938**

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 $139.

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 and will remain deferred until such time that the City Council authorizes use that supports the intent of California Assembly Bill 32, which includes mitigating risks associated with climate change while improving energy efficiency, expanding the use of renewable energy resources, cleaner transportation, and reducing waste.

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. PEPRA (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, 2022 measurement date, are summarized as follows:

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	Miscellaneous	
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.50%
Required employer contribution rates	10.380%	10.000%
Payment of unfunded liability	$19,578,970	-

3. Contributions

Contributions Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The city is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City Miscellaneous Plan employer contributions to CalPERS for the fiscal year were $34,659. 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, 2023, the Utility Funds reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

Proportionate Share of Net Pension Liability

	June 30, 2023	June 30, 2022
Electric Utility Fund	$ 80,714	$ 33,366
Water Utility Fund	12,653	5,394

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 measurement was as follows:

	Electric Utility	Water Utility
Proportion - June 30, 2022	34.32%	5.38%

(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.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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

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

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

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

For the year ended June 30, 2023, the city recognized pension expense for the Electric and Water Funds of $10,578 and $1,658, respectively. On June 30, 2023, 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	$ 11,895	1,865	-	-
Differences between actual and expected experience	335	52	(849)	(133)
Change in assumptions	6,946	1,089		
Net differences between projected and actual earnings on plan investments	13,943	2,186		
Total	**$ 33,119**	**5,192**	**(849)**	**(133)**

For the Electric and Water Utility Funds, $11,895 and 1,865, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

Year Ending	Electric Utility	Water Utility
2024	$ 5,210	$ 816
2025	4,820	756
2026	1,494	234
2027	8,851	1,388
Thereafter	-	-
Total Deferred Inflows of Resources	**$ 20,375**	**$ 3,193**

Change of Assumptions

In measurement year ended June 30, 2023, the financial reporting discount rate was reduced from 7.15% to 6.90%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

1. Actuarial Assumptions

The June 30, 2021 actuarial valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.300%
Payroll Growth	2.750%
Projected Salary Increase [1]	
Mortality [2]	
Post Retirement Benefit Increase [3]	

[1] Varies by entry age and service.

[2] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Preretirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

[3] The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the CalPERS Experience Study and Review Actuarial Assumptions report from November 2021.

1. Discount Rate

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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

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

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

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

(a) An expected inflation rate of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Management Liability study.

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

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

Utility Funds' Allocation	Elec	Water
5.90%	$ 128,381	$ 20,125
6.90%	$ 80,714	$ 12,653
7.90%	$ 41,440	$ 6,496

2. *Pension Plan Fiduciary Net Position*

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

Payable to the Pension Plan

On June 30, 2023, the city reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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 2023 PEMHCA minimum contribution amount is $151.00 per month. In addition, the city pays retiree health contribution amounts of $100.00 per month for 13 management retirees, and $188.00 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $151.00 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 19.99% to the Electric Fund and 3.69% 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 $150.00 to $630.00 in reimbursements per month based on number of contributions for eligible medical expenses. For the fiscal year 2022-23, the city contributed $1,506 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 aged 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 2022-23 the city contributed $20.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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 2022-23 (measurement period of June 30, 2022), the city contributed $5,505, consisting of $1,694 in implied subsidy payment contributions netted against $2,968 in benefit payments and administrative expense.

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

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the city, not individualized, but in aggregate with the other CERBT participating agencies.

This report may be obtained at the following address:

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

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

Employees Covered

As of June 30, 2022 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

Net OPEB Liability/(Asset)	URMT
Inactive employees or beneficiaries currently receiving benefits	74
Active employees	147
Total	**221**

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, 2023, the city's total contributions of $5,525 consist of payments to the trust of $5,525 ($5,505 to PEMHCA; $20 to URMT). The proportionate share of the PEMHCA payments of $1,100 and $203 were allocated to the Electric and Water Utility Funds, respectively; the URMT payments of $20 were allocated to the Electric and Water Utility Funds.

Net OPEB Liability/(Asset)

The city's net OPEB liability/(asset) was measured as of June 30, 2022 and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown on the next page:

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.25%	6.25%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	2.75%	2.75%
Expected long term investment rate of return	6.25%	6.25%
Healthcare cost trends (PEMHCA)	4.6% Medicare (Kaiser), 5.65% Medicare (Non-Kaiser), 6.5% Non-Medicare, decreasing to 3.75% in 2076 and later	
Benefit Increase trend rates (URMT)	0% to 2023, then 3.5% after	
Pre-retirement turnover Mortality [1]	Derived from CalPERS pension plan	

[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, 2022 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the city.

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

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

Discount Rate

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

Change of Discount Rate

The discount rate used in the June 30, 2022 valuation was 6.25%, which did not change from the June 30, 2021 valuation discount rate of 6.25%.

Changes in Assumptions

There were no changes in assumptions since the measurement period June 30, 2021, all assumptions remained the same for the measurement period June 30, 2022.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

Changes in the NET OPEB Liability/(Asset)

Changes in the net OPEB liability - URMT

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 (Measurement date)	$ 10,174	14,620	(4,446)
Changes in the year:			
Service cost	282	-	282
Interest on the total OPEB liability	645	-	645
Contributions - employer		229	(229)
Contributions - employee		229	(229)
Net investment income		(1,966)	1,966
Benefit payments	(287)	(287)	-
Administrative expenses	-	(4)	4
Net Changes	640	(1,799)	2,439
Balance at June 30, 2022 (Measurement date)	**$ 10,814**	**12,821**	**(2,007)**

As of June 30, 2023 the Utility Funds reported net OPEB liability/(asset) for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan	June 30, 2023
Electric Utility	$ 5,098
Water Utility	941

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

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

	PEMHCA	URMT
1% Decrease	5.25%	5.25%
Net OPEB Liability	$ 8,098	$ (85)
Current Trend	6.25%	6.25%
Net OPEB Liability	$ 6,039	$ (2,007)
1% Increase	7.25%	7.25%
Net OPEB Liability	$ 4,338	$ (3,536)

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

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

	PEMHCA	URMT
1% Decrease (Asset)	6.5%/5.5% (1)	6.50% (4)
Net OPEB Liability/(Asset)	$ 4,073	$ (4,740)
Current Trend	7.5%/6.5% (2)	7.50% (4)
Net OPEB Liability/(Asset)	$ 6,039	$ (2,007)
1% Increase	8.5%/7.5% (3)	8.50% (4)
Net OPEB Liability/(Asset)	$ 8,459	$ (1,479)

(1) Non-medicare/medicare in 2019 and decreasing by decrements of 0.5% each year until 3% is reached in 2076 and later
(2) Non-medicare/medicare in 2019 and decreasing by decrements of 0.5% each year until 4% is reached in 2076 and later
(3) Non-medicare/medicare in 2019 and decreasing by decrements of 0.5% each year until 5% is reached in 2076 and later
(4) In 2019 and decreasing by decrements of 0.5% each year until 5% is reached in 2024 and later

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

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

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

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

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

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

For the fiscal, year ended June 30, 2023 the Utility recognized OPEB expense/(revenue) of $133 and ($407) for PEMHCA and URMT, respectively.

On June 30, 2023, 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	$ 1,100	
Water Fund	203	
Differences between actual and expected experience:		
Electric Fund		(900)
Water Fund		(166)
Change in assumptions:		
Electric Fund	1,206	(1,488)
Water Fund	223	(275)
Differences between projected and actual earnings:		
Electric Fund	613	
Water Fund	113	
Total	**$ 3,459**	**$ (2,829)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

Electric Fund	URMT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date		
Electric Fund	320	
Water Fund	3	
Differences between actual and expected experience		(829)
Electric Fund	162	(31)
Water Fund	2	
Change in assumptions		(1,606)
Electric Fund	89	(60)
Water Fund	1	
Differences between projected and actual earnings		
Electric Fund	1,002	
Water Fund	11	
Total	**$ 1,590**	**$ (2,527)**

$1,303 and $323 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, 2024. 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
2024	(430)	(170)
2025	(431)	(174)
2026	(484)	(243)
2027	485	236
2028	124	(392)
Thereafter	63	(517)
Total Deferred Inflows of Resources	**$ (672)**	**$ (1,260)**

Payable to the OPEB Plan

On June 30, 2023, the Utility reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

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.

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (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, 2023, and June 30, 2022, the fair values of the financial natural gas hedges were approximately $1,417 and $2,020, respectively, and were recorded as current assets and deferred inflow of resources on the Statement of Net Position.

The Electric Utility Fund entered into natural gas hedging contracts to stabilize the cost of gas needed to produce electricity to serve its customers. It is designed to cap gas prices over a portion of the forecasted gas requirements. The Electric Utility Fund does not speculate when entering into financial transactions. Financial hedges are variable to fixed-price swaps, and hedge transactions are layered in to achieve dollar cost averaging. For the prior fiscal year, the Electric Fund entered into three FY 2022-23 gas hedging contracts that resulted in the purchase of natural gas and were recorded in the Power supply expenses-retail account. As such, the related deferrals recorded in FY 2021-22 have been eliminated.

As of June 30, 2023, the Electric Fund's financial natural gas hedges are as follows:

Gas Hedging Contracts	Contracts Quantity	Contract Price	First Effective Date	Last Effective Date	Fair Value
FY 23-26	3,288,000 MMBtu*	$6.553 avg	July 1, 2023	June 30, 2026	($1,417)

* one million British thermal units

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

NOTE 17: Naomi Substation Decommissioning

In April 2020, the Electric Utility Fund decommissioned the Naomi Substation, a 34.5/4.3 kilovolt (kV) distribution station. This substation will be replaced with a new 69/12.47kV station (known as the Willow Station) on the same site. The Naomi Substation had a useful life of 40 years and has been fully depreciated. Customers have experienced no service interruptions as a result of this substation's decommissioning.

NOTE 18: Contingencies

Potential Litigation

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

NOTE 19: Insurance Proceeds

In fiscal year 2020-21, the city received an advance of $3,000 on its settlement with its insurance carrier concerning damaged property and equipment relating to the Golden State Substation fire in April 2020. No further insurance proceeds were received during the fiscal year. The city is in the process of adjusting its claim due to rising costs related to supply chain issues.

NOTE 20: Subsequent Events

Effective July 1, 2023, the city raised its capitalization threshold to $10 per individual item. The previous capitalization threshold was $5 per individual item.

On June 30, 2023, an electrical transformer exploded and caused a fire. The fire was contained to the area of the transformer and put out within a few minutes. There was no damage to buildings and no injuries reported; however, the equipment was damaged beyond repair. Customers served by this transformer have received, and will continue to receive, service from another transformer. The Electric Utility is in the process of filing an insurance claim for its loss.

During the first quarter of fiscal year 2023-24 the Electric and Water Utility Funds drew down projects' proceeds of $18,113 from the Electric Fund's 2023 bond issue, and $2,500 from the Water Fund's 2021 bond issue. These proceeds were deposited to each fund's operating cash account in July and August, 2023. These drawdowns covered qualified projects' spending from April to June 2023 for the Electric Utility, and from May and June 2023 for the Water Utility.

The long-term lease renewal for the substation grounds discussed in Notes 4 and 6 was terminated by both parties in December, 2023. The termination of the agreement resulted in the elimination of the remaining obligation of $472 for the Electric Utility Fund.

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FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS
Last 10 Fiscal Years *

ELECTRIC FUND

Fiscal Year Ended Measurement Period	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Plan's Proportionate Share of Net Pension Liability in %	34.32%	34.27%	34.27%	34.27%	34.96%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in $	$ 80,714	$ 33,366	$ 75,580	$ 74,938	$ 73,226	$ 78,580	$ 71,305	$ 58,442	$ 55,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.57%	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%	79.89%
Covered-Employee Payroll	30,136	29,612	27,711	27,500	$ 28,470	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	267.83%	112.68%	272.75%	272.50%	257.20%	284.56%	258.47%	212.36%	198.65%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 11,895	$ 11,621	$ 11,867	$ 7,321	$ 6,663	$ 5,864	$ 5,355	$ 4,788	$ 4,258

WATER FUND

Fiscal Year Ended Measurement Period	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Plan's Proportionate Share of Net Pension Liability in %	5.38%	5.54%	5.54%	5.54%	5.49%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in $	$ 12,653	$ 5,394	$ 12,218	$ 12,114	$ 11,499	$ 12,340	$ 11,198	$ 9,178	$ 8,647
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.57%	90.18%	76.99%	76.49%	76.63%	74.40%	74.83%	78.81%	79.89%
Covered-Employee Payroll	$ 4,724	$ 4,787	$ 4,480	$ 4,446	$ 4,471	$ 4,337	$ 4,332	$ 4,322	4,353
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	267.83%	112.68%	272.75%	272.50%	257.20%	284.56%	258.47%	212.36%	198.65%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 1,865	$ 1,879	$ 1,918	$ 1,183	$ 1,046	$ 921	$ 841	$ 752	$ 669

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

FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Miscellaneous Plan Pension Contributions - 2023

ELECTRIC FUND

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 9,150	$ 8,880	$ 8,440	$ 7,321	$ 6,663	$ 5,864	$ 5,355	$ 4,788	$ 4,258
Contributions in Relation to the Actuarially Determined Contribution	(11,895)	(11,621)	(11,867)	(7,321)	(6,663)	(5,864)	(5,355)	(4,788)	(4,258)
Contribution Deficiency (Excess)	$ (2,746)	$ (2,742)	$ (3,427)	$ -	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 30,136	$ 29,612	$ 27,711	$ 27,500	$ 28,470	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	39.47%	39.24%	42.82%	26.62%	23.40%	21.23%	19.41%	17.40%	15.36%

WATER FUND

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,434	$ 1,209	$ 1,436	$ 1,364	$ 1,172	$ 1,045	$ 841	$ 752	$ 669
Contributions in Relation to the Actuarially Determined Contribution	(1,865)	(1,652)	(1,879)	(1,918)	(1,172)	(1,045)	(841)	(752)	(669)
Contribution Deficiency (Excess)	$ (430)	$ (443)	$ (443)	-$554	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 4,724	$ 4,787	$ 4,480	$ 4,446	$ 4,471	$ 4,337	$ 4,332	$ 4,322	$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	39.47%	34.51%	41.94%	43.15%	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2014

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years[1]

In Thousands

UTILITY FUNDS	PEMHCA 6/30/2023	PEMHCA 6/30/2022	PEMHCA 6/30/2021	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018
Actuarially determined contribution	$ 700	$ 423	$ 410	$ 621	$ 608	$ 598
Contributions in relation to the actuarially determined contribution	(1,303)	(241)	(423)	(603)	(608)	(598)
Contribution deficiency (excess)	$ (603)	$ 182	$ (13)	$ 18	$0	$0
Covered payroll	$ 26,852	$ 16,880	$ 17,282	$ 18,828	$ 16,928	$ 16,671
Contributions as a percentage of covered-employee payroll	4.85%	1.43%	2.45%	3.20%	3.59%	3.59%
Notes to Schedule						
Valuation date	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017

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, six years are shown.

WATER AND POWER

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years[1]

In Thousands

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

Notes to Schedule

Valuation date	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017

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, six years are shown.

* REQUIRED SUPPLEMENTARY INFORMATION *

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

In Thousands

Fiscal year end	2023	2022	2021	2020	2019	2018
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Service cost	$ 282	$ 351	$ 340	$ 299	$ 291	$ 283
Interest on the total OPEB liability	645	862	802	715	668	623
Actual vs. expected experience	-	(1,134)	-	320	-	-
Assumption changes	-	(2,197)	-	178	-	-
Benefit payments	(287)	(254)	(266)	(285)	(256)	(222)
Net Change in Total OPEB liability	640	(2,372)	876	1,227	703	684
Total OPEB Liability - Beginning of Year	10,174	12,546	11,670	10,443	9,740	9,056
Total OPEB Liability - End of Year (a)	10,814	10,174	12,546	11,670	10,443	9,740
Plan Fiduciary Net Position:						
Contributions - employer	229	228	170	167	154	148
Contributions - employee	229	230	168	167	154	148
Net investment income	(1,966)	3,154	405	657	717	889
Administrative expenses	(4)	(4)	(5)	(2)	(17)	(5)
Benefit payments	(287)	(254)	(266)	(285)	(256)	(222)
Net Change in Plan Fiduciary Net Position	(1,799)	3,354	472	704	752	958
Plan Fiduciary Net Position - Beginning of Yea	14,620	11,266	10,794	10,090	9,338	8,380
Plan Fiduciary Net Position - End of Year (b)	12,821	14,620	11,266	10,794	10,090	9,338
Net OPEB liability/(asset) - Ending (a) - (b)	$ (2,007)	$ (4,446)	$ 1,280	$ 876	$ 353	$ 402
Plan fiduciary net position as a percentage of the total OPEB liability	118.56%	143.70%	89.80%	92.49%	96.62%	95.87%
Covered payroll	$ 18,164	$ 17,448	$ 19,521	$ 17,698	$ 17,084	$ 18,086
Net OPEB liability as a percentage of covered payroll	-11.05%	-25.48%	6.56%	4.95%	2.07%	2.22%

<u>Notes to Schedule</u>

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.

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PEMHCA LIABILITY INFORMATION AND RATIOS

Last 10 Fiscal Years * In Thousands

ELECTRIC FUND

Fiscal Year Ended June 30, Measurement Date	2023 6/30/2022	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	19.99%	12.79%	12.79%	12.79%	12.79%	12.79%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 5,619	$ 1,996	$ 2,486	$ 2,506	$ 5,034	$ 5,039
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	58.05%	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 22,668	$ 14,629	$ 15,937	$ 14,329	$ 14,111	$ 14,004
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	24.79%	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 318	$ 358	$ 506	$ 504	$ 506	$ 405

WATER FUND

Fiscal Year Ended June 30, Measurement Date	2023 6/30/2022	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	3.69%	2.32%	2.32%	2.32%	2.32%	2.32%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 1,037	$ 362	$ 451	$ 455	$ 913	$ 914
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	58.05%	74.72%	64.75%	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 4,184	$ 2,654	$ 2,891	$ 2,599	$ 2,560	$ 2,540
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	24.79%	13.64%	15.60%	17.49%	35.68%	35.98%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 59	$ 65	$ 92	$ 91	$ 92	$ 73

* Fiscal year 2018 was the 1st year of implementation; therefore, only six years are shown.
Additional information regarding this Schedule can be found in the city's Annual Comprehensive Financial Report.

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 1

ANNUAL ELECTRIC SUPPLY Fiscal Year ended June 30, 2023		
Resource	**MWh**	**Percentage**
Renewables(1)	404,710	39.7%
Intermountain Power Project	95,690	9.4%
Magnolia Power Project	231,540	22.7%
Spot Purchases	219,810	21.6%
Palo Verde Nuclear	41,070	4.0%
On-Site Generation	10,520	1.0%
Hoover Uprating	16,030	1.6%
Total (2)	**1,019,370**	**100.0%**

[1]Renewable resources include the Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Desert Harvest II Solar Project, Spot and long-term renewable certificates, local generation from BWP Valley Pumping Plant, customer and utility solar installations, and ar exchange agreement. For the Fiscal Year ended June 30, 2023, renewable energy resources made up approximately 39.7% 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.

[2]Does 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					
	2019	**2020**	**2021**	**2022**	**2023**
Number of Retail Service:					
Residential	46,294	46,098	46,152	46,290	46,688
Commercial[1]	6,920	6,844	6,861	6,880	6,959
Large Commercial[1]	84	88	84	82	82
Total	**53,298**	**53,030**	**53,097**	**53,252**	**53,729**
Retail Kilowatt-hour Sales (millions)					
Residential	274	275	287	274.7	285.8
Commercial [2]	524	485	448	476.6	475.2
Large Commercial [2]	263	260	227	227.7	231.9
Total	**1,061**	**1,019**	**962**	**979.0**	**992.9**
Electric Revenues ($ in thousands):					
Retail[3]	$ 162,386	$ 158,024	$ 149,846	$ 154,304	$ 165,417
Wholesale	$ 21,791	$ 15,442	$ 42,088	$ 21,486	$ 40,324
Other[4]	$ 8,504	$ 7,274	$ 9,040	$ 6,600	$ 7,146
Total	**$ 192,681**	**$ 180,740**	**$ 200,974**	**$ 182,390**	**$ 212,887**
Peak Demand (MW)	302	283	292	246	290

[1]Meter counts include all billed meters.

[2] Retail sales for Commerical 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.

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

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

FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC [(1) (2)] (Cents per Kilowatt-hour)					
	2019	2020	2021	2022	2023
Residential	15.81	15.83	15.86	16.01	17.12
Commercial	15.89	16.07	16.02	16.21	17.30
Large Commercial	13.66	13.93	13.96	14.08	15.05
System Weighted Average Electric Rate	15.32	15.46	15.49	15.66	16.72

[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, 2023		
Resource	Acre Feet (AF)	Percentage
Metropolitan Water District	2,541	19.0%
Local Production – BOU	10,806	81.0%
Total	**13,347**	**100.0%**

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION * (unaudited)

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES					
	Fiscal Years ended June 30				
	2019	**2020**	**2021**	**2022**	**2023**
Number of Water Service:					
Potable					
Residential[1]	22,173	22,161	22,188	22,216	22,211
Commercial[2]	3,235	3,205	3,212	3,211	3,206
Other[3]	1,160	1,171	1,184	1,195	1,192
Recycled	236	240	250	256	262
Total	**26,804**	**26,777**	**26,834**	**26,878**	**26,871**
AF Sales Per Year:					
Potable					
Residential[1]	11,331	11,671	12,642	11,713	9,630
Commercial[2]	3,340	3,155	2,645	2,943	2,794
Other[3]	199	183	170	200	231
Recycled	2,824	3,032	2,927	3,134	2,673
Total in AF	**17,694**	**18,041**	**18,384**	**17,990**	**15,328**
Water Revenues ($ in thousands):					
Retail[4]	$ 30,578	$ 32,394	$ 32,961	$ 32,876	$ 32,703
Other[5]	$ 702	$ 955	$ 1,064	$ 1,083	$ 1,280
Total	**$ 31,280**	**$ 33,349**	**$ 34,025**	**$ 33,959**	**$ 33,983**
Maximum Demand Day (AF)	63.1	62.8	57.1	60.1	54.6

[1]Residential includes multi-family dwellings.
[2]Commercial includes Large Commercial.
[3]Other includes city department water, school, fire protection, and miscellaneous users
[4]Potable and Recycled.
[5]Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.

CITY OF BURBANK WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

* SUPPLEMENTAL INFORMATION * (unaudited)

Sched 6

WEIGHTED AVERAGE BILLING PRICE – POTABLE WATER ($ per CCF[1])					
	2019	2020	2021	2022	2023
Residential[2]	4.04	4.21	4.18	4.33	5.04
Commercial[3]	3.87	4.17	4.29	4.25	4.85
Weighted Average Water Rate	4.00	4.20	4.20	4.31	5.00

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

[2]Residential includes multi-family dwellings.

[3]Commercial includes Large Commercial.