Fiscal Year 2018-2019

BURBANK WATER AND POWER

ANNUAL REPORT

CITY OF BURBANK
Water and Power
Since 1913

CONTENTS

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Electric and Water Utility Enterprise Funds of the City of Burbank (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Offices located in Orange and San Diego Counties

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric and Water Utility Enterprise Funds of the City of Burbank, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1(C), the financial statements present only the Electric and Water Utility Enterprise Funds and do not purport to, and do not, present fairly the financial position of the City of Burbank as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Partial Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2018 from which such partial information was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of net pension liability and related ratios of the defined benefit plans and the schedule of contributions of the defined benefit plans, the schedule of net OPEB liability and related ratios – PEMHCA Plan, the schedule of changes in net OPEB liability and related ratios – URMT Plan and the schedule of Plan contributions – OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The introductory section and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

White Nelson Diehl Evans LLP

Irvine, California
March 12, 2020

The management of the City of Burbank's (City) Electric and Water Utility Enterprise Funds (Management) offers the following financial highlights and overview of factors that had a material effect on the financial condition and results of operations for the fiscal year ended June 30, 2019 (the fiscal year). Management encourages readers to utilize the information in the Management Discussion and Analysis (MD&A) in conjunction with the accompanying basic financial statements and notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Totals may not foot due to rounding.

Overview of the Basic Financial Statements

The MD&A is intended to serve as an introduction to the Electric and Water Utility Enterprise Funds' (Utility) basic financial statements and to provide an objective and easily understood analysis of the financial activities based on currently known facts, decisions, and conditions. For comparative purposes, this analysis includes the financial statements of the Utility for the two most recent fiscal years.

Management has elected to provide highlights to the basic financial statements as well as vital statistics and other relevant information concerning the Utility. 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 e 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:

- Total net position was higher by $17,354, or 6.5%, compared to the prior fiscal year due to favorable operating results. The favorable net position resulted in an increase in assets, a decrease in liabilities and deferred inflows of resources, offset partially by a decrease in deferred outflows of resources.
- For the fiscal year, the Electric Utility's availability rate was 99.997%. The system average interruption was only 15.73 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.4 outages per customer served every year.
- For the fiscal year, the Electric Utility's renewable energy resources made up 31.9% of its total retail sales. The Electric Utility is on track to meet the Renewables Portfolio Standard (RPS) goal of 33% by 2020.

Financial Analysis

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

	2019	2018	Incr. (Decr.)
Retail sales (in MWh)	1,060,549	1,077,593	(17,044)
Operating revenues:			
Retail	$ 162,386	$ 176,450	$ (14,065)
Wholesale	21,791	21,252	539
Intergovernmental	94	95	(2)
Other revenues	8,410	6,353	2,057
Total operating revenues	192,681	204,150	(11,469)
Operating expenses:			
Power supply and fuel – retail	97,292	87,759	9,533
Purchased power and fuel – wholesale	20,273	19,045	1,228
Transmission expense	13,986	14,205	(219)
Distribution expense	10,739	9,965	774
Other operating expenses	24,167	24,718	(551)
Depreciation	18,281	17,392	889
Total operating expenses	184,737	173,083	11,653
Operating income	7,943	31,067	(23,123)
Nonoperating income (expenses):			
Interest income	4,205	720	3,485
Payments in lieu of taxes to City	-	(11,356)	11,356
Interest expense	(4,319)	(4,506)	187
Gain (loss) on disposal of capital assets	122	217	(95)
Other income (expenses), net	1,223	1,391	(168)
Total nonoperating income (expenses)	1,231	(13,534)	14,764
Income before contributions	9,174	17,533	(8,359)
Capital contributions	8,180	6,601	1,580
Total capital contributions and transfers	8,180	6,601	1,580
Change in net position	17,354	24,134	(6,780)
Net position, beginning of year	265,559	241,425	24,134
Net position, end of year	**$ 282,913**	**$ 265,559**	**$ 17,354**

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 95.6% of the Electric Utility's operating revenues. Retail energy sales decreased by 17,044 MWh, or 1.6%, compared to the prior fiscal year primarily due to conservation and customer energy efficiency. Retail revenues were lower by $14,065, or 8.0%, primarily as a result of passing through in-lieu of taxes from the electric revenues and lower demand. The passing of Measure T in June 2018 allows for continuing the practice of including a fee in retail electric rates to fund the transfer of up to 7% of the Electric Utility's gross annual sales of electricity to the City's General Fund. Electric Utility bills now reflect a separate line item in the amount of the Utility transfer to the City. Reported Electric revenues and expenses on the Utility's financial statements do not reflect the transfer. This change in financial reporting took effect in August 2018 and should be taken into account when comparing results to prior periods.

Wholesale trading opportunities exist because the Electric Utility is able to market excess capacity, energy, and transmission. Wholesale margins of $1,518 contributed to the Electric Utility's financial performance by reducing the Electric Utility's overall power supply expenses for the fiscal year. Wholesale margins were $2,207 in the prior fiscal year. The decrease in wholesale margin is attributable to excess generation throughout the state, low energy prices for part of the year coupled with lower load due to milder temperatures in the region.

Other revenues consist of ONE Burbank revenues, transmission, telecommunications, and other miscellaneous revenues. These revenues were $2,057, or 32.4%, higher than the prior fiscal year, primarily due to the sale of Low Carbon Fuel Standard (LCFS) Credits. ONE Burbank is a fiber optic-based infrastructure that includes dark fiber, carrier-class and high-speed managed services by local Burbank businesses. During the fiscal year, the Electric Utility added twenty-two new ONE Burbank customers. ONE Burbank generated revenues of $3,984 this fiscal year, compared

to $3,653 the prior fiscal year. The California Air Resources Board initiated a program, Low Carbon Fuel Standard (LCFS) Credits, 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.

Retail power supply and fuel expenses were $9,533, or 10.9%, higher than the prior fiscal year primarily because of higher spot gas and power prices during peak demand in the summer and natural gas pipeline restriction in the winter, lower true-up credits than prior fiscal year, unplanned plant outages and higher Intermountain Power Project (IPP) and Magnolia Power Project (MPP) operations & maintenance expenses, as compared to prior fiscal year.

Distribution expenses were $774, or 7.8%, higher than the prior fiscal year primarily as a result of higher operations and maintenance expenses.

Other operating expenses were $551, or 2.2%, lower compared to the prior fiscal year. The lower expenses were attributed to lower office equipment maintenance and repair and insurance 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 $889, or 5.1%, primarily as a result of placing new assets into service.

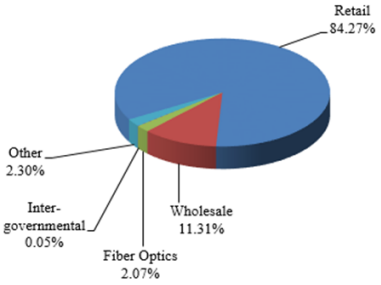
Interest income was $3,485, or 484.3% higher. Prior year interest income included a significant decrease in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Interest income was also higher due to slightly higher interest rates.

In accordance with the City Charter, the City Council has a long standing practice of authorizing annual transfers from the Electric Enterprise Fund to the City's General Fund in the form of an in-lieu transfer of 5.0% and a street lighting transfer of 1.5% of the City's gross sales of electricity (exclusive of wholesale sales to other public or privately-owned utilities). The practice of transfer from the Electric Enterprise Fund to the General Fund was challenged by a plaintiff in a complaint filed in June 2016, Christopher Matthew Spencer v. the City of Burbank (Case Number: BS162779). In June 2018, the voters of Burbank passed Measure T, a ballot measure that amended the City of Burbank Charter to continue this practice of annual transfers from Burbank Water and Power's gross annual sales of electricity, paid by retail electric ratepayers. On October 30, 2018, the plaintiff and the City of Burbank entered into a settlement agreement in connection with their dispute over these transfers. The City receives a 7% in-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements. This tax for the year ended June 30, 2019 was Electric in-lieu of $9,138 and Street Lighting in-lieu of $2,494.

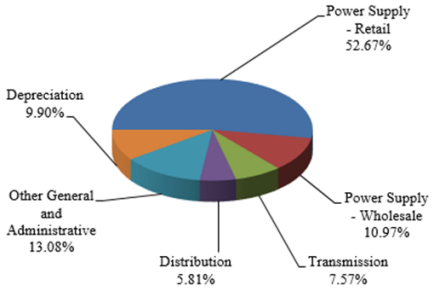
As of June 30, 2019, the Electric Utility had $69,475 in outstanding revenue bonds. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid $4,319 in interest expense, compared to $4,506 in the prior fiscal year.

Capital contributions were $1,580, or 23.9%, higher compared to the prior fiscal year. The fiscal year included higher capital contribution for Ontario Distribution Station.

Operating Revenues



Operating Expenses



The Electric Utility Fund's net position as of June 30, 2019 and June 30, 2018 were as follows:

Schedule of Net Position *($ in thousands)*

	2019	2018	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 140,297	$ 150,378	$ (10,081)
Noncurrent and regulatory assets	43	108	(65)
Capital assets, net of accumulated depreciation	306,506	290,815	15,691
Total assets	**446,845**	**441,301**	**5,545**
Deferred outflows of resources			
Deferred outflows of resources	15,285	22,439	(7,154)
Total deferred outflows of resources	**15,285**	**22,439**	**(7,154)**
Liabilities			
Current liabilities	23,580	31,491	(7,911)
Noncurrent and regulatory liabilities	149,497	159,155	(9,658)
Total liabilities	**173,077**	**190,646**	**(17,569)**
Deferred inflows of resources			
Deferred inflows of resources	6,141	7,537	(1,396)
Total deferred inflows of resources	**6,141**	**7,537**	**(1,396)**
Net position			
Net investment in capital assets	236,551	216,195	20,356
Restricted for debt service	5,896	5,682	214
Unrestricted	40,466	43,683	(3,217)
Total net position	**$282,913**	**$265,559**	**$ 17,354**

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

Total net position was higher by $17,354, or 6.5%, 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 of the Electric Utility's total net position was in net investment in capital assets of $236,551, or 83.6%, of total net position (see Capital Assets). The restricted net position of $5,896, or 2.1%, was debt reserve requirements related to the Electric Revenue bonds (see Debt Administration). The unrestricted net position of $40,466, or 14.3%, of total net position were funds available for future capital investments and maintenance activities.

The favorable net position resulted in an increase in assets, decrease in liabilities, and decrease in deferred inflows of resources, offset partially by a decrease in deferred outflows of resources. As of June 30, 2019, the Electric Fund's total assets increased by $5,545, or 1.3%, primarily due to an increase in net capital assets and a decrease in current and regulatory assets. Deferred outflows of resources as of June 30, 2019 decreased by $7,154, or 31.9%, compared to the prior fiscal year primarily due to lower deferred amounts from pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 can be found in Note 15 and 16 to the basic financial statements.

Total liabilities as of June 30, 2019 decreased by $17,569, or 9.2%, compared to the prior fiscal year. This was due to decreases in net pension liabilities, net OPEB liabilities, unearned revenue for the Ontario Substation, as a result of recognizing the revenue upon placing the asset in service, revenue bonds payable, as a result of payments made during the fiscal year (see Debt Administration), accounts payable and accrued expenses, offset partially by increases in customer deposits and compensated absences. Deferred inflows of resources as of June 30, 2019 decreased by $1,396, or 18.5%, compared to the prior fiscal year due primarily to decreases in deferred revenue for Low Carbon Fuel Standard credits.

Capital Assets

As of June 30, 2019, the largest portion of the Electric Utility Fund's total assets, $306,506, or 68.6%, was invested in capital assets. The Electric Utility invested $34,445 in the acquisition and construction of capital assets funded primarily from cash reserves. The majority of these investments were for expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

As part of the Electrical Distribution Master Plan, the Electric Utility completed the construction of Ontario Substation, a 69 kV to 12 kV electrical substation, at the corner of Ontario Street and Winona Avenue. The Ontario Substation was successfully energized in January 2019. The Ontario Substation paved the way to retiring two of the four oldest substations (Victory and Winona). The strategic location of the Ontario Substation provides a pathway to expand the 69 kV sub-transmission system and enables 12 kV conversion of the older and less efficient 4 kV circuits coming from both the 34.5 kV Winona and Victory Substations; this will allow for their eventual retirement, which is consistent with the Electrical Distribution Master Plan's goals. Furthermore, as loads are transferred to the new station, it will further eliminate the need for a 34.5/69 kV substation. In addition, the location also provides a corridor to extend 69 kV sub-transmission and 12 kV distribution to the area currently served by the 34.5 kV McCambridge substation allowing for retirement of additional aging infrastructure in the future.

The Electric Utility, in alignment with the Electric Distribution Master Plan, is strategically converting 4kV load to 12kV to address BWP's aging infrastructure, manage overload and voltage issues, and improve grid efficiency. During the fiscal year, the Electric Utility continued investing in the upgrade of 4 kV to 12 kV electrical distribution lines. Conversion to a higher voltage will help mitigate operating line losses.

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

($ in thousands)	
Ontario Distributing Station	$11,148
Pacific Northwest DC Intertie	5,237
4kV to 12kV Conversions	5,071
Overhead/Underground Distribution Lines	2,525
Fleet Building Modification	1,530
Landfill Generator Upgrade	1,485
Build New Customer Transformer Stations, 750 kVA & Under	842
Meter Data Management System Upgrade and Update	639
Service Replacements	554
Fiber Optic Services to Customers City Wide	512
69 kV and 34.5 kV Line Replacements	294
Energy Control Center Renovation/Rebuild	436
Electric Substations Equipment Replacement	373
ONE Burbank Network Infrastructure Expansion	373
Total	**$31,018**

The results of maintenance and pro-active capital investments are reflected in the exceptional system-wide reliability statistics. For the fiscal year, the Electric Utility's availability rate was 99.997%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 27 minutes every 2.4 years. The system average interruption was only 15.73 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.4 outages per customer every year.

The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2018, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation.

Additional information on capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

As of June 30, 2019, the Electric Utility had $69,475 in outstanding revenue bonds, of which $4,485 will be due within a year. The Electric Utility repaid $4,280 toward outstanding bonds during the fiscal year. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities.

The Electric Utility revenue bonds were rated 'Aa3' by Moody's Investors Service and 'AA-' by Standard & Poor's. This rating reflects the rating agency's view of the Electric Utility's strong financial and liquidity profiles, strong operating and reliability performance, stable debt service coverage ratios, a relatively stable, strong and diverse economic base with above-average income, and continuous support from the Electric Utility's Board and City Council. Additional information on long term debt can be found in Note 9 to the basic financial statements.

Environmental, Supply, and Economic Factors

During the fiscal year, the City received renewable energy from the Copper Mountain Solar 3 Project in Nevada, biomethane gas, wind and landfill gas as a result of the Morgan Stanley Exchange, Don A. Campbell Geothermal Project in Nevada, Milford Wind I in Utah, Pebble Springs Wind in Oregon, Tieton Hydropower in Washington, Iberdrola Wind in Wyoming, Renewable Certificate from Cedar Creek Wind Project, Ameresco Chiquita Landfill in California, Burbank customer solar, Burbank's solar demonstration project, and Burbank's Valley Pumping Station.

The Electric Utility's renewable projects for the fiscal year were as follows:

Projects	Source of Energy	County, State	In-service Date	Plant Capacity MW	Burbank's Capacity MW	Energy Received in MWh FY 18-19	% Total Retail Sales
Copper Mountain Solar 3	Solar	Clark County, Nevada	May 2014	250.000	40.000	94,474	8.9%
Biomethane gas	Biomethane		Jun 2011			72,940	6.9%
Morgan Stanley Exchange	Wind & Landfill Gas		Apr 2012			56,632	5.3%
Don A. Campbell Geothermal	Geothermal	Mineral County, Nevada	Dec 2013	25.000	3.845	24,622	2.3%
Milford Wind I	Wind	Beaver and Millard Counties, Utah	Nov 2009	200.000	10.000	20,455	1.9%
Pebble Springs Wind	Wind	Gilliam County, Oregon	Feb 2009	98.700	10.000	19,000	1.8%
Tieton Hydropower	Hydro	Yakima County, Washington	Mar 2009	13.600	6.800	18,456	1.7%
Iberdrola Wind	Wind	Uinta County, Wyoming	Jul 2006	144.000	4.997	11,048	1.0%
Renewable Certificate	Wind	N/A	N/A	N/A	N/A	10,000	0.9%
Ameresco Chiquita Landfill	Landfill Gas	Los Angeles County, California	Nov 2010	10.000	1.667	7,677	0.7%
Customer Solar	Solar	Los Angeles County, California	Ongoing	1.500	1.500	2,350	0.2%
Solar Demo	Solar	Los Angeles County, California	1998	0.500	0.500	253	0.0%
Micro Hydro	Hydro	Los Angeles County, California	2002	0.450	0.450	360	0.0%
Total						**338,267**	**31.9%**

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 has an expected commercial operation date of December 1, 2020. SCPPA is entitled to 70 MW share of the Desert Harvest Project generated at either the 150 MW solar photovoltaic project located in Riverside County called the Desert Harvest Project or at the 500 MW solar photovoltaic project located in East Riverside County called the Maverick Solar Project. The City has entitlement up to 22 MW or 31.429% of its output.

In 2002, California established its Renewables Portfolio Standard (RPS) Program, with the goal of increasing the percentage of renewable energy in the State's electricity mix. Consistent with State legislation, the Burbank City Council adopted a RPS policy in November 2003, which was revised in June 2007 to address the growing concerns about the environment. Pursuant to a resolution approved in June 2007, the Burbank City Council revised the RPS's initial goal of meeting 20% of Burbank's retail energy sales with renewable energy resources by 2017 to 33% by 2020. As

required by Senate Bill X1-2, the California Renewable Energy Resources Act, signed into law in April 2011, Burbank has met the three-year compliance period targets for 2011-2013 (i.e., the procurement of eligible renewable energy resources at least equal to an average of 20% of kWh retail sales over such period) and 2014-2016 (i.e., the procurement of eligible renewable energy resources totaling at least 20% of 2014 retail sales, 20% of 2015 retail sales and 25% of 2016 retail sales) and is currently on track to reach the compliance period targets for 2017-2020 (i.e., the procurement of eligible renewable energy resources totaling at least 27% of 2017 retail sales, 29% of 2018 retail sales, 31% of 2019 retail sales and 33% of 2020 retail sales). For the fiscal year, the Electric Utility's renewable energy resources made up 31.9% of its total retail sales. The Electric Utility is ahead in meeting the State's interim targets of the procurement of eligible renewable energy resources totaling at least 27% of 2017 retail sales, 29% of 2018 retail sales, 31% of 2019 retail sales and is on track to meet the RPS goal of 33% by 2020.

On October 7, 2015, California Governor Brown signed Senate Bill 350 (SB 350), the Clean Energy and Pollution Reduction Act of 2015 (Clean Energy Act), into law. Under SB 350, the new RPS would require 50% of the State's electricity to come from renewable energy resources by 2030 for both retail sellers of electricity and publicly owned utilities. The Clean Energy Act sets interim renewable energy targets of 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030.

On September 10, 2018, SB 100, also known as the 100 Percent Clean Energy Act of 2018 (100 Percent Clean Energy Act), was signed into law. SB 100 would require the state of California to obtain all of its electricity from clean sources by 2045. Similar to the Clean Energy Act, the 100 Percent Clean Energy Act sets interim targets of 20% by December 31, 2013, 33% by December 31, 2020, 50% by December 31, 2026, 60% by December 31, 2030, and 100% by December 31, 2045.

In 2015, BWP and the other Intermountain Power Project (IPP) Participants entered into Enabling Agreements to replace IPP's coal-fired power plant with a 1,200 MW combined-cycle natural gas-fired power plant, with rights to the Southern Transmission System (STS) and Northern Transmission System (NTS) capacity linked to power purchases from the new generating facility. Under the Enabling Agreement approved by the Burbank City Council in 2015, Burbank agreed to cease taking power from the coal-fired facility in 2025 (two years earlier than stated in the original contracts) and start taking power from the natural gas-fired facility. Burbank had an option to decline or reduce participation in the Gas Repowering by giving a notice by August 2019. In 2017, Los Angeles, Glendale, and Burbank have stated a commitment to participation in the Gas Repowering and reduced the Gas Repowering to 840 MW. As a result, Burbank share of this project was reduced from 50 MW to 35 MW and transmission to STS and NTS were reduced accordingly. In July 2019, the City Council approved a reduction of participation in this Repowering Project to 28 MW. This Gas Repowering Project not only provides Burbank with an advanced, highly flexible, and very efficient renewable integration tool, but also an opportunity for BWP to an access to diverse and cost-effective renewable resources. The prospect for this Project is enhanced by future possibilities, such as ability to accommodate zero-GHG hydrogen fuel and access to Compressed Air Energy Storage (CAES) and other energy storage resources as technology develops. This aligns with BWP's goals of reliable, affordable, and sustainable electric service to Burbank over the long-term, consistent with the policy direction of the 2019 Integrated Resource Plan (IRP) and BWP's "100% by 2040" aspirational goal.

Negotiations with Los Angeles Department of Water and Power (LADWP), for several existing Transmission Service Agreements, including those associated with Hoover Dam and IPP generation resources are ongoing. A one-year extension of the existing Hoover Transmission Service Agreement was approved by Burbank City Council on August 13, 2019.

The Burbank City Council approved the most recent Integrated Resource Plan (IRP), the 2019 IRP, on December 11, 2018, which focuses on decisions impacting coal fired generation and the addition of cost-effective renewable energy in an environment of reduced load growth. It also recognizes the need to plan for the continued reduction in greenhouse gases and outlines the strategy to meet the RPS requirement.

The Cap-and-Trade Program, adopted by the California Air Resources Board (CARB), went into effect on January 1, 2012, and emission obligations commenced on January 1, 2013, for compliance to Assembly Bill 32 (AB 32), the Global Warming Solutions Act of 2006. Under AB 32, CARB is mandated to implement regulations that reduce greenhouse gas (GHG) emissions by capping them at 1990 levels. The regulation set an upper limit on statewide GHG emissions beginning in 2013, reduced GHG emissions by approximately 2% in 2014, and will reduce GHG emissions by approximately 3% annually thereafter until 2020. Electric utilities were given emission allowances to cover all or most of their obligations at the beginning of the regulation. Electric utilities can buy or sell the allowances to comply with the emission regulation. The GHG emission allowances allocated by CARB will not expire during the term of the program. The emission allowances can be resold or used for future obligations. As of the end of calendar year 2019, the Electric Utility had an excess of about 300,000 GHG allowances. The closing price of the November 2019 auction was $17.00 per allowance.

Southern California Gas Company (SoCal Gas) owns and operates the natural gas infrastructure in most of Southern California. This infrastructure supplies natural gas-fired power plants operated by Burbank Water & Power (BWP), Glendale Water & Power (GWP), LADWP, and others in the LA Basin. For many years, SoCal Gas has used its Aliso Canyon natural gas storage facility, located near Porter Ranch, California, to ensure reliable natural gas supply in the basin, including to these generators. Aliso Canyon is the largest such facility in the Western United States. On October 23, 2015, one of Aliso Canyon's 114 wells began to leak and the facility was shut down and mostly emptied. The leak was plugged on February 18, 2016, after significant leakage of natural gas into the atmosphere. SoCal Gas, the California Governor's Office, the California legislature, numerous federal and state agencies, electric utilities (including BWP), and other stakeholders have been working since the leak was discovered to understand the leak's potential impact on electric reliability and develop mitigation plans. In this connection, action plans have been jointly developed by the California Public Utilities Commission (CPUC), the CEC, the California Independent System Operator, SoCal Gas, and LADWP (together, the Aliso Working Group). On July 19, 2017, the CPUC and the Division of Oil, Gas, and Geothermal Resources cleared SoCal Gas to resume limited injections at the Aliso Canyon natural gas storage facility. It will now operate at approximately 28 percent capacity. Enhancements were implemented to improve the margin of safety at the State's direction. At the State's direction, the field will also be operated at a reduced pressure. In addition, SoCal Gas has implemented industry leading practices including enhanced training for employees and contractors, around-the-clock pressure monitoring of all wells in a 24-hour operations center, daily patrols to visually inspect every well four times a day, and daily infrared thermal scanning of each well.

SoCal Gas Pipeline 235-5 returned to service at a reduced pressure on October 15, 2019 after a rapture occurred on the pipeline on October 1, 2017; however it was again removed from service on January 2, 2020 after a preliminary report was received indicating a single location that needed to be immediately remediated. The repair plan is finalized and the preliminary estimated return to service date is February 16, 2020. Following the Line 235-2 rupture, SoCal Gas reduced the pressure of Line 4000 because it is in the same "family" of pipelines as Line 235-2. SoCal Gas lowered the pressure to increase the factor of safety on the pipeline until SoCal Gas can conduct further analysis of Line 4000 based on what is learned from Line 235-2.

Water Utility Fund

Water Utility Fund highlights:

- Total net position was higher by $2,451, or 4.2%, compared to the prior fiscal year due to favorable operating results. The favorable net position resulted in an increase in assets and a decrease in deferred inflows of resources, offset partially by an increase in liabilities and a decrease in deferred outflows of resources.
- Water Utility Fund pre-paid $3,950 to Metropolitan Water District of Southern California (MWD) for 5,718.47 acre feet (AF) of imported water under the Cyclic Storage Program in the prior fiscal year, for future use. This investment is intended to mitigate future impacts of planned upgrade work at the Pacoima Spreading Grounds and higher priced untreated water. [See Environmental, Supply and Economic Factors].
- The water production facilities and systems were very reliable with only 4.9% of potable water unbilled, including losses, compared to the national average of approximately 16% and the state average of approximately 6.6%.

Financial Analysis

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

	2019	2018	Incr. (Decr.)
Potable water (in AF)	14,871	15,568	(697)
Recycled water (in AF)	2,794	3,281	(487)
Operating revenues:			
Potable water sales	$ 26,825	$ 26,614	$ 211
Recycled water sales	3,753	3,951	(198)
Intergovernmental	39	8	31
Other revenues	663	3,510	(2,847)
Total operating revenues	31,280	34,083	(2,803)
Operating expenses:			
Water supply expenses	11,892	12,015	(123)
Operations, maintenance and administration	10,986	10,010	976
Other operating expenses	1,795	4,867	(3,071)
Depreciation	3,929	3,683	246
Total operating expenses	28,602	30,575	(1,973)
Operating income	2,678	3,508	(830)
Nonoperating income (expenses):			
Interest income	546	43	503
Bond interest expense	(1,730)	(1,763)	33
Loan interest expense	(191)	(188)	(3)
Gain (loss) on disposal of capital assets	4	3	0
Other income (expenses), net	538	534	5
Total nonoperating income (expenses)	(833)	(1,369)	536
Income before contributions	1,845	2,139	(294)
Capital contributions	606	737	(131)
Change in net position	2,451	2,876	(425)
Net position, beginning of year	58,338	55,462	2,875
Net position, end of year	**$ 60,789**	**$ 58,338**	**$ 2,451**

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 85.8% of the total Water Utility operating revenues. Potable water sales volume decreased by 697 AF, or 4.5%, compared to the prior fiscal year due to higher than average rainfall. Burbank received 18.92 inches of rainfall this fiscal year compared to an average precipitation of 15.12 inches. Potable water revenues were higher by $211, or 0.8%, compared to the prior fiscal year as a result of lower sales volume and was partially offset with a 4.9% rate increase that went into effect in July 2018.

Recycled water sales (in AF) made up 15.8% of total water sales. Increasing the use of recycled water for landscaping and industrial or commercial cooling towers helps make water availability in Burbank more sustainable. During the fiscal year, eight new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume decreased by 487 AF, or 14.8%, from the prior fiscal year due to failure of the pumps at the Beachwood Sewage Lift Station and higher than average rainfall. The Beachwood Sewage Lift Station operated by the Burbank Public Works Department suffered a complete failure of their pumping capability on April 1, 2018. This station pumped approximately half of Burbank's sewage flow to the reclamation plant where recycled water is recovered. The flow was bypassed to Los Angeles for treatment. This situation significantly reduced the availability of recycled water and at certain times of the day required potable water to be added to the Recycled Water System. The pump station resumed operation in September 2019. Recycled water revenues were lower by $198, or 5%, compared to the prior fiscal year as a result of lower sales volume and was partially offset with a 4.9% rate increase that went into effect in July 2018.

Other revenues include connection fees, recycled water credits and other miscellaneous revenues. These revenues were $2,847, or 81.1%, lower than the prior fiscal year. The prior fiscal year's revenues included $2,804 in one-time reimbursements from LADWP for construction of recycled water mains in the City of Los Angeles under the Joint Service Agreement (JSA) between BWP and Los Angeles Department of Water and Power (LADWP); the corresponding expenses were accounted for in other operating expenses.

Water supply expenses were lower by $123, or 1.0%, compared to the prior fiscal year primarily due to lower demand, offset in part by MWD rate increases. MWD increased treated water rates by 3.5% and 2.7% in January 2018 and January 2019 respectively. The average cost of MWD's treated water was $1,033/AF, compared to $997/AF in the prior fiscal year. MWD treated water made-up approximately 37.5% of the City's potable water supply for the fiscal year compared to approximately 37.2% in the prior fiscal year. MWD water costs continue to be mitigated in part by the displacement of potable water by recycled water and by production at Burbank's groundwater treatment facility known as the Burbank Operable Unit (BOU). The BOU supplied approximately 62.5% of the City's potable water supply for the fiscal year compared to approximately 62.8% in the prior fiscal year. The BOU ran at 67.4% of operating capacity for the fiscal year compared to the prior fiscal year's capacity of 70.6%. The Water Utility purchased 6,390.2 AF of untreated water from MWD for groundwater storage and future BOU production; storing ground water drought proofs a significant portion of the City's water supply. The average cost of MWD's untreated water was $713/AF, compared to $681/AF in the prior fiscal year, an increase of 4.7%.

Operations, maintenance, and administrative expenses were $976, or 9.8%, higher compared to the prior fiscal year. The higher expenses were largely attributed to higher insurance, professional services and other operations and maintenance expenses.

Other operating expenses were $3,071, or 63.1%, lower compared to the prior fiscal year. The prior fiscal year's expenses included $2,894 in one-time expenses for the

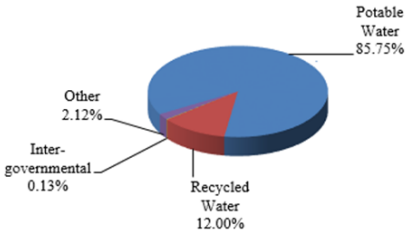
construction of recycled water mains in the City of Los Angeles under the JSA between BWP and LADWP; the corresponding reimbursements from LADWP were accounted for in operating revenues.

Interest income was $503, or 1156.8% higher. Prior year interest income included a significant decrease in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Interest income was also higher due to slightly higher interest rates.

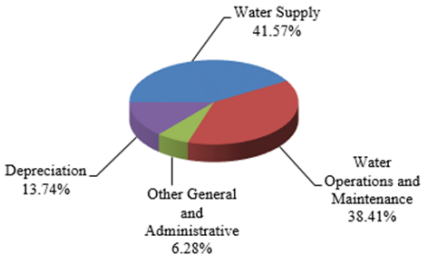
As of June 30, 2019, the Water Utility had $30,905 in outstanding revenue bonds and $6,404 in outstanding SWRCB loans (see Debt Administration). The Water Utility paid $1,730 in bond interest expense, compared to $1,763 in the prior fiscal year, and paid $191 in loan interest expense, compared to $188 in the prior fiscal year.

Capital contributions were $131, or 17.8%, lower compared to the prior fiscal year. The prior fiscal year included higher revenue for the installation of water mains for the Talaria Project.

Operating Revenues



Operating Expenses



The Water Utility Fund's net positions as of June 30, 2019 and June 30, 2018 were as follows:

Schedule of Net Position *($ in thousands)*

	2019	2018	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 25,106	$ 20,390	$ 4,717
Noncurrent and regulatory assets	75	123	(48)
Capital assets, net of accumulated depreciation	94,618	94,015	603
Total assets	**119,798**	**114,527**	**5,271**
Deferred outflows of resources			
Deferred outflows of resources	2,391	3,502	(1,111)
Total deferred outflows of resources	**2,391**	**3,502**	**(1,111)**
Liabilities			
Current liabilities	4,503	4,099	403
Noncurrent and regulatory liabilities	53,129	51,515	1,615
Total liabilities	**57,632**	**55,614**	**2,018**
Deferred inflows of resources			
Deferred inflows of resources	3,769	4,077	(308)
Total deferred inflows of resources	**3,769**	**4,077**	**(308)**
Net position			
Net investment in capital assets	57,274	55,328	1,946
Restricted for debt service	182	184	(1)
Unrestricted	3,333	2,826	507
Total net position	**$ 60,789**	**$ 58,338**	**$ 2,451**

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

Total net position was higher by $2,451, or 4.2%, 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 of the Water Utility's total net position was in net investment in capital assets of $57,274, or 94.2%, of total net position (see Capital Assets). The restricted net position of $182, or 0.3%, was debt service fund requirements related to the Water Revenue bonds (see Debt Administration). The unrestricted net position of $3, 333, or 5.5%, of total net position were funds available for future capital investments and maintenance activities.

The favorable net position resulted in an increase in total assets, a decrease in deferred inflows of resources, and was partially offset with a decrease in deferred outflows of resources and an increase in liabilities. As of June 30, 2019, total assets increased by $5,271, or 4.6%, primarily due to prepayment for cyclic storage water for future use [See Environmental, Supply and Economic Factors], an increase in general operating cash, and an increase in capital assets. Deferred outflows of resources as of June 30, 2019 decreased by $1,111, or 31.7%, compared to the prior fiscal year primarily due to lower deferred amounts from pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Note 15 and 16 to the basic financial statements. Total liabilities as of June 30, 2019 increased by $2,018, or 3.6%, compared to the prior fiscal year. This increase was due an advance from the City of Burbank and increase in customer deposits, offset partially by repayment of revenue bonds payable and loans payable, as a result of payments made during the fiscal year (see Debt Administration) and decreases in net pension liability and accounts payable. During the fiscal year, the Water Utility Fund borrowed $3,950 from the City of Burbank for the purchase of cyclic storage water from MWD. Deferred inflows of resources as of June 30, 2019 decreased by $308, or 7.5%, compared to the prior fiscal year due primarily to Water Cost Adjustment Charge (WCAC) regulatory credits. During the year, WCAC expenses exceeded WCAC revenues, therefore reducing the WCAC balance. The decrease in deferred inflows of resources was also as a result of the recognition of contributed assets for the Burbank Empire Center and Bob Hope Airport. The values of the contributed assets have been recorded as regulatory credits; and the contributed assets will be recognized as revenues that match depreciation expense over the course of their useful lives.

Capital Assets

As of June 30, 2019, the Water Utility Fund invested $94,618, or 79.0%, 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, $4,529 was spent on the acquisition and construction of capital improvement projects. The majority of the investments were for the replacement and upgrade of distribution of 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 services. The water production facilities and systems were very reliable with only 4.9% of unbilled water, including losses, compared to the national average of approximately 16% and the state average of approximately 6.6%. These ongoing and pro-active investments reflect the Water Utility's goal of delivering competitive rates and safe drinking water with reliable production and distribution facilities.

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

($ in thousands)	
Potable Small Water Mains	$ 1,042
Reycled System Expansion	577
Recycled Transmission Mains	500
Potable System Expansion	451
Potable Meter Replacements	440
Water Utility's portion of Fleet Building Modification	203
Potable Large Water Mains	198
Potable Storage - Reservoirs and Tanks	155
Recycled Storage - Reservoirs and Tanks	95
Total	**$ 3,660**

Additional information on capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

As of June 30, 2019, the Water Utility had $30,905 in outstanding revenue bonds, of which $895 will be due within a year. The Water Utility repaid $860 toward outstanding revenue bonds during the fiscal year.

The Water Utility revenue bonds were rated 'AAA' by Fitch Ratings and Standard & Poor's. This rating reflects the rating agency's view of the Water Utility's strong financial and liquidity profiles including debt service coverage ratios, a relatively stable, strong and diverse economic base with above-average income, relatively affordable rates, diverse and adequate water supply and continuous support from the Water Utility's Board and the City Council.

The Water Utility received a total of $9,254 in loans from the State Water Resources Control Board (SWRCB) for three recycled water transmission main extensions and a water pumping station since fiscal year 2011-12. All the SWRCB loans have 20-year repayment terms with an annual interest rate of 2.6%. As of June 30, 2019, there was $6,404 outstanding in SWRCB loans, of which $431 will be due within a year. The Water Utility repaid $421 towards these outstanding loans this fiscal year.

During the fiscal year, the Water Utility Fund borrowed $3,950 from the City of Burbank for the purchase of cyclic storage water from MWD. The interest rate for the loan is the City of Burbank's pooled investment return rate with payment term not to exceed August 2027, which is the termination date of the multi-year cyclic storage agreement with MWD. Additional information on Debt Administration can be found in Note 11 to the basic financial statements.

Environmental, Supply, and Economic Factors

The California State Water Project (SWP) is a state water management project that collects water from rivers in Northern California and through a network of aqueducts and pumping stations, and redistributes it to the south. Water allocation from SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation normally from December through April, when California historically receives more than 90% of its snow and rain. The initial allocation of the 2019 SWP was 10% on December 1, 2018. The allocation was increased to 25% on January 25, 2019, to 35% on February 20, 2019, to 70% on March 20, 2019 and then to 75% on June 20, 2019, which was the final allocation for 2019. Burbank's 2019 allocation of 75% amounts to 3,145,105 acre-feet of water. Reservoir storage, snowpack, precipitation, and releases to meet local deliveries were among several factors used in determining allocations. Even in wet years, a 100% allocation is rare due to Delta pumping restrictions to protect threatened and endangered fish species; the last time the Project was able to allocate 100% was in 2006.

On April 1, 2015, Governor Brown issued an executive order mandating a 25% reduction in urban water use statewide. The State Water Resources Control Board (SWRCB) adopted the regulations and they were approved by the State Office of Administrative Law. Burbank was required to meet a 24% reduction in overall water use as measured against water use in the same period of 2013. Burbank consistently met the reduction requirements by utilizing the appropriate stages of the Sustainable Water Use Ordinance. Initially, it was Stage III that limited watering to two days a week in the summer and one day a week in winter. With experience and some relaxation of the State mandate, as embodied in Executive Order B-40-17 issued on April 7, 2017, Burbank currently limits outdoor watering to three days a week year- round. This is now embodied in the Burbank Sustainable Water Use Ordinance in Stage I and is the "New Normal" in Burbank. The effect of the three day a week watering limitation will continue to be monitored. Given potential future actions by the State, Burbank appears well positioned to meet the future requirements. Besides conservation measures, Burbank made significant strides in

converting major irrigation and building cooling towers to recycled water, these conversions are 100% conservation that will continue year after year. BWP continues to work with customers to utilize recycled water where practical but recognizes that the largest users have been converted.

Governor Brown issued Executive Order B-40-17, on April 7, 2017, recognizing that the drought was over in California, with the exception of 4 counties in the Central Valley that rely on depleted groundwater basins. The Executive Order does state that the Orders and Provisions in "Making Water Conservation a California Way of Life" remain in full force and effect. This includes the Department of Water Resources (Department) continuing to work with the State Water Board to develop standards that urban water suppliers will use as efficiency targets as directed by Executive Order B-37-16. As directed by the Executive Order B-37-16, the State Water Board shall adopt urban water use efficiency standards that include indoor use, outdoor use and leaks, as well as performance measures for commercial, industrial and institutional water use. Some language is also directed at conserving recycled water which is not in short supply. This would impact Burbank's use of recycled water. The Department shall provide technical assistance and urban landscape area data to urban water suppliers for determining efficient outdoor use. These water use standards must be in place by May 20, 2021, but the State Water Board may set interim standards to ensure progress before the long term standards are adopted in 2021.This promises a significant intrusion by the State into detailed water use decisions in Burbank, as well as any other water purveyor, beyond simple efficient volumetric use of water. BWP is paying close attention and working with regional and industry groups to comment on, and influence, the development of these standards.

Legislation is also moving forward for the state to fund operation and maintenance of water facilities in disadvantaged communities, as well as separate legislation to provide low income rate assistance. Both of these efforts are moving forward under the auspices of water as a basic human right as defined by the California Legislature. One means of paying for these initiatives is proposed as fees attached to individual consumer's water bills as opposed to funding through the State General Fund. The Governor has also included this funding mechanism in the proposed state budget. This approach is highly contested by water agencies and is active in the current legislative session. The proposed monthly $1 fee on water bills is a voluntary contribution that may be opted out of by the customer. Final action is pending.

In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allowed MWD to deliver water in advance of demand to Member Agencies for storage in the groundwater basin. Member agencies participating in the program would be charged MWD's rate for full service untreated water in effect at the time the stored water was withdrawn. MWD delivered a total of 5,719 AF of Cyclic Storage Water (CSW) in the San Fernando Groundwater Basin (SFGB) for Burbank in 2017. In December of 2018, BWP pre-paid for this CSW for future use. Due to the bountiful 2019 water year, the CSW was offered again and by the end of December 2019 Burbank had spread a total of 12,208.85 acre-feet of untreated water, including CSW. Burbank intends to coincide the use of CSW with planned upgrade work at the Pacoima Spreading Grounds (PSG) in the Spring of 2020; and any remaining CSW will be used to displace future higher priced untreated water. The PSG is where Burbank typically spreads about 6,600 AF of water annually for storage in the SFGB.

The City Council approved two agreements on September 11, 2018 covering future operation of the Burbank Operable Unit (BOU). The agreements will allow well water from the North Hollywood Operable Unit (NHOU) to be brought to the BOU for treatment, and for the treated/blended water from the Valley Pumping Plant to be delivered into the Los Angeles potable water system.

Lockheed Martin is in the process of designing additional extraction wells in the NHOU Eastern Plume area and designing the conveyance required to transport this supply to the BOU treatment plant. It is anticipated that the BOU treatment plant will be operated at its 9,000 gpm design capacity with the addition of the groundwater supply from the NHOU. This proposed water system inter-connection agreement with LADWP would allow BWP to treat the additional groundwater that will accelerate contaminant removal from the aquifer and optimize the BOU's capacity for the benefit of Burbank citizens.

Lockheed Martin is currently conducting a focused feasibility study (FFS) at the BOU. The overall objective of the FFS is to determine if the BOU (treatment plant and wells) requires modification to achieve the remedial action objectives of contamination and continue to supply the City of Burbank with safe drinking water. Capital improvements to the BOU treatment plant is one potential outcome of the FFS. A seismic analysis of the BOU was already conducted and the results show that only minor improvements are needed. Advanced treatment technologies are also being investigated to improve the overall efficiency of the BOU.

On October 23, 2018, America's Water Infrastructure Act (AWIA) was signed into U.S. Federal law. AWIA Section 2013 requires community drinking water systems serving more than 3,300 people to develop or update risk assessments and emergency response plans (ERP). The law specifies the components that the risk assessments and ERPs must address, and establishes deadlines by which water systems must certify to U.S. Environmental Protection Agency completion of the risk assessment and ERP. Assessment is currently underway and Burbank is on track to meet the deadlines for completion of the risk assessment and ERP.

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 Bob Liu, Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91503.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position
June 30, 2019
(With comparative financial information for the year ended June 30, 2018)
(In Thousands)

	Electric		Water	
Assets	**2019**	**2018**	**2019**	**2018**
Current and regulatory assets:				
Cash and cash equivalents (note 2):				
General operating	$ 61,975	75,097	10,293	9,480
Capital and debt reduction	10,000	10,000	2,220	2,220
General plant	800	800	-	-
Fleet replacement	2,210	2,210	-	-
Greenhouse gas credits' proceeds	69	69	-	-
Lower carbon fuel credits' proceeds	2,267	1,249	-	-
WCAC	-	-	162	344
Distribution mains	-	-	1,100	1,100
Total cash and cash equivalents	77,320	89,425	13,775	13,145
Accounts receivable, net (note 3)	13,482	16,459	3,108	3,335
Inventories (note 4)	7,538	6,300	3,790	3,487
Due from the City (note 11)	4,340	670	-	-
Deposits and prepaid expenses (note 5)	31,243	31,341	4,023	34
Interest receivable	403	403	59	58
Regulatory costs to be recovered in one year (note 6)	75	98	168	147
Restricted nonpooled investments (note 2)	5,896	5,682	182	184
Total current and regulatory assets	140,297	150,378	25,106	20,390
Noncurrent and regulatory assets:				
Regulatory costs for future recovery (note 6)	43	108	75	123
Total noncurrent and regulatory assets	43	108	75	123
Capital assets (note 7):				
Land	2,734	2,734	309	309
Rights to purchase power	1,335	1,335	-	-
Utility plant and buildings	490,837	456,386	153,415	149,979
Machinery and equipment	71,153	70,342	6,645	6,639
Construction in progress	41,898	43,225	7,541	6,511
Total utility plant and equipment	607,957	574,022	167,910	163,438
Less accumulated depreciation	(301,451)	(283,207)	(73,292)	(69,423)
Total capital assets, net	306,506	290,815	94,618	94,015
Total assets	446,845	441,301	119,798	114,527
Deferred amounts from pensions (note 15)	14,603	21,779	2,298	3,410
Deferred amounts from OPEB (note 16)	682	660	93	92
Total deferred outflows of resources	15,285	22,439	2,391	3,502
Total assets and deferred outflows of resources	$ 462,131	463,740	122,189	118,029

See accompanying notes to basic financial statements. (Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position
June 30, 2019
(With comparative financial information for the year ended June 30, 2018)
(In Thousands)

	Electric		Water	
Liabilities	**2019**	**2018**	**2019**	**2018**
Current liabilities:				
Accounts payable	$ 5,949	8,425	1,437	1,974
Accrued expenses	819	1,663	-	-
Bond interest payable	344	361	147	150
Due to the City of Burbank (note 11)	167	661	-	-
Customer deposits (note 10)	11,481	9,302	1,525	658
Unearned revenue (note 14)	-	6,440	-	-
Current portion of revenue bonds payable, net (note 9)	4,485	4,280	895	860
Current portion of loan payable (note 9)	-	-	431	421
Current portion of compensated absences (note 9)	335	357	67	36
Total current liabilities	23,580	31,491	4,503	4,099
Noncurrent liabilities:				
Revenue bonds payable, net (note 9)	65,470	70,340	30,045	31,003
Loan payable (note 9)	-	-	5,973	6,404
Advances from the City of Burbank (note 11)	-	-	3,950	-
Compensated absences (note 9)	5,414	4,794	750	854
Net OPEB liability (note 16)	5,387	5,441	913	914
Net pension liability (note 15)	73,226	78,580	11,499	12,340
Total noncurrent and regulatory liabilities	149,497	159,155	53,129	51,515
Total liabilities	173,077	190,646	57,632	55,614
Deferred inflows of resources:				
Deferred amounts on pensions (note 15)	5,184	5,257	814	825
Deferred amounts on OPEB (note 16)	373	353	20	18
Regulatory credits for future recovery (note 8)	-	-	162	344
Regulatory credits (note 14)	584	1,927	2,772	2,890
Total deferred inflows of resources	6,141	7,537	3,769	4,077
Net Position				
Net position, as restated (see note 20):				
Net investment in capital assets	236,551	216,195	57,274	55,328
Restricted for debt service	5,896	5,682	182	184
Unrestricted	40,466	43,683	3,333	2,826
Total net position, as restated (see note 20)	$ 282,913	265,559	60,789	58,338

See accompanying notes to basic financial statements.

CITY OF BURBANK

WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position
June 30, 2019
(With comparative financial information for the year ended June 30, 2018)
(In thousands)

	Electric		Water	
	2019	2018	2019	2018
Operating revenues:				
Sale of power-retail	$ 162,386	176,450	-	-
Sale of power and fuel-wholesale (note 13)	21,791	21,252	-	-
Sale of water	-	-	30,578	30,565
Intergovernmental	94	95	39	8
Other revenues	8,410	6,353	663	3,510
Total operating revenues	192,681	204,150	31,280	34,083
Operating expenses:				
Power supply expenses-retail (note 12)	97,292	87,759	-	-
Purchased power and fuel expenses-wholesale (note 13)	20,273	19,045	-	-
Water supply expenses (note 1)	-	-	11,892	12,015
Water maintenance and operation expenses	-	-	10,986	10,010
Transmission expenses	13,986	14,205	-	-
Distribution expenses	10,739	9,965	-	-
Other operating expenses (note 1)	24,167	24,718	1,795	4,867
Depreciation	18,281	17,392	3,929	3,683
Total operating expenses	184,737	173,083	28,602	30,575
Operating income	7,943	31,067	2,678	3,508
Nonoperating income (expenses):				
Interest income	4,205	720	546	43
Payments for in lieu of taxes to City (note 11)	-	(11,356)	-	-
Bond interest expense	(4,319)	(4,506)	(1,730)	(1,763)
Loan interest expense	-	-	(191)	(188)
Gain (loss) on disposal of capital assets (note 1)	122	217	4	3
Other income (expenses), net (note 14)	1,223	1,391	538	534
Total nonoperating income (expenses)	1,231	(13,534)	(833)	(1,369)
Income before contributions	9,174	17,533	1,845	2,139
Capital contributions	8,180	6,601	606	737
Total capital contributions and transfers	8,180	6,601	606	737
Change in net position	17,354	24,134	2,451	2,876
Net position, July 1	265,559	241,425	58,338	55,462
Net position, June 30	$ 282,913	265,559	60,789	58,338

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Cash Flows
June 30, 2019
(With comparative financial information for the year ended June 30, 2018)

(In Thousands)

	Electric		Water	
	2019	2018	2019	2018
Cash flows from operating activities:				
Cash received from customers	$ 193,760	202,128	31,438	33,915
Cash paid to suppliers	(151,142)	(118,348)	(18,510)	(21,130)
Cash paid to employees	(25,833)	(25,756)	(6,516)	(6,107)
Other income (expense)	1,240	264	572	569
Net cash provided by operating activities	18,025	58,288	6,984	7,247
Cash flows from noncapital financing activities:				
Payments received from other funds	280	551	-	-
Proceeds from other governmental agencies	94	94	39	8
Transfers to other funds	50	-	-	-
Payment in lieu of taxes to City	-	(11,356)	-	-
Net cash provided by (used in) noncapital financing activities	424	(10,711)	39	8
Cash flows from capital and related financing activities:				
Principal payments - bond	(4,280)	(4,100)	(860)	(830)
Interest paid	(4,336)	(4,522)	(1,733)	(1,763)
Contributed capital	8,180	6,601	606	737
Acquisition and construction of assets	(34,445)	(36,312)	(4,529)	(3,637)
Proceeds from sales of capital assets	122	-	-	-
Principal payments - loan payable	-	-	(421)	(409)
Net cash used in capital and related financing activities	(34,759)	(38,333)	(6,937)	(5,902)
Cash flows from investing activities:				
Interest received	4,205	612	545	30
Purchases of restricted investments	-	(532)	-	-
Net cash provided by investing activities	4,205	80	545	30
Net increase (decrease) in cash and cash equivalents	(12,105)	9,324	631	1,384
Cash and cash equivalents - July 1	89,425	80,101	13,145	11,762
Cash and cash equivalents - June 30	$ 77,320	89,425	13,775	13,145

See accompanying notes to basic financial statements.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Cash Flows
June 30, 2019
(With comparative financial information for the year ended June 30, 2018)

(In Thousands)

	Electric		Water	
	2019	2018	2019	2018
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :				
Operating income (loss)	$ 7,943	31,067	2,678	3,508
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	18,281	17,392	3,929	3,683
Other income	1,240	357	572	6
Gain/(loss) on sale of fixed assets	-	217	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	2,977	(2,247)	227	125
(Increase) decrease in due to/from City of Burbank	(4,164)	551	-	375
(Increase) decrease in inventories	(1,238)	232	(304)	(478)
(Increase) decrease in prepaid items	98	(3,375)	(3,989)	(2)
(Increase) decrease in deferred outflows	7,154	(5,068)	1,111	(754)
Change in reporting of operating / non-operating income	(182)	267	(260)	(230)
(Increase) decrease in regulatory assets	-	3,769	-	(253)
(Increase) decrease in deferred bond issuance costs	(297)	(359)	(37)	(47)
Increase (decrease) in accounts payable and accrued expenses	(3,320)	127	(420)	491
Increase (decrease) in interfund payable	-	-	3,950	-
Increase (decrease) in net pension and OPEB liability	(5,408)	12,716	(842)	1,271
Increase (decrease) in deferred inflows	(53)	(429)	(308)	(106)
Increase (decrease) in compensated absences	598	(490)	(73)	(18)
Increase (decrease) in unearned revenue	(6,440)	3,722	(118)	-
Increase (decrease) in customer deposits	2,179	(1,314)	867	(204)
Increase (decrease) in deferred revenue	(1,343)	1,155	-	(119)
Total adjustments	10,081	27,223	4,306	3,739
Net cash provided by operating activities	$ 18,025	58,288	6,984	7,247
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments	$ 1,895	(1,723)	285	(255)

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' 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. 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 consists of capital assets, including 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 for debt service 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 for debt service 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 Electric and Water 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 Electric and Water 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 Electric and Water Utility Funds' operations were established by the City in 1913. Burbank Water and Power (BWP) manages the generation, purchase, transmission, distribution, and sale of water and electric energy. The activities of BWP are overseen by the City Council.

The Electric and Water Utility Enterprise Funds are used to account for the operation, maintenance, and construction of the City-owned electric and water utility. The City considers the Electric and Water Utility Funds to be Enterprise Funds (a proprietary fund type) as defined under accounting principles generally accepted in the United States of America. As an integral part of the City's overall operations, the Electric and Water Utility Funds' operations are also included in the City's Comprehensive Annual Financial Report.

The Electric and Water Utility Funds follow the regulatory accounting criteria set forth per the GASB 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) New Accounting Pronouncements

Current Year Standards

- GASB 83—"Certain Asset Retirement Obligations", effective for periods after June 15, 2018, and did not impact the Utility.
- GASB 88—"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements", effective for periods beginning after June 15, 2018, and did not significantly impact the Utility.

Pending Accounting Standards:

GASB has issued the following statements which may impact the Utility's financial reporting requirements in the future.

- GASB 84 - "Fiduciary Activities", effective for periods beginning after December 15, 2018.
- GASB 87 - "Leases", effective for periods beginning after December 15, 2019.
- GASB 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period", effective for periods beginning after December 15, 2019.
- GASB 90 - "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61", effective for periods beginning after December 15, 2018.
- GASB 91—"Conduit Debt Obligations", effective for periods beginning after December 15, 2020.

(E) Self-Insurance

The Electric and Water Utility Funds are part of the City's self-insurance programs, which provide coverage for general liability and workers' compensation claims. See NOTE 17, Self-Insurance, for additional information on the City's self-insurance programs.

(F) 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, 2019. Maintenance and repairs that do not add value to or materially extend useful lives of

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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. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTE 7):

Boiler Plant	20 to 30 years
Buildings and Improvements	25 to 40 years
Distribution Stations	20 years
Electric Meters	10 to 20 years
Machinery and Equipment (except vehicles)	5 to 40 years
Office Equipment	5 years
Poles, Towers, and Fixtures	20 to 40 years
Production Plant	20 to 40 years
Reservoirs and Tanks	40 years
Transformers	25 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

(G) 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, 2019, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3).

(H) Inventories

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

(I) Deposits and Prepaid Expenses

The Electric and Water 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 Electric and Water Funds also prepay certain expenses, recording them as prepaid, which are then recognized as expense as benefits are received (see NOTE 5).

(J) Restricted Nonpooled Investments

The Electric and Water 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).

(K) 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).

(L) 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.

(M) Revenue Recognition

Revenues are recorded in the period in which they are earned. The Electric and Water 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, sales of potable and recycled water, and charges for electric and water related work

performed for customers such as aid-in-construction, and service connection and relocation fees.

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 $1,164 allows for 100% prorated reimbursement for approved expenditures. Grant revenue is deferred to match depreciation as capitalized projects have been placed in service (see NOTE 14).

The Water Utility Fund's revenues include the recognition of contributed assets for the Burbank Empire Center and Bob Hope Airport. The values of the contributed assets have been recorded as regulatory credits. The contributed assets are recognized as revenue to match depreciation expense over the course of their useful lives at 25 to 40 years (see NOTE 14).

Also included in the Water Utility Fund's revenues is a Water Cost Adjustment Charge (WCAC). WCAC revenues in excess of water supply expenses have been recorded as regulatory credits (see NOTE 8).

(N) 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 12.

Water supply expenses include purchased water, electricity used to pump water, and chemicals used in water treatment (see NOTE 8).

Other operating expenses include all costs associated with the Electric and Water 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.

(O) 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 reported as current and noncurrent regulatory costs. Amortization of bond premiums and discounts are included in interest expense (see NOTE 9).

(P) 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 Electric and Water 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.

(Q) 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.

(R) 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

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

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.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Electric	Water	Total
Unrestricted cash and investments	$ 77,320	13,775	$ 91,095
Restricted investments	5,896	182	6,078
Total	**$ 83,216**	**13,957**	**$ 97,173**
Cash on hand	$ 14	-	$ 14
Held by fiscal agent	5,896	182	6,078
Equity in City investment pool	77,306	13,775	91,081
Total	**$ 83,216**	**13,957**	**$ 97,173**

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 Electric and Water Utility Funds have investments of debt proceeds held by bond trustee that are classified as current restricted nonpooled investments.

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

BWP has no separate bank accounts or investments other than investments held by bond trustee and BWP's equity in the cash and investment pool managed by the City. BWP is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council. BWP has not adopted a formal investment policy separate from that of the City. GASB Statement No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. GASB Statement No. 72 establishes disclosure requirements for fair value measurements related to investments. The information related to authorized investments, credit risk, etc. is available in the Comprehensive Annual Financial Report of the City. The Electric and Water Utility Funds' equity in the City's investment pool is not subject to fair value hierarchy.

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

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code.

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

The City's investments are reported at fair value. The City categorizes its fair values measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices of similar assets in active markets and Level 3 inputs are significant unobservable inputs. Investments held by fiscal agent are not subject to fair value hierarchy.

NOTE 3: Accounts Receivable

Accounts receivable for the Electric and Water Utility Funds as of June 30, 2019 and 2018 are:

	Electric		Water	
	2019	2018	2019	2018
Billed accounts receivable	$ 7,218	$ 9,368	$ 1,529	$ 1,502
Unbilled accounts receivable	6,447	7,263	1,602	1,872
Allowance	(183)	(171)	(23)	(39)
Total	**$ 13,482**	**16,459**	**3,108**	**3,335**

The Electric Fund's 2018 accounts receivable includes billings of $1,456 for lower carbon fuel credits' sales, and accruals of $918 for CalTrans reimbursements for the relocation of the Burbank Boulevard Bridge and continuous work on the Interstate 5 Project.

NOTE 4: Inventories

Inventories for the Electric and Water Utility Funds as of June 30, 2019 and 2018 are:

	Electric		Water	
	2019	2018	2019	2018
Materials and supplies inventory	$ 7,538	6,300	578	544
Ground water inventory	-	-	3,212	2,942
Total	**$ 7,538**	**6,300**	**3,790**	**3,487**

During the fiscal year the Electric Utility purchased $1.8m of copper cable for emergency reserves, and for the planned LADWP Tunnel Boring and Avion Burbank Development Projects in fiscal year 2019/20.

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

NOTE 5: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of $31,243 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a $16,817 deposit with SCPPA for future use in projects, a $10,315 prepayment to the SCPPA Natural Gas Reserve for future gas deliveries, a $2,847 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), and $1,076 in various prepaid renewables. In addition, in June 2000, the City prepaid a lease payment of $1,500 for the use of land to locate a new switching station. The twenty-year lease began in January 2002. For the fiscal year ended June 30, 2019, the Electric Fund amortized $75 on this prepaid lease, leaving a balance of $188.

The Water Utility Fund shows a total of $4,023 in deposits and prepaid expenses for the fiscal year ended June 30, 2019, compared to $34 for the fiscal year ended June 30, 2018. The composition of these deposits and prepaid expenses includes a $3,975 prepayment to MWD for cyclic storage water, a $21 prepayment for dam fees, $16 in prepayments for software maintenance, and other prepayments of $11.

NOTE 6: Regulatory Assets (Costs)

Utility regulatory assets are reported for unamortized bond issuance costs. These assets are classified as current and noncurrent, and the balances for the Electric and Water Utility Funds as of June 30, 2019 and 2018 are $118 and $206, and $243 and $270, respectively. The Electric Utility's 2012A Series Bonds' term is 10 years, and the Water Utility's 2010A and 2010B Series Bonds' term are 12 years and 30 years, respectively.

NOTE 7: Capital Assets

Capital assets include the following as of June 30, 2019:

Electric	Balance as of June 30, 2018	Additions	Deletions	Balance as of June 30, 2019
Capital assets not being depreciated:				
Land	$ 2,734	-	-	**$ 2,734**
Construction in progress	43,225	34,270	(35,597)	**41,898**
Total capital assets not being depreciated	**45,959**	**34,270**	**(35,597)**	**44,632**
Capital assets being depreciated:				
Rights to purchase power	1,335	-	-	**1,335**
Accumulated depreciation	(799)	(43)	-	**(842)**
Buildings and improvements	456,386	34,487	(36)	**490,837**
Accumulated depreciation	(231,228)	(13,698)	35	**(244,891)**
Machinery and equipment	70,342	856	(45)	**71,153**
Accumulated depreciation	(51,180)	(4,583)	45	**(55,718)**
Total capital assets being depreciated, net	**244,856**	**17,019**	**(1)**	**261,874**
Total net capital assets	**$ 290,815**	**51,289**	**(35,598)**	**$ 306,506**

Water	Balance as of June 30, 2018	Additions	Deletions	Balance as of June 30, 2019
Capital assets not being depreciated:				
Land	$ 309	-	-	**$ 309**
Construction in progress	6,511	4,316	(3,286)	**7,541**
Total capital assets not being depreciated	**6,820**	**4,316**	**(3,286)**	**7,850**
Capital assets being depreciated:				
Buildings and improvements	149,979	3,436	-	**153,415**
Accumulated depreciation	(64,710)	(3,532)	-	**(68,242)**
Machinery and equipment	6,639	65	(59)	**6,645**
Accumulated depreciation	(4,713)	(397)	60	**(5,050)**
Total capital assets being depreciated, net	**87,195**	**(428)**	**1**	**86,768**
Total net capital assets	**$ 94,015**	**3,888**	**(3,285)**	**$ 94,618**

Capitalized Interest

The Electric and Water Utility Funds had no capitalized interest for the current and prior fiscal years.

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

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.

During the fiscal year, the Electric Utility invested $5,237 in betterments for its share of the Intertie. These capital improvements are expected to continue until 2024.

Note 8: Regulatory Credits for Future Recovery

The Water Utility Fund's revenues include a Water Cost Adjustment Charge (WCAC). WCAC revenues in excess of water supply expenses have been recorded as unearned in a water cost adjustment regulatory credit account. Water supply expenses (WCAC expenses) include purchased water, electricity to pump water, and chemicals used to treat water.

The WCAC regulatory credits balance is $162 and $344 at June 30, 2019 and 2018, respectively, and is reported in deferred inflows of resources.

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

(A) Loan Payable

Water Loan Payable	2019	2018
This SWRCB Loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is $1,916, of which $521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.	$ 356	$ 381
Less current portion	(25)	(25)
Total for Recycled Water Pumping Station	**331**	**356**
This loan was issued for the purpose of Constructing the Valhalla Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Valhalla Memorial Park and Cemetery and other recycled water customers in its vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,062, of which $3,709 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2031.	2,494	2,670
Less current portion	(180)	(176)
Total for Valhalla Recycled Water Main Extension	**2,314**	**2,494**
This loan was issued for the purpose of Constructing the Studio District Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Warner Brothers, Disney, and NBC Studios and other recycled water customers in their vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,161, of which $3,240 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2032.	2,236	2,379
Less current portion	(147)	(143)
Total for Studio District Recycled Water Main Extension	**2.089**	**2.236**
This loan was issued for the purpose of Constructing the Northern Burbank Main Extension. This pipeline extends the existing Recycled Water Distribution System to Brace Canyon Park, Woodbury University and I-5 landscaping and other recycled water customers in its vicinity. The cost of the project is estimated to be $1,934, of which $1,784 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2033.	1,318	1,396
Less current portion	(79)	(77)
Total for Northern Burbank Main Extension	**1,239**	**1,318**
Total long-term intergovernmental loan payments	**$ 5,973**	**$ 6,404**

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A schedule of aggregate maturities, including interest, on the intergovernmental loans payable subsequent to June 30, 2019 is as follows:

SWRCB Loan for the Studio District Recycled Water Main Extension

	Water		
	Principal	Interest	Total
2020	147	58	205
2021	151	54	205
2022	154	50	205
2023	159	46	205
2024	163	42	205
2025-2029	879	146	1,025
2030-2032	583	31	614
	$ 2,236	428	$ 2,664

SWRCB Loan for the Northern Burbank Main Extension

	Principal	Interest	Total
2020	79	34	113
2021	81	32	113
2022	83	30	113
2023	86	28	114
2024	88	26	114
2025-2029	475	93	568
2030-2033	427	28	455
	$ 1,318	271	$ 1,590

SWRCB Loan for the Recycled Water Distribution System

	Water		
	Principal	Interest	Total
2020	25	9	34
2021	26	9	35
2022	27	8	35
2023	28	7	35
2024	28	6	34
2025-2029	154	21	175
2030-2031	67	3	70
	$ 356	63	$ 418

SWRCB Loan for the Valhalla Recycled Water Main Extension

	Principal	Interest	Total
2020	180	65	245
2021	184	60	244
2022	189	55	244
2023	194	50	244
2024	199	45	244
2025-2029	1,077	147	1,224
2030-2031	471	18	489
	$ 2,494	440	$ 2,934

(B) Revenue Bonds Payable

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

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	Electric	
2010A Series Bonds:	**2019**	**2018**
These bonds were issued to partially advance refund the 1998 Bonds and the 2001 Bonds and to pay the costs of issuance of the Series 2010A Bonds. Payable in installments ranging from $2,290 to $3,530. 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, 2023. 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.	$ 13,535	$ 16,815
Less:		
Current portion	(3,445)	(3,280)
Original issue discount/premium	163	294
Long-term Bonds Series A of 2010	**$ 10,253**	**$ 13,829**

	Electric	
2012 Series A Bonds:	**2019**	**2018**
These bonds were issued to refund on a current basis all of the outstanding 2002 Electric Bonds and to pay the costs of issuance of the Series 2012A Bonds. Payable in installments ranging from $375 to $1,145. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2022. 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.	$ 3,275	$ 4,275
Less:		
Current portion	(1,040)	(1,000)
Original issue discount/premium	115	208
Long-term Bonds Series A of 2012	**$ 2,350**	**$ 3,483**
Total Electric long-term revenue bonds payable	**$ 65,470**	**$ 70,340**

	Electric	
2010B Series Bonds:	**2019**	**2018**
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	$ 52,665
Less:		
Current portion	-	-
Original issue discount/premium	201	363
Long-term Bonds Series B of 2010	**$ 52,866**	**$ 53,028**

	Water	
2010A Series Bonds:	**2019**	**2018**
These bonds were issued to refund on a current basis all of the outstanding 1998 Water Bonds, finance the costs of certain improvements to the City's water system and to pay the costs of issuance of the Series 2010A Bonds. Payable in installments ranging from $165 to $970. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2023. 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.	$ 2,960	$ 3,820
Less:		
Current portion	(895)	(860)
Original issue discount/premium	128	198
Long-term Bonds Series A of 2010	**$ 2,193**	**$ 3,158**

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	Water	
2010B Series Bonds:	**2019**	**2018**
These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from $850 to $2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.	$ 27,945	$ 27,945
Less:		
Current portion	-	-
Original issue discount/premium	(93)	(101)
Long-term Bonds Series B of 2010	**$ 27,852**	**$ 27,844**
Total Water long-term revenue bonds payable	**$ 30,045**	**$ 31,003**

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, 2019 is as follows:

	Electric		Water		
	Principal	**Interest**	**Principal**	**Interest**	**Total**
2020	4,485	2,979	895	1,698	**10,057**
2021	4,290	2,758	930	1,662	**9,640**
2022	4,505	2,544	970	1,625	**9,644**
2023	3,530	2,318	1,015	1,577	**8,440**
2024	2,210	2,142	1,050	1,527	**6,929**
2025-2029	12,445	9,318	5,815	6,776	**34,354**
2030-2034	15,200	6,608	7,750	4,986	**34,544**
2035-2039	18,615	3,219	10,205	2,469	**34,508**
2040	4,195	172	2,275	132	**6,774**
Total	**$ 69,475**	**32,058**	**30,905**	**22,453**	**$ 154,890**

(C) Pledged Revenue

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

		FY 18-19 Net Revenue Pledged	**Total Bond Principal Debt**	**Total Bond Interest Debt**	**Principal Paid this Fiscal Year**		**Interest Paid this Fiscal Year**	
Electric Utility	$	26,224	69,475	32,058	4,280		4,319	(1)
Water Utility	$	6,607	30,905	22,453	860	(2)	1,730	(1), (3)

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

(2) For 2010A Series Bonds.

(3) Includes interest only payments of $1,568 for 2010B Series Bonds.

(D) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2019:

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	July 1, 2018	Additions	Retirements	July 1, 2019	Due within 1 Year
Revenue Bonds Payable:					
2010 Series A Bonds	$ 16,815		(3,280)	13,535	$ 3,445
2010 Series B Bonds	52,665		-	52,665	-
2012 Series A Bonds	4,275		(1,000)	3,275	1,040
Compensated Absences	5,151	1,132	(535)	5,749	335
	$ 78,907	**1,132**	**(4,815)**	**75,224**	**$ 4,820**
Less current portion	(4,636)			(4,820)	
Less unamortized bond premium (discount)	865			480	
Total	**$ 75,134**			**$ 70,884**	

The following is a summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2019:

	July 1, 2018	Additions	Retirements	July 1, 2019	Due within 1 Year
Loans and Revenue Bonds Payable:					
Intergovernmental Loan Payable	$ 381		(25)	356	$ 25
Intergovernmental Loan Payable	2,670		(176)	2,494	180
Intergovernmental Loan Payable	2,379		(143)	2,236	147
Intergovernmental Loan Payable	1,396		(78)	1,318	79
2010 Series A Bonds	3,820		(860)	2,960	895
2010 Series B Bonds	27,945		-	27,945	-
Compensated Absences	890	436	(509)	817	67
	$ 39,480	**436**	**(1,792)**	**38,124**	**$ 1,393**
Less current portion	(1,317)			(1,393)	
Less unamortized bond premium (discounts)	97			37	
Total	**$ 38,258**			**$ 36,768**	

NOTE 10: Customer Deposits

A portion of the Utility's customer deposits are nonrefundable due to a mandate from the State of California (Electric Utility) and a BWP Board motion (Water Utility). California AB 1890 directs municipalities, including the Electric Utility, to spend 2.85% of its electric revenues for Public Benefits' (PB) programs, including investment in renewable resources. The entire unspent portion of the PB obligation for the Electric Utility has been recorded in the Electric Utility Fund's liabilities, included in customer deposit liabilities. The amount of the PB obligation is part of customer deposits, but reported as the PB liability. The unspent portion of the PB obligation as of June 30, 2019 and 2018 is $6,069 and $5,549, respectively.

NOTE 11: 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 years ended June 30, 2019 and 2018 were as follows:

	Electric		Water	
	2019	2018	2019	2018
Administrative and overhead costs	$ 5,992	5,281	1,999	1,743
Total	**$ 5,992**	**5,281**	**1,999**	**1,743**

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, 2019 and 2018 is as follows:

	Electric	
	2019	2018
Utility Users Tax	$ 10,856	11,772
Total	**$ 10,856**	**11,772**

In addition the City receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2019 is Electric in-lieu of $9,138 and Street Lighting in-lieu of $2,494.

In the prior fiscal year the In-lieu of Taxes on electric revenues were reported in the Electric Fund's financial statements and

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transferred to the City. These charges and credits are reflected in the accompanying statements of revenues, expenses and changes in fund net position for the year ended June 30, 2018 as follows:

Electric Fund	2018
In-lieu of taxes	$ 8,821
Street Lighting	2,536
Total Payment in-lieu of taxes	**$ 11,356**

A loan balance owed to the Electric Utility from the Street Lighting Fund has been recorded as Due from the City. In FY 2011-12, the original loan amount was $1,053. Cumulative payments as of fiscal year end are $663.

During the fiscal year, the Water Utility borrowed $3,950 from the City for the purchase of cyclic storage water from MWD. The interest rate for the loan is the City's pooled investment return rate with payment term not to exceed August 2027, which is the termination date of the multi-year cyclic storage agreement with MWD.

NOTE 12: Power Supply and Fuel Expenses - Retail

A) Retail Energy Supply

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

B) Joint Powers Agency Contracts

The City, through its Electric Utility Fund, has entered into several "take or pay" contracts and "take and pay" contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the 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, 2019 and 2018, the Electric Fund made payments totaling $68,797 and $66,072 for "take or pay" contracts, respectively, and $5,121 and $2,636 for the "take and pay" contract, respectively.

(a) Intermountain Power Agency (IPA)

In 1980, the City, along with the California Cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the Intermountain Power Project (IPP) in Utah. The City, through contract, is entitled to 60 MW or 3.371% of the 1,800 MW of generation at the plant. In addition, the City entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah

municipal and cooperative IPP purchasers, which provides for the City to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

(b) Southern California Public Power Authority (SCPPA)

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

Southern Transmission System Project (STS)

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

Magnolia Power Project (MPP)

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

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.

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Don A Campbell Geothermal (aka Wild Rose)

In November 2013, the City began to receive geothermal energy output from the Wild Rose Geothermal (aka Don A. Campbell) Project, located in Mineral County, Nevada. The term of this agreement is 20 years. This is a geothermal power generating facility with a generating nameplate capacity of 25 MW and a projected capacity of 16.2 MW. The City and the City of Los Angeles are project participants. The City contracted to purchase approximately 15.380% (3.845 MW).

Pebble Springs Wind Project

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

Copper Mountain 3 Solar Project

Copper Mountain 3 Solar Project is located near Boulder City, Nevada, approximately 25 miles southeast of Las Vegas, Nevada. The facility is the third phase of one of the largest photovoltaic solar facilities in the U.S. situated on about 1,400 acres of land. The City and the City of Los Angeles entered into a 20-year power sales agreement through SCPPA. The City's share of this project is 16.000% (40 MW) of the total capacity of 250 MW. The purchase of 40 MW of renewable energy output per year, or approximately 90,000 megawatt hours (MWh) annually, will enable Burbank to meet approximately 7 percent of BWP's resource requirements. 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.

A summary of the City's contracts and related projects and its commitments at June 30, 2019 are shown below:

	City of Burbank portion *	City of Burbank share of bonds	City of Burbank obligation relating to total debt service
Intermountain Power Project	3.371%	$ 22,964	22,487
SCPPA: [1]			
Southern Transmission System	4.498%	19,163	22,662
Magnolia Power Project (Project A)	32.350%	89,786	109,810
Prepaid Natural Gas Project #1	33.000%	96,122	145,704
Milford I Wind Project	5.000%	8,376	11,115
Mead-Adelanto	11.534%	4,091	4,267
Tieton Hydropower Project	50.000%	23,050	38,690
Mead-Phoenix	15.400%	1,640	1,706
Natural Gas Project - Barnett	100.000%	12,817	17,608
Natural Gas Project - Pinedale	100.000%	4,138	5,683
SCPPA Total		259,183	357,245
Total		$ 282,147	$ 379,732

[1] 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.

Following is a schedule detailing 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).

	2019/20		2020/21		2021/22	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 6,386	303	7,302	(258)	5,198	(392)
SCPPA:						
Southern Transmission System	2,192	840	2,694	739	3,537	609
Magnolia Power Project (Project A)	2,337	2,517	37,235 *	2,053	2,573	1,582
Prepaid Natural Gas Project #1	2,127	4,843	2,549	4,720	2,950	4,576
Milford I Wind Project	529	402	555	375	582	348
Mead-Adelanto	2,306	137	1,785	39	-	-
Tieton Hydropower Project	500	1,168	525	1,142	553	1,113
Mead-Phoenix	929	50	711	16	-	-
Natural Gas Project - Barnett	1,240	705	1,160	639	1,096	577
Natural Gas Project - Pinedale	400	228	375	206	354	186
Total	$ 18,946	$ 11,193	$ 54,891	$ 9,671	$ 16,843	$ 8,599

* FY 2020/21 is the last payment for the Magnolia 2017-1 Bonds and assumes no refinancing. However, SCPPA anticipates refinancing the 2017-1.

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	2022/23		2023/24		2024/29	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 3,707	(132)	371	2	-	-
SCPPA:						
Southern Transmission System	2,672	462	2,826	327	5,242	522
Magnolia Power Project (Project A)	2,169	1,470	2,017	1,389	11,382	5,929
Prepaid Natural Gas Project #1	3,203	4,414	3,713	4,232	26,739	17,471
Milford I Wind Project	610	318	640	288	3,705	920
Mead-Adelanto	-	-	-	-	-	-
Tieton Hydropower Project	583	1,082	613	1,049	4,559	4,502
Mead-Phoenix	-	-	-	-	-	-
Natural Gas Project - Barnett	1,036	518	983	463	4,297	1,532
Natural Gas Project - Pinedale	334	167	317	149	1,388	494
Total	$ 14,314	$ 8,299	$ 11,480	$ 7,899	$ 57,312	$ 31,370

	2029/34		2034/39		2039/44	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA:						
Southern Transmission System	-	-	-	-	-	-
Magnolia Power Project (Project A)	13,894	3,961	18,179	1,123	-	-
Prepaid Natural Gas Project #1	42,961	8,728	11,880	598	-	-
Milford I Wind Project	1,755	88	-	-	-	-
Mead-Adelanto	-	-	-	-	-	-
Tieton Hydropower Project	4,871	3,344	6,218	1,964	4,628	276
Mead-Phoenix	-	-	-	-	-	-
Natural Gas Project - Barnett	3,005	357	-	-	-	-
Natural Gas Project - Pinedale	970	115	-	-	-	-
Total	$ 67,456	$ 16,593	$ 36,277	$ 3,685	$ 4,628	$ 276

	Total	
	Principal	Interest
Intermountain Power Project	22,964	(477)
SCPPA:		
Southern Transmission System	19,163	3,499
Magnolia Power Project (Project A)	89,786	20,024
Prepaid Natural Gas Project #1	96,122	49,582
Milford I Wind Project	8,376	2,739
Mead-Adelanto	4,091	176
Tieton Hydropower Project	23,050	15,640
Mead-Phoenix	1,640	66
Natural Gas Project - Barnett	12,817	4,791
Natural Gas Project - Pinedale	4,138	1,545
Total	$ 282,147	$ 97,585

During the fiscal year, the outstanding principal and interest for the Palo Verde and Hoover Uprating Projects was paid in full.

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. For the fiscal year, the Electric Utility Fund has entered into physical hedge contracts for the delivery of natural gas. The purpose of hedging is to protect against fluctuating prices and deliver stable and competitive rates to its retail customers.

Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. At June 30, 2019, the City of Burbank has sufficient freely allocated greenhouse gas allowances for the current compliance period, as was the case for the prior compliance periods ending December 31, 2013 through 2017.

NOTE 13: 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 years ended June 30, 2019 and 2018 are as follows:

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

	2019	2018
Wholesale Revenues	$ 21,791	21,252
Wholesale Costs	20,273	19,045
Wholesale Margin	$ **1,518**	**2,207**

NOTE 14: 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. In fiscal year 2015/16 the CEC also awarded a grant for an additional $164 for installation of new electric vehicle charging stations. The Electric Utility is deferring payments received for these capital assets to match corresponding depreciation over their useful lives, as allowed by Accounting Standards Codification 980 rules under GASB Statement No. 62. The Electric Utility recognized revenue and depreciation expense of $94 for this fiscal year and the prior fiscal year. The deferred CEC payments were reported as regulatory credits in deferred inflows of resources and were $515 for this fiscal year, compared to $609 for the prior fiscal year.

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.

The Electric Utility constructed an electrical substation on approximately 0.32 acres of land owned by the City at the southwest corner of the intersection of N. Ontario Street and Winona Avenue. During the fiscal year, accumulated contributed funds of $6,440 received in 2017 and 2018 were recognized as revenue, as construction was completed in January 2019.

The California Air Resources Board initiated a program, Low Carbon Fuel Credits Standard (LCFS), to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. In fiscal year 2017-18, the Electric Utility sold 7,000 credits for $1,249, and the revenue was deferred. During the fiscal year, revenue was recognized for these credit sales since the LCFS credits were transferred to buyers.

Deferred inflows of resources and unearned revenue as of June 30, 2019 are as follows:

Electric Utility Unearned / Deferred Revenue	2019	2018	2014 - 2017	Total
Ontario Substation aid-in-construction	$ (6,440)	$ 3,722	2,718	$ -
Deferred aid-in-construction payments	**$ (6,440)**	**$ 3,722**	**2,718**	**$ -**
Systems Modernization expenditures	-	-	1,000	$ 1,000
Deferred California Energy Commission (CEC) payments recognized	(94)	(94)	(297)	(485)
Deferred CEC payments	**$ (94)**	**$ (94)**	**$ 703**	**$ 515**
Deferred greenhouse gas allowance sales proceeds	-	-	69	69
Deferred LCFS Credits	**$ (1,249)**	**$ 1,249**	**$ -**	**$ -**
Total Unearned / Deferred Electric Revenue	**$ (7,783)**	**$ 4,877**	**$ 772**	**$ 584**

The Water Utility has recorded contributed assets from prior periods for the Burbank Empire Center and Bob Hope Airport of $3,651 and $1,078, respectively. During the fiscal year the Water Utility recognized revenue and depreciation expense of $118, respectively. For the fiscal year, the Water Utility's regulatory credits balance for the contributed assets is $2,772, compared to $2,890 for the prior fiscal year. These regulatory credits are reported as deferred inflows of resources.

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NOTE 15: 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 Plans, 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, which can be found on the CalPERS website, that include a full description of the pension plans regarding benefit provisions, assumptions and membership information.

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 a 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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the June 30, 2018 measurement date, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After 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%	5.75%
Required employer contribution rates	8.468%	8.468%
Payment of unfunded liability	$12,068,592	-

3. Contributions

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

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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, 2019 and 2018, the Electric and Water 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, 2019	June 30, 2018
Electric Utility Fund	$ 73,226	$ 78,580
Water Utility Fund	11,499	12,340
Total Net Pension Liability	**$ 84,725**	**90,920**

The Electric and Water 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Electric and Water Utility Funds' proportionate share of the net pension liability was based on a projection of the Electric and Water Utility Funds' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Utility's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2017 and 2018 measurement dates were as follows:

	Electric Utility	Water Utility
Proportion - June 30, 2017	34.96%	5.49%
Proportion - June 30, 2018	34.96%	5.49%
Change - Increase (Decrease)	0.00%	0.00%

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

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

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows from pensions resulting from 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 resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

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

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

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

For the year ended June 30, 2019, the City recognized a debit to pension expense for the Electric and Water Utility of $9,037 and $1,419, respectively. At June 30, 2019, 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	$ 7,406	1,167		
Differences between actual and expected experience			(4,192)	(658)
Change in assumptions	6,459	1,014	(993)	(156)
Net differences between projected and actual earnings on plan investments	738	116		
Total	**$ 14,603**	**2,298**	**(5,184)**	**(814)**

$7,406 and $1,167 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending	Electric Utility	Water Utility
2020	5,413	850
2021	213	34
2022	(2,980)	(468)
2023	(633)	(99)
Thereafter	-	-
Total Deferred Inflows of Resources	$ 2,013	$ 317

1. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

	Miscellaneous Plan
Valuation Date	June 30, 2018
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 12.2% (1)
Mortality	(2)

(1) Varies by entry age and service.

(2) 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 2014 experience study report.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each plan, and reflects the long term expected rate of return for each plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out.

Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected Public Employees Retirement Funds (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF, A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating he single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

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

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

	Electric	Water
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 114,708	$ 18,013
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 73,226	$ 11,499
1% Increase	8.15%	8.15%
Net Pension Liability	$ 38,986	$ 6,122

2. Pension Plan Fiduciary Net Position

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

NOTE 16: 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 current PEMHCA minimum contribution amount is $136 per month. In addition, the City pays retiree health contribution amounts of $88.24 per month for 17 management retirees, and $188 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $136 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the Utility is 12.79% to the retiree health contribution amounts. The allocated proportionate share to the Utility is 12.79% to the Electric

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Fund and 2.32% to the Water Fund. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

BERMT

The Burbank Employees Retiree Medical Trust (BERMT) is a single employer, defined benefit plan. The BERMT was established in April 2003 by the city's employee associations to provide post retirement medical benefits to all non-safety employees, including elected and appointed officials. Plan members are required to contribute fifty dollars per bi-weekly pay period, which the City matches. 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 ERISA provisions.

Eligibility for benefits require that members are retired, and have reached age 58 with a minimum of 5 years of contributions into the plan. The benefit ranges from $150 to $630 in reimbursements per month based on years of service, for eligible medical expenses. The BERMT members represented by a bargaining group are required to contribute fifty dollars per pay period. The City contributes fifty dollars per pay period for both represented and unrepresented BERMT members. For the fiscal year 2017-18, the City contributed $1,397 to BERMT. BERMT is not subject to GASB 75 reporting.

URMT

The Utility Retiree Medical Trust (URMT) is an agent multiple employer plan, established during the 2008-09 fiscal year for IBEW members and 14 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200/month for individuals age 50 to age 64 and $750/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/month for fiscal year 2018-19, including payments from BERMT, PEMHCA minimum and URMT. For the fiscal year 2018-19, the City contributed $167.

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 2018-19, the City contributed $4,194 in form of deposits to CERBT.

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

Employees Covered

As of June 30, 2018 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

	URMT
Inactive employees or beneficiaries currently receiving benefits	46
Active employees	145
Total	191

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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, 2019, the City's total contributions of $4,261 consist of payments to the trust of $2,849, and the estimated implied subsidy of $1,412.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability follows.

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.00%	3.00%
Expected long term investment rate of return	6.75%	6.75%
Healthcare cost trend rates (PEMHCA)	6.5% Medicare, 7.5% Non, decreasing to 4% in 2076 and later	
Benefit Increase trend rates (URMT)	0% to 2022, then 4% after	
Pre-retirement turnover	Derived from CalPERS pension plan	
Mortality	(1)	(1)

(1) The probabilities of mortality are dervied 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, please refer to the 1997-2011 experience study report.

The actuarial assumptions used in the June 30, 2017 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 as of June 30, 2018 are summarized in the following table :

Asset Class	New Strategic Allocation	Expected Real Return
Global Equity	57.00%	4.82%
Global Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Real Estate	8.00%	3.76%
Commodities	3.00%	0.84%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each plan, and reflects the long term expected rate of return for each plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out.

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Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

Change of Discount Rate

The discount rate used in the June 30, 2017 valuation was 6.75% as compared to the June 30, 2015 valuation discount rate of 7.25%. The discount rate was changed due to lower expected average returns, a 2.75% inflation assumption reduced from 3.00%, and a 10-year Capital Market Assumption projection.

Changes in the NET OPEB Liability

Changes in the net OPEB liability - URMT	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017 (Measurement date)	$ 9,740	$ 9,338	$ 402
Changes in the year:			
Service cost	291	-	291
Interest on the total OPEB liability	668	-	668
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	154	(154)
Contributions - employee	-	154	(154)
Net investment income	-	717	(717)
Benefit payments	(256)	(256)	-
Administrative expenses	-	(17)	17
Net Changes	703	752	(49)
Balance at June 30, 2018 (Measurement date)	**10,443**	**10,090**	**353**

As of June 30, 2019 the Electric and Water Utility Funds reported net OPEB liability for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan	June 30, 2019
Electric Utility	$ 5,034
Water Utility	913

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

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

	PEMHCA	URMT
1% Decrease	5.75%	5.75%
Net OPEB Liability	$ 7,467	$ 2,206
Current Discount Rate	6.75%	6.75%
Net OPEB Liability	$ 5,947	$ 353
1% Increase	7.75%	7.75%
Net OPEB Liability	$ 4,702	$ (1,107)

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

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

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	PEMHCA	URMT
1% Decrease		
Net OPEB Liability	$ 4,531	$ (1,531)
Current Discount Rate		
Net OPEB Liability	$ 5,947	$ 353
1% Increase		
Net OPEB Liability	$ 7,697	$ 2,702

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

Deferred outflows of resources represent a consumption of net position 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 inflows of resources represent an acquisition of net position 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 OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

For the fiscal year ended June 30, 2019 the City recognized OPEB expense of $610 and $111 for PEMHCA and URMT, respectively.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		PEMHCA	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings:	Electric Fund	-	(111)
	Water Fund	-	(20)
Employer contributions made subsequent to measurement date:	Electric Fund	515	-
	Water Fund	93	-
Total		**$ 608**	**$ (131)**

		URMT	
		Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:	Electric Fund	$ 167	$ -
Differences between projected and actual earnings:	Electric Fund	-	(262)
Total		**$ 167**	**$ (262)**

$608 and $167 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows :

FISCAL YEAR ENDED JUNE 30, 2019 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2018)

Year Ending June 30,	PEMHCA	URMT
2020	(40)	(81)
2021	(40)	(81)
2022	(40)	(81)
2023	(10)	(19)
Thereafter	-	-
Total Deferred Inflows of Resources	**$ (131)**	**$ (262)**

Payable to the OPEB Plan

At June 30, 2019, the Utility reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

NOTE 17: 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 $5,000. 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 $50,000. The layers of coverage above $5,000 are not pooled, but rather jointly purchased.

The workers' compensation coverage is purchased through a pooling agreement. The City self-insures the first $2,000 of each loss and then the pool covers all losses to statutory limits. The City charges the Electric and Water Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There were no significant settlements or reductions in insurance coverage from settlements for the past three years.

Additional information regarding all the City's self-insurance programs can be found in the City's Comprehensive Annual Financial Report.

NOTE 18: Contingencies

Potential Litigation

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

NOTE 19: Subsequent Events

In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allowed MWD to deliver water in advance of demand to Member Agencies for storage in the groundwater basin. Member agencies participating in the program would be charged MWD's rate for full service untreated water in effect at the time the stored water was withdrawn. In December of 2018, BWP prepaid $3,975 for this CSW for future use. Due to the bountiful 2019 water year, the CSW was offered again and by the end of December 2019 Burbank had spread a total of 12,208.85 acre-feet of untreated water including CSW. This untreated water spreading resulted in a February 2020 prepayment made to MWD of $8,924. Burbank intends to coincide the use of CSW with planned upgrade work at the Pacoima Spreading Grounds (PSG) in the Spring of 2020; and any remaining CSW will be used to displace future higher priced untreated water.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 12, 2020 the date the financial statements were available to be issued.

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* REQUIRED SUPPLEMENTARY INFORMATION *

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

ELECTRIC FUND

	2019	2018	2017	2016	2015
Plan's Proportionate Share of Net Pension Liability in %	34.96%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in $	$ 73,226	$ 78,580	$ 71,305	$ 58,442	$ 55,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77%	74%	75%	79%	80%
Covered-Employee Payroll	$ 28,470	27,615	27,587	$ 27,521	27,719
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	257%	285%	258%	212%	199%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 6,663	$ 5,864	$ 5,355	$ 4,788	$ 4,258

WATER FUND

	2019	2018	2017	2016	2015
Plan's Proportionate Share of Net Pension Liability in %	5.49%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in $	$ 11,499	$ 12,340	$ 11,198	$ 9,178	$ 8,647
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77%	74%	75%	79%	80%
Covered-Employee Payroll	$ 4,471	$ 4,337	$ 4,332	$ 4,322	4,353
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	257%	285%	258%	212%	199%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 1,046	$ 921	$ 841	$ 752	$ 669

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

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - 2019

ELECTRIC FUND

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 7,406	$ 6,657	$ 5,355	$ 4,788	$ 4,738
Contributions in Relation to the Actuarially Determined Contribution	(7,406)	(6,657)	(5,355)	(4,788)	(4,738)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 28,470	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	26.01%	24.11%	19.41%	17.40%	17.09%

WATER FUND

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,167	$ 1,045	$ 841	$ 752	$ 669
Contributions in Relation to the Actuarially Determined Contribution	(1,167)	(1,045)	(841)	(752)	(669)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 4,471	$ 4,337	$ 4,332	$ 4,322	$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	26.10%	24.11%	19.41%	17.40%	15.36%

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PEMHCA LIABILITY INFORMATION AND RATIOS
Last 10 Fiscal Years *
ELECTRIC FUND

In Thousands	2019	2018
Plan's Proportionate Share of Net PEMCHA Liability in %	12.79%	12.79%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 5,034	$ 5,039
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	43.22%	40.30%
Covered-Employee Payroll	14,329	14,111
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	35%	36%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 506	$ 405

WATER FUND

	2019	2018
Plan's Proportionate Share of Net PEMCHA Liability in %	2.32%	2.32%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 913	$ 914
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	43.22%	40.30%
Covered-Employee Payroll	$ 2,599	$ 2,560
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	35%	36%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 92	$ 73

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

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

In Thousands	2019	2018
Fiscal year end	6/30/2019	6/30/2018
Measurement date	6/30/2018	6/30/2017
Service cost	$ 291	$ 283
Interest on the total pension liability	668	623
Benefit payments	(256)	(222)
Net Change in Total OPEB liability	703	684
Total OPEB Liability - Beginning of Year	9,740	9,056
Total OPEB Liability - End of Year (a)	10,443	9,740
Plan Fiduciary Net Position:		
Contributions - employer	154	148
Contributions - employee	154	148
Net investment income	717	889
Administrative expenses	(17)	(5)
Benefit payments	(256)	(222)
Net Change in Plan Fiduciary Net Position	752	958
Plan Fiduciary Net Position - Beginning of Year	9,338	8,380
Plan Fiduciary Net Position - End of Year (b)	10,090	9,338
Net OPEB liability - Ending (a) - (b)	$ 353	$ 402
Plan fiduciary net position as a percentage of the total OPEB liability	96.62%	95.87%
Covered payroll	$ 17,698	$ 17,084
Net OPEB liability as a percentage of covered payroll	1.99%	2.35%

Notes to Schedule

1. There were no changes in benefits.
2. There were no changes in assumptions.

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

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years*

In Thousands

UTILITY FUNDS	PEMHCA 6/30/2019	PEMHCA 6/30/2018	URMT 6/30/2019	URMT 6/30/2018
Actuarially determined contribution	$ 608	$ 598	$ 167	$ 154
Contributions in relation to the actuarially determined contribution	(608)	(598)	(167)	(154)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 16,928	$ 16,671	$ 17,698	$ 17,084
Contributions as a percentage of covered-employee payroll	3.59%	3.59%	0.94%	0.90%
Notes to Schedule				
Valuation date	6/30/2017	6/30/2017	6/30/2017	6/30/2017

Methods and assumptions used to determine contribution rates:

Agent multiple employers	Investment rate of return - 6.75%
Amortization method	Investment gains and losses
Asset valuation method	spread over 5-year rolling period
CalPERS 1997-2011 experience study	Level percentage of payroll
Entry age normal	Mortality
Inflation - 2.75%	

* Fiscal year 2018 was the first year of implementation; therefore, two years are shown.

* SUPPLEMENTAL INFORMATION *

Schedule 1

ANNUAL ELECTRIC SUPPLY Fiscal Year ended June 30, 2019		
Resource	**MWh**	**Percentage**
Intermountain Power Project	324,070	29.6%
Hoover Uprating	18,730	1.7%
Palo Verde Nuclear	57,810	5.3%
Magnolia Power Project	319,650	29.2%
Spot Purchases	24,950	2.3%
On-Site Generation	11,540	1.1%
Renewables[(1)]	338,270	30.9%
Total[(2)]	**1,095,020**	**100.0%**

[1]Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Renewable Certificate from Cedar Creek Wind Project, local generation from BWP Valley Pumping Plant, bio-methane gas, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2019, renewable energy resources made up approximately 30.9% 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					
	2015	**2016**	**2017**	**2018**	**2019**
Number of Retail Service:					
Residential	46,259	46,148	46,215	46,140	46,294
Commercial[1]	6,948	6,915	6,971	6,889	6,920
Large Commercial[1]	94	90	86	81	84
Total	**53,301**	**53,153**	**53,272**	**53,110**	**53,298**
Retail Kilowatt-hour Sales (millions)					
Residential	273	279	272	274	274
Commercial	545	538	533	534	524
Large Commercial	291	279	274	270	263
Total	**1,109**	**1,096**	**1,080**	**1,078**	**1,061**
Electric Revenues ($ in thousands):					
Retail[2]	$ 172,344	$ 175,019	$ 175,964	$ 176,450	$ 162,386
Wholesale	$ 35,691	$ 27,150	$ 23,512	$ 21,252	$ 21,791
Other[3]	$ 11,529	$ 5,595	$ 5,912	$ 6,448	$ 8,504
Total	**$ 219,565**	**$ 207,763**	**$ 205,388**	**$ 204,150**	**$ 192,681**
Peak Demand (MW)	317	309	278	320	302

[1]Meter counts include standalone, totalized and submeters.

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

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

* SUPPLEMENTAL INFORMATION *

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC [1] (Cents per Kilowatt-hour)					
	Fiscal Years ended June 30				
	2015	2016	2017	2018	2019
Residential	15.81	16.16	16.51	16.57	15.81
Commercial	15.59	16.08	16.49	16.76	15.89
Large Commercial	13.95	14.31	14.55	14.48	13.66
System Weighted Average Electric Rate	15.21	15.65	16.01	16.14	15.32

[1]All weighted average rates exclude Street Lighting charges. In June 2018, Burbank voters passed Measure T to continue transferring not more than 7% of Burbank Water and Power's gross annual sales of electricity to pay for City's essential services. Prior to 2019, these transfers were embedded in the rates.

Schedule 4

ANNUAL WATER SUPPLY Fiscal Year ended June 30, 2019		
Resource	Acre Feet (AF)	Percentage
Metropolitan Water District	5,865	37.5%
Local Production – BOU	9,778	62.5%
Total	**15,643**	**100.0%**

* SUPPLEMENTAL INFORMATION *

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES Fiscal Years ended June 30					
	2015	**2016**	**2017**	**2018**	**2019**
Number of Water Service:					
Potable					
Residential[1]	22,256	22,223	22,262	22,216	22,173
Commercial[2]	3,260	3,246	3,248	3,213	3,235
Other[3]	1,126	1,134	1,138	1,145	1,160
Recycled	184	217	228	234	236
Total	**26,826**	**26,820**	**26,876**	**26,808**	**26,804**
AF Sales Per Year:					
Potable					
Residential[1]	12,065	10,002	10,862	11,887	11,331
Commercial[2]	4,078	3,368	3,328	3,455	3,340
Other[3]	355	174	192	225	199
Recycled	2,282	2,709	3,004	3,281	2,824
Total in AF	**18,780**	**16,253**	**17,386**	**18,848**	**17,694**
Water Revenues ($ in thousands):					
Retail[4]	$ 26,930	$ 25,099	$ 27,836	$ 30,565	$ 30,578
Other[5]	$ 1,105	$ 4,013	$ 2,702	$ 3,518	$ 702
Total	**$ 28,036**	**$ 29,111**	**$ 30,538**	**$ 34,083**	**$ 31,280**
Maximum Demand Day (AF)	67.1	53.1	57.4	63.5	63.1

[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.

* SUPPLEMENTAL INFORMATION *

Sched 6

WEIGHTED AVERAGE BILLING PRICE – WATER ($ per CCF[1])					
	Fiscal Years ended June 30				
	2015	2016	2017	2018	2019
Residential[2]	3.50	3.71	3.75	3.82	4.04
Commercial[3]	3.17	3.29	3.56	3.66	3.87
Weighted Average Water Rate	3.42	3.61	3.71	3.78	4.00

[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.