

Quint & Thimmig LLP

Attorneys at Law



\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

Closing Date:
December 4, 2012

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

SCHEDULE OF TRANSCRIPT DOCUMENTS

A. BASE LEGAL DOCUMENTS

1. List of Financing Participants.
2. City Resolution No. 28,575, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$8,000,000 PRINCIPAL AMOUNT OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTE DISPOSAL REFUNDING REVENUE BONDS, SERIES 2012, APPROVING THE FORM AND AUTHORIZING EXECUTION OF AN INDENTURE OF TRUST, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A NOTICE OF INTENTION, AN OFFICAL NOTICE OF SALE, A PRELIMINARY OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE AND AUTHORIZING ACTIONS RELATED THERETO," adopted by the City Council of the City on October 30, 2012, together with Certificate of Deputy City Clerk.
3. Acknowledgment No. 2012-1668 of Receipt of Report of Proposed Debt Issuance from the California Debt and Investment Advisory Commission ("CDIAC"), together with Report.
4. Proof of Publication of Notice of Intention to Sell Bonds in *The Bond Buyer*.
5. Official Notice of Sale (the "Notice of Sale") dated November 6, 2012.
6. Preliminary Official Statement, dated November 6, 2012.
7. Evidence of successful bid of Mitsubishi UFJ Securities (USA), Inc., as purchaser (the "Purchaser") of the Bonds, and of all other bids submitted.
8. Certificate of Award, dated November 15, 2012, by the District to the Purchaser.
9. Redemption Instructions and Request to Trustee, dated November 15, 2012, by the City.
10. Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee").
11. Escrow Deposit and Trust Agreement, dated December 4, 2012, by and between the City and Wells Fargo Bank, National Association, as escrow bank (the "Escrow Bank").

12. Continuing Disclosure Certificate, dated December 4, 2012, by the City, as acknowledged and accepted by NBS Government Finance Group, dba NBS, as dissemination agent.
13. Final Official Statement, dated November 15, 2012.
14. Certificate of Delivery of Report of Final Sale to the CDIAC, together with Report.

B. CITY DOCUMENTS

1. Incumbency and Signature Certificate.
2. Certificate as to Arbitrage.
3. Certificate of City.
4. Certificate Regarding Preliminary Official Statement, pursuant to Rule 15c2-12 of the Securities and Exchange Commission.
5. Certificate Regarding Use of Proceeds.
6. Request of the City to the Trustee to authenticate and deliver the Bonds, pursuant to Section 2.01 of the Indenture.
7. Requisition No. 1 for Disbursement from the Costs of Issuance Fund, pursuant to Section 3.03(a) of the Indenture.
8. Request of the City to Trustee Regarding Investments, pursuant to Section 5.07 of the Indenture, as acknowledged by the Trustee.
9. Certificate of Mailing Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, to the Internal Revenue Service, together with Form 8038-G.
10. Opinion of City Attorney.
11. Opinion of Jones Hall, as Disclosure Counsel.

C. TRUSTEE DOCUMENTS

1. Incumbency and Signature Certification of the Trustee, together with general signing resolution.
2. Certificate of Trustee.
3. Trustee's Receipt of Proceeds and Acknowledgment of Transfer of Funds.
4. Certificate of Escrow Bank.
5. Escrow Bank's Receipt of Funds.

D. PURCHASER DOCUMENTS

1. Rating Letter of Standard & Poor's Ratings Services ("AAA").
2. Certificate of Purchaser regarding reoffering price of the Bonds to the public.
3. Receipt for Bonds.
4. Specimen Bonds. (*one per maturity*)

E. BOND COUNSEL DOCUMENTS

1. Final Approving Legal Opinion of Quint & Thimmig LLP, as bond counsel ("Bond Counsel").
2. Defeasance Opinion of Bond Counsel.
3. Reliance Letter to Purchaser Regarding Final Approving Legal Opinion of Bond Counsel.
4. Reliance Letter to Trustee Regarding Final Approving Legal Opinion of Bond Counsel.

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

FINANCING CLOSING CALL PARTICIPANTS

CITY

Ms. Cindy Giraldo (•, X)
 Financial Services Director
 Ms. Nonna Von Sonn
 Assistant to Ms. Giraldo
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 Ms. Carrie Matson
 Deputy Financial Services Director
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aimee.tabor@wellsfargo.com

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Wells Fargo Bank, National Association
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Mr. Kurt Havens
Vice President
Ms. Christina Pae
Executive Director
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New York, NY 10019-6708
(212) 405-7142 (Guanlao)
(212) 405-7414 (Havens)
(212) 405-7463 (Pae)
(646) 434-3558 (Fax)
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cpae@us.sc.mufg.jp

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dlynch@joneshall.com

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Project Manager
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btodd@qtllp.com

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF DEPUTY CITY CLERK

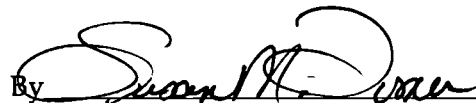
The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Deputy City Clerk of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City; and

(ii) that attached hereto is a true, correct and complete copy of Resolution No. 28,575, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$8,000,000 PRINCIPAL AMOUNT OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTE DISPOSAL REFUNDING REVENUE BONDS, SERIES 2012, APPROVING THE FORM AND AUTHORIZING EXECUTION OF AN INDENTURE OF TRUST, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A NOTICE OF INTENTION, AN OFFICAL NOTICE OF SALE, A PRELIMINARY OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE AND AUTHORIZING ACTIONS RELATED THERETO," adopted by the City Council of the City on October 30, 2012 (the "Resolution"), which Resolution has not been amended, modified, supplemented, rescinded or repealed and is in full force and effect as of the date hereof.

Dated: December 4, 2012

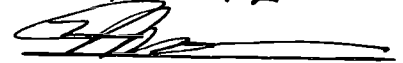
CITY OF BURBANK

By 
Susan M. Domen,
Deputy City Clerk

ATTEST:

DATE:

11-6-12



City Clerk
City of Burbank, California

RESOLUTION NO. 28,575

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$8,000,000 PRINCIPAL AMOUNT OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTE DISPOSAL REFUNDING REVENUE BONDS, SERIES 2012, APPROVING THE FORM AND AUTHORIZING EXECUTION OF AN INDENTURE OF TRUST, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A NOTICE OF INTENTION, AN OFFICAL NOTICE OF SALE, A PRELIMINARY OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE AND AUTHORIZING ACTIONS RELATED THERETO

RESOLVED, by the City Council (the "Council") of the City of Burbank (the "City"), as follows.

WHEREAS, the City has heretofore issued its \$10,290,000 Waste Disposal Revenue Bonds, 2002 Series B, of which \$7,760,000 remains outstanding (the "2002 Bonds") for the purpose of financing the improvement, betterment, renovation and expansion of certain facilities within the City's municipal refuse collection and disposal enterprise (the "Enterprise");

WHEREAS, Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Refunding Bond Law") authorizes the City to issue its refunding bonds for the purpose of refunding obligations of the City;

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of bonds under the Refunding Bond Law to provide for the refunding of the 2002 Bonds;

WHEREAS, to that end, the City has determined to issue its City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "2012 Bonds"), pursuant to an indenture of trust (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee");

WHEREAS, the 2012 Bonds will be secured by a pledge of the net revenues generated by the Enterprise;

WHEREAS, a preliminary official statement (the "Preliminary Official Statement"), a notice of intention (the "Notice of Intention") and an official notice of sale (the "Notice of Sale"), containing information material to the offering and sale of the 2012 Bonds has been prepared on behalf of the City; and

WHEREAS, the Council has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

SECTION 1. Determination to Carry Out Project. The Council hereby determines to carry out the issuance and sale of the 2012 Bonds and the defeasance of the 2002 Bonds.

SECTION 2. Issuance of the 2012 Bonds; Approval of Indenture.

(a) The Council hereby authorizes the issuance of the 2012 Bonds. The maximum aggregate principal amount of the 2012 Bonds shall not exceed \$8,000,000. The Bonds must generate at least 5% of present value savings, as compared to the 2002 Bonds.

(b) The 2012 Bonds shall be issued pursuant to the Indenture. The Council hereby approves the Indenture in the form on file with the City Clerk, together with such non-material additions thereto and changes therein as the Mayor, the Vice Mayor, the City Manager or the Financial Services Director, or any designee thereof (the "Designated Officers"), shall deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such non-material additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest to, the final form of the Indenture for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Indenture.

SECTION 3. Approval of Escrow Agreement The Council hereby approves the escrow agreement (the "Escrow Agreement"), by and between the City and Wells Fargo Bank, National Association, as escrow bank and as trustee for the 2002 Bonds (the "Escrow Bank"), in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer, desirable or appropriate, the execution of which by the City shall be conclusive evidence of the approval of any such non-material additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the City is hereby authorized and directed to attest to, the final form of the Escrow Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Escrow Agreement

SECTION 4. Sale of 2012 Bonds. The Council hereby approves the Notice of Intention, in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer. The City Clerk is hereby

authorized and directed to cause to be published, once at least fifteen (15) days prior to the date to receive bids, the Notice of Intention in *The Bond Buyer*, a financial publication reasonably expected to be disseminated among prospective bidders for the 2012 Bonds. The Council hereby approves the Notice of Sale, in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer. Ross Financial, as financial advisor to the City (the "Financial Advisor"), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the City, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the City, may exercise its own discretion and judgment in making the award and may award the 2012 Bonds on a *pro rata* basis in such denominations as he shall determine. The Financial Advisor, on behalf of the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the City, shall award the 2012 Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

SECTION 5. Official Statement. The Council hereby approves the Preliminary Official Statement, in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Council authorizes and directs any Designated Officer to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the 2012 Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the 2012 Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the 2012 Bonds, and does not, as of the date of delivery of the 2012 Bonds, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded

from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the City.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the 2012 Bonds.

SECTION 6 Continuing Disclosure Certificate. The Council hereby approves a continuing disclosure certificate (the "Continuing Disclosure Certificate"), in the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer, the execution of which by the City shall be conclusive evidence of the approval of any such non-material additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and in the name and on behalf of the City. The City hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

SECTION 7. Official Actions. The Mayor, the Vice Mayor, the City Manager, the Financial Services Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2012 Bonds and the consummation of the transactions as described herein.

SECTION 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED and ADOPTED this 30th day of October, 2012.



Dave Golonski
Mayor of the City of Burbank

Attest:



Zizette Mullins, City Clerk

Approved as to Form
Office of the City Attorney



By: Joseph H. McDougall, Sr. Asst. City Attorney


STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF BURBANK)

I, Zizette Mullins, City Clerk of the City of Burbank, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Council of the City of Burbank at its regular meeting held on the 30th day of October 2012, by the following vote:

AYES: Council Members Bric, Gabel-Luddy, Gordon, Talamantes and Golonski.

NOES: Council Members None.

ABSENT: Council Members None.



Zizette Mullins, City Clerk



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

915 CAPITOL MALL ROOM 400
PO BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

October 2, 2012

TO: Blythe Fleet
Quint & Thimmig LLP
575 Market Street, Suite 3600
San Francisco, CA 94105-2874

FROM: Mark Campbell, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

California Government Code Section 8855 requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any public agency debt issue.

CDIAC acknowledges receipt of your notice of the following proposed debt issuance:

CDIAC Number: 2012-1668
Issuer: Burbank
Project: Solid waste recovery facilities
Proposed Amount: \$8,000,000
Proposed Sale Date: November 01, 2012
Date Notice Received: September 28, 2012

Issuers may electronically file the Report of Final Sale through CDIAC's website, using the following information:

CDIAC Number: 2012-1668
Password: 7700

A CDIAC Number and Password will be provided for each electronic filing of the Report of Proposed Debt Issuance. This information is unique to this filing and must be used for any subsequent reporting under this CDIAC Number.

Please submit the Report of Final Sale and the Official Statement/Offering Memorandum or other Bond Documents in accordance with Government Code Section 8855 on this issue within 45 days of the signing of the bond purchase contract or the acceptance of a bid to purchase the debt, to www.treasurer.ca.gov/cdiac/reporting.asp under the heading "Reporting Forms". Official Statements/Offering Memorandums or other Bond Documents can be sent by e-mail to CDIAC_issuance@treasurer.ca.gov.

Any questions regarding reporting requirements may be directed to CDIAC's Data Unit at (916) 653-3269.

Cc: Cindy Giraldo
Financial Services Director

REPORT OF PROPOSED DEBT ISSUANCE
 California Debt and Investment Advisory Commission
 915 Capitol Mall, Room 400, Sacramento, CA 95814
 P.O. Box 942809, Sacramento, CA 94209-0001
 Tel: (916) 653-3269 Fax: (916) 654-7440

Submitted: Friday, September 28, 2012
 11:54:28AM

Your completion and submittal of this on-line form assures your compliance with existing California State law and will assist in the maintenance of a complete database of public debt in California. Thank you for your cooperation.

ISSUER NAME City of Burbank
ISSUE NAME 2012 Waste Disposal Refunding Revenue Bonds

Please specify type/ name of project:

PROPOSED SALE DATE 11/1/12 **PRINCIPAL TO BE SOLD** 8,000,000 00

WILL A VALIDATION ACTION BE PURSUED: No

IS ANY PORTION OF THE DEBT FOR REFUNDING? Yes, enter proposed amount for refunding: \$8,000,000.00

Issuer Contact

First Name Cindy **Middle Name** **Last Name** Giraldo
Title Financial Services Director **E-Mail** cgiraldo@ci.burbank.ca.us
Address 301 East Olive Avenue **Address (con't)**
Address (con't) **Address (con't)**
City Burbank **State** CA **Zip Code** 91502
Phone 818 238-5487 **Ext.** **ISSUER LOCATED IN** Los Angeles **COUNTY**

Filing Contact

Name of Individual representing Bond Counsel who completed this form and maybe contacted for information.
First Name Brian **Middle Name** D **Last Name** Quint
Firm/ Agency Quint & Thimmig LLP
Address 575 Market Street, Suite 3600 **Address (con't)**
Address (con't) **Address (con't)**
City San Francisco **State** CA **Zip Code** 94105-2874
Phone 415 765-1550 **Ext.** **E-Mail** bqint@qtlp.com
Send acknowledgement to. Blythe Fleet **E-Mail** bffleet@qtlp.com

FINANCING PARTICIPANTS

Bond Counsel Quint & Thimmig LLP
Financial Advisor Ross Financial
Underwriter/ Purchaser

IS THE INTEREST ON THE DEBT TAXABLE?

Under State Law No (tax-exempt) **Under Federal Law** No (tax-exempt)
 If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? No, not a preference item

TYPE OF SALE Competitive **PRIVATE PLACEMENT** No

TYPE OF DEBT INSTRUMENT

Revenue (Public Enterprise) (PERB)
 Please specify if "Other Note/ Other Bond/ Other" was checked.

SOURCE(S) OF REPAYMENT

Public Enterprise Revenues (PER)
 Please specify if "Other" was checked

PURPOSE(S) OF FINANCING

Solid Waste Recovery Facilities (SWST)
 Please specify type/ name of project if different from above.

**Copy
Of
Advertisement
Of**

City and County of New York, ss.: -

Yohanna Beato being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on October 31st, 2012.



Billing Coordinator

Subscribed and sworn to before me this

November 16th, 2012



CYNTHIA D. LEWIS
Notary Public, State of New York
No 01LE6202296
Qualified in New York County
Commission Expires March 9, 2013

NOTICE OF INTENTION TO SELL BONDS

\$8,000,000

(Preliminary, subject to change)

CITY OF BURBANK

(Los Angeles County, California)

Waste Disposal Refunding Revenue Bonds, Series 2012

NOTICE IS HEREBY GIVEN, pursuant to section 53692 of the California Government Code, that the City of Burbank (the "City") invites bids for the purchase of \$8,000,000 (preliminary, subject to change) aggregate principal amount of City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"). Bids will be received on

THURSDAY, NOVEMBER 15, 2012

until 9:00 A.M., Pacific daylight time, electronically only through the I-Deal LLC BiDCOMP/PARTY© system, and the sale will be awarded by the City within 24 hours after the expiration of the time prescribed for the receipt of bids. The sale of the Bonds will be conducted upon the terms and conditions set forth in the Official Notice of Sale for the Bonds. Such Official Notice of Sale and the Preliminary Official Statement describing the Bonds will be distributed to prospective bidders by the financial advisor to the City, Ross Financial, 1736 Stockton Street, Suite One, San Francisco, CA 94133, telephone (415) 912-5612. Bids will be entertained only from bidders to whom such Official Notice of Sale and Preliminary Official Statement have been distributed. Legal opinion: Quint & Thimmig LLP, San Francisco, CA.

OFFICIAL NOTICE OF SALE

\$6,485,000*
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of \$6,485,000* aggregate principal amount of City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), will be received by the City of Burbank (the "City"). Bids for less than all of the Bonds will not be accepted. The bids will be received in the form and up to the time specified below (unless postponed as described herein):

DATE AND TIME: Thursday, November 15, 2012
9:00 A.M., Pacific Standard Time
(subject to postponement or cancellation in accordance with this Official Notice of Sale)

ELECTRONIC BIDS: Electronic bids shall be submitted through the I-Deal LLC BiDCOMP/PARITY© system which will act as agent of the bidder and not of the City in connection with the submission of bids and the City assumes no responsibility or liability for bids submitted through the I-Deal LLC BiDCOMP/PARITY© system. See "FORM OF BID" herein. No other form of bid or provider of electronic bidding services will be accepted.

NO FACSIMILE OR SEALED BIDS: No facsimile or sealed bids will be accepted.

Bidders are referred to the Preliminary Official Statement relating to the Bonds, dated November 6, 2012 (the "Preliminary Official Statement"), for additional information regarding the City, the Bonds and the security therefor, and other matters. See "OFFICIAL STATEMENT" below. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Bonds. Bidders must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement for this offering will be posted electronically at www.i-dealprospectus.com and www.munios.com.

ISSUE; BOOK ENTRY: \$6,485,000* consisting of fully registered bonds, without coupons. The Bonds will be dated as of their date of delivery, expected to be December 4, 2012, and will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

*Preliminary, subject to change.

MATURITIES: The Bonds will mature on the dates and in the amounts, as set forth in the following table.

<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount*</u>
2013	\$505,000	2018	\$660,000
2014	595,000	2019	680,000
2015	610,000	2020	700,000
2016	625,000	2021	725,000
2017	645,000	2022	740,000

ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES: The maturity amounts set forth above for the Bonds may be adjusted either upward or downward in order to achieve substantially level debt service (except the 2013 maturity which may not reflect level debt service). The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Bonds within 6 hours after the expiration of the time prescribed for the receipt of proposals. Any increase or decrease will be in \$5,000 increments of principal amounts. In the event of any such adjustment, no re-bidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. The successful bidder will not be permitted to change the interest rates in its bid.

INTEREST: The Bonds shall bear interest, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 5% per annum, payable semiannually on each May 1 and November 1, commencing May 1, 2013.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on May 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading "MATURITIES," at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

PAYMENT: Principal of the Bonds will be payable upon surrender at Wells Fargo Bank, National Association, Los Angeles, California (the "Trustee"). Interest on the Bonds will be payable by check or draft mailed by first class mail to the owner at the address listed on the registration books maintained by the Trustee for such purpose.

REGISTRATION: The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of The Depository Trust Company of New York ("DTC"), and the ownership of the Bonds will be registered to the nominee of DTC.

NO OPTIONAL REDEMPTION: The Bonds are non-callable.

PURPOSE: The Bonds are to be issued by the City and are authorized pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, a resolution of the City Council of the City (the "Council"), and an indenture of trust, dated as of December 1, 2012, by and between the City and the Trustee (the "Indenture") to (a) refund, on a current basis, all outstanding City of Burbank Waste Disposal Revenue Bonds, 2002 Series B, and (b) pay all necessary legal, financial and contingent costs in connection therewith.

SECURITY: The Bonds are payable from the net revenues (the "Net Revenues") of the City's municipal refuse collection and disposal enterprise (the "Enterprise"), derived primarily from charges and revenues received by the City from the operation of the Enterprise, less the costs of the operation and maintenance of the Enterprise. The Net Revenues are pledged, as a first and prior lien thereon, to pay the principal of and premium, if any, and interest on the Bonds. The City has covenanted to set rates and charges for the service and facilities of the Enterprise sufficient to provide Net Revenues each year equal to at least 1.25 times the aggregate annual amount of principal of and interest due on the Bonds.

TERMS OF SALE

INTEREST RATE: Bidders must specify the rate or rates of interest that the Bonds hereby offered for sale shall bear. Bidders will be permitted to bid different rates of interest, but (i) the maximum interest rate shall not exceed 5% per annum; (ii) each interest rate specified in any bid must be in multiples of one thousandths (1/1,000) of 1% per annum and a zero rate of interest cannot be specified; (iii) no Bond shall bear more than one rate of interest; and (iv) each Bond shall bear interest from its dated date to its stated payment date at the interest rate specified in the bid.

FORM OF BID: All bids must be for not less than all of the Bonds hereby offered for sale and for not less than the aggregate par amount thereof.

To the extent any instructions or directions set forth in BiDCOMP/PARITY[®] conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP/PARITY[®], bidders may contact Ross Financial (the "Financial Advisor") at (415) 912-5612 or BiDCOMP/PARITY[®] at (212) 404-8102.

THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE CITY, THE FINANCIAL ADVISOR, QUINT & THIMMIG LLP ("BOND COUNSEL") OR JONES HALL, A PROFESSIONAL LAW CORPORATION ("DISCLOSURE COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP/PARITY[®] AND THAT BiDCOMP/PARITY[®] IS NOT ACTING AS AN AGENT OF THE CITY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP/PARITY[®] AND THE CITY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BiDCOMP/PARITY[®]. THE CITY SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP/PARITY[®] HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE CITY, THE FINANCIAL ADVISOR, BOND COUNSEL AND DISCLOSURE COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE CITY AND THE CITY SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP/PARITY[®] AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the City. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed to be December 4, 2012) and will be based on the proposed bid amount (par value less any discount or plus any premium). For the purpose of making such determination, it shall be assumed that any Bond designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein.

Each bidder is requested, but not required, to state in his bid the percentage true interest cost to the City, which shall be considered as informative only and shall not be binding on either the bidder or the City. The determination of the best bid by the Financial Advisor shall be binding and conclusive on all bidders.

RIGHT OF CANCELLATION OF SALE BY CITY: The City reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the City shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through Thomson Financial, the Bond Buyer wire and/or the Bloomberg News wire (the 'News Service') as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto; provided, that any such modification or amendment will be communicated to potential bidders through the News Service not later than 1:00 P.M. (Pacific Standard time) on the business day preceding the date for receiving bids. Failure of an potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

RIGHT OF POSTPONEMENT BY CITY: The receipt of bids on Thursday, November 15, 2012, may be postponed or cancelled at or prior to the time bids are to be received. Notice of such postponement or cancellation will be communicated by the City through the News Service as soon as practicable following such postponement or cancellation. Notice of the new date and time for receipt of bids will be given through the News Service as soon as practicable following a postponement and no later than 1:00 P.M. (Pacific Standard time) on the business day preceding the new date for receiving bids.

RIGHT OF REJECTION: The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 9:00 A.M. on the date set for receipt of bids.

PROMPT AWARD: Pursuant to authority granted by the Council, the City Manager, or the City Manager's designee, will take action awarding the Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of proposals; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to the Council notice in writing of the withdrawal of such proposal.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that said Bonds will be delivered to DTC for the account of the successful bidder within twenty (20) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within

sixty (60) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

GOOD FAITH DEPOSIT: A good faith deposit ("Deposit") in the form of a wire transfer, in the amount of \$65,000 payable to the order of the Trustee, must be remitted by the winning bidder within 6 hours after the acceptance of its bid. The wire transfer should be made as follows:

Bank	Wells Fargo, N.A.
Attention	Corporate Trust Services
ABA Number	121000248
Account Number	0001038377
Beneficiary Account Name	Corporate Trust Wire Clearing
OBI FFC:	City of Burbank 2012 Waste Disposal
Attention:	Kathy Valdivia/Amy Tabor

The Deposit shall be cashed by the Trustee on behalf of the City and shall then be applied toward the purchase price of the Bonds. If after the award of the Bonds the successful bidder or bidders fail to complete their purchase on the terms stated in their bid, the Deposit will be retained by the City. No interest on the Deposit will accrue to any bidder.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw his proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the City furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations, and interest on the Bonds is exempt from personal income taxation imposed by the State of California. Other tax consequences to holders of the Bonds, if any, are not addressed in the opinion;

(b) A certificate of the City certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the City, signed by officers and representatives of the City, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the City evidencing the receipt of the purchase price of the Bonds;

(e) A certificate of the City, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the City, signed by an officer of the City, acting in his official capacity, to the effect that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

RESALE IN OTHER STATES: The successful bidder will assume responsibility for taking any action necessary to qualify the 2011 Series A Bonds for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the Bonds, and shall indemnify and hold harmless the City and its officers and officials from any loss or damage resulting from any failure to comply with any such law.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder.

CERTIFICATION OF REOFFERING PRICE: The successful bidder shall be required, as a condition to the issuance of the Bonds, to deliver to the City a certificate, in form and substance satisfactory to Bond Counsel, stating (i) that, as of the date of award, the Bonds were expected to be reoffered in a bona fide public offering, (ii) the initial offering price at which a substantial amount (at least 10%) of each maturity of the Bonds were sold to the public, and (iii) that no Bonds of a single maturity were offered at one price to the general public and at a discount from that price to institutional or other investors.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The City has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the City within the meaning of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to Ross Financial, 1736 Stockton Street, Suite One, San Francisco, CA 94133, telephone (415) 912-5612. The City will furnish to the successful bidder within seven business days following the date of award, at no charge, a reasonable number of copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The City will deliver to the purchaser of the Bonds a certificate of an official of the City, dated the date of Bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the City which would make it unreasonable for the

purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the City will undertake, pursuant to the Indenture and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the preliminary Official Statement and will also be set forth in the final Official Statement.

Dated: November 6, 2012

**NEW ISSUE
BOOK-ENTRY ONLY**

RATING:

S&P: "AAA"

See "RATING" herein.

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



\$6,485,000*
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for the Bonds. The captioned bonds (the "Bonds") are issued under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53550) of the California Government Code, an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the Bonds will be used to (a) current refund the City's outstanding Waste Disposal Revenue Bonds, 2002 Series B (the "2002 Bonds") and (b) pay the costs of issuing the Bonds.

Payment of Debt Service. The Bonds will bear interest at the rates shown below, payable semiannually on each May 1 and November 1, commencing May 1, 2013 (each an "Interest Payment Date"), and are issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

The principal of the Bonds will be payable upon presentation and surrender of such Bonds, when due, at the principal corporate trust office of the Trustee. On each Interest Payment Date, the Trustee will pay interest by check mailed by first class mail to the person appearing on the applicable record date as the registered owner thereof, to the address shown on the registration books of the Trustee, or by wire transfer to any owner of \$1,000,000 or more in aggregate principal amount of the Bonds to a bank account in a state or national bank in the United States designated by such owner for such purpose prior to said record date. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined in this Official Statement) for subsequent distribution to the Beneficial Owners (as defined in this Official Statement) of the Bonds.

Registration. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests therein.

No Redemption. The Bonds are not subject to redemption prior to maturity.

Security for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on Net Revenues generated by operation of the City's refuse collection and disposal enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture. The term "Net Revenues" is defined in the Indenture to mean the gross revenues of the Enterprise, less operating and maintenance expenses of the Enterprise.

No Reserve Fund. The City is not funding a debt service reserve fund for the Bonds.

No Parity Obligations. Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, the City has no outstanding obligation that is payable from Net Revenues of the Enterprise on a parity with the Bonds. The City is not authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the Bonds.

Rate Covenant. The City has covenanted under the Indenture to prescribe, revise and collect such charges from the services and facilities of the Enterprise which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Bonds in such Fiscal Year.

MATURITY SCHEDULE
(See inside cover)

Financial Advisor. Ross Financial, San Francisco, California, serving as financial advisor to the City, has structured this issue.

Bids for the purchase of the Bonds will be received by the City on November 15, 2012, *electronically only*, through the I-Deal LLC BiDCOMP/PARITY© system, until 9:00 A.M., Pacific Standard time. The Bonds will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated November 6, 2012.

This cover page and the inside cover page contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City Attorney, and by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about December __, 2012.

Dated November __, 2012

* Preliminary, subject to change

MATURITY SCHEDULE

CUSIP Prefix: _____ †

<u>Maturity May 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix†</u>
2013	\$505,000			
2014	595,000			
2015	610,000			
2016	625,000			
2017	645,000			
2018	660,000			
2019	680,000			
2020	700,000			
2021	725,000			
2022	740,000			

* Preliminary, subject to change.

† Copyright 2012, American Bankers Association CUSIP® is a registered trademark of the American Bankers Association CUSIP data in this Official Statement is provided by CUSIP Global Services Bureau, operated by Standard & Poor's This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included in this Official Statement. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING:
S&P "AAA"**

See "RATING" herein

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



\$6,485,000*
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for the Bonds. The captioned bonds (the "Bonds") are issued under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53550) of the California Government Code, an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the Bonds will be used to (a) current refund the City's outstanding Waste Disposal Revenue Bonds, 2002 Series B (the "2002 Bonds") and (b) pay the costs of issuing the Bonds.

Payment of Debt Service. The Bonds will bear interest at the rates shown below, payable semiannually on each May 1 and November 1, commencing May 1, 2013 (each an "Interest Payment Date"), and are issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

The principal of the Bonds will be payable upon presentation and surrender of such Bonds, when due, at the principal corporate trust office of the Trustee. On each Interest Payment Date, the Trustee will pay interest by check mailed by first class mail to the person appearing on the applicable record date as the registered owner thereof, to the address shown on the registration books of the Trustee, or by wire transfer to any owner of \$1,000,000 or more in aggregate principal amount of the Bonds to a bank account in a state or national bank in the United States designated by such owner for such purpose prior to said record date. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined in this Official Statement) for subsequent distribution to the Beneficial Owners (as defined in this Official Statement) of the Bonds.

Registration. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests therein.

No Redemption. The Bonds are not subject to redemption prior to maturity.

Security for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on Net Revenues generated by operation of the City's refuse collection and disposal enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture. The term "Net Revenues" is defined in the Indenture to mean the gross revenues of the Enterprise, less operating and maintenance expenses of the Enterprise.

No Reserve Fund. The City is not funding a debt service reserve fund for the Bonds.

No Parity Obligations. Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, the City has no outstanding obligation that is payable from Net Revenues of the Enterprise on a parity with the Bonds. The City is not authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the Bonds.

Rate Covenant. The City has covenanted under the Indenture to prescribe, revise and collect such charges from the services and facilities of the Enterprise which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Bonds in such Fiscal Year.

MATURITY SCHEDULE
(See inside cover)

Financial Advisor. Ross Financial, San Francisco, California, serving as financial advisor to the City, has structured this issue.

Bids for the purchase of the Bonds will be received by the City on November 15, 2012, *electronically only*, through the I-Deal LLC BiDCOMP/PARITY© system, until 9:00 A.M., Pacific Standard time. The Bonds will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated November 6, 2012.

This cover page and the inside cover page contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City Attorney, and by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about December __, 2012.

Dated November __, 2012

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, or shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

CUSIP Prefix: _____ †

<u>Maturity May 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix†</u>
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2021	725,000			
2022	740,000			

* Preliminary, subject to change

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CITY OF BURBANK

City Council

Dave Golonski, *Mayor*
Emily Gabel-Luddy, *Vice Mayor*
Gary Bric, *Council Member*
Dr. David Gordon, *Council Member*
Jess Talamantes, *Council Member*

City Staff and Officials

Ray Krakowski, *Interim City Manager**
Debbie Kukta, *City Treasurer*
Amy Albano, *City Attorney*
Bonnie Teaford, *Public Works Director*
Cindy Giraldo, *Financial Services Director*
Zizette Mullins, *City Clerk*

* Mr. Krakowski, who is the City's Fire Chief, will act as Interim City Manager until December 1, 2012. Kenneth R. Pulskamp, who is retiring as City Manager of the City of Santa Clarita, will act as Interim City Manager beginning December 1, 2012 while the City conducts a search for a permanent City Manager.

Special Services

Ross Financial
San Francisco California
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Los Angeles, California
Trustee

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, shall have the meanings prescribed in the Indenture.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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OFFICIAL STATEMENT

\$6,485,000*
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices, provides information in connection with the sale of the captioned bonds (the "**Bonds**").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used, but not otherwise defined in this Official Statement, shall have the meanings assigned thereto as set forth in APPENDIX A – "SUMMARY OF THE INDENTURE."

The City

The City of Burbank (the "**City**") is located in the greater metropolitan Los Angeles area, approximately twelve miles northeast of downtown Los Angeles. The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City's population as of January 1, 2012, was estimated to be 104,427. The City provides its residents with electric, water and sewer utilities and refuse collection and disposal service and operates its own police and fire departments. See "THE CITY" and APPENDIX D – "GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY."

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, a resolution adopted by the City Council of the City on October 30, 2012 (the "**Resolution**"), and an Indenture of Trust (the "**Indenture**"), dated as of December 1, 2012, by and between the City and Wells Fargo Bank, National Association, as trustee (the "**Trustee**").

* Preliminary, subject to change.

The Enterprise

In 1927, the City adopted an ordinance regulating the collection of refuse and garbage within the City. The ordinance included the establishment of fees for service, collection by municipal crews and frequency of collection. In addition to refuse collection, the Enterprise also includes a recycling center and one active landfill. Fees for service are charged to provide sufficient funding for costs of operations and capital improvements and replacement. As of June 30, 2012, the Enterprise consisted of 63,677 residential accounts in the City and 1,926 commercial accounts (including apartment accounts requiring bin service). The Enterprise is administered and operated by the City's Public Works Department. See "THE ENTERPRISE."

Purpose of the Bonds

The Bonds are issued to (i) current refund the City's \$10,290,000 initial principal amount Waste Disposal Revenue Bonds, Series B (Tax-Exempt), of which \$7,760,000 principal amount remains outstanding (the "2002 Bonds") and (ii) pay the costs of issuing the Bonds. See "THE REFUNDING PLAN."

Security for the Bonds

The Bonds are payable from and secured by a first pledge of and lien on Net Revenues received from the operation of the Enterprise and moneys in the funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS."

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

No Additional Obligations

Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, there are no outstanding obligations payable from Net Revenues of the Enterprise.

The City is *not* authorized under the Indenture to incur additional obligations and issue additional bonds that are payable from Net Revenues on a parity with the Bonds. See "SECURITY FOR THE BONDS—Limitations on Future Obligations Secured by Net Revenues." The City is authorized to incur obligations payable from Net Revenues on a subordinate basis to the Bonds.

Rate Covenant

Under the Indenture, the City has covenanted to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues that are at least equal to 125% of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year. See "SECURITY FOR THE BONDS—Rate Covenant."

Payment

Principal of the Bonds will be payable in each of the years and in the amounts set forth on the inside cover page of this Official Statement at the office of the Trustee. Interest on the Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See "THE BONDS—General." Initially, principal of and interest on the Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such interest and principal to DTC Participants (as defined in this Official Statement), which will in turn remit such interest and principal to Beneficial Owners (as defined in this Official Statement) of the Bonds. See "THE BONDS—Book-Entry Only System."

No Redemption

The Bonds are not subject to optional redemption prior to their stated maturity dates. See "THE BONDS—No Redemption."

Form of Bonds

The Bonds will be dated as of their date of delivery and will be issued in fully registered form, without coupons, in the minimum denominations of \$5,000 or any integral multiple thereof. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture. See "THE BONDS—General."

Book-Entry System

The Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in denominations of \$5,000 or any integral multiple thereof, in book-entry form only. Upon receipt of payments of principal of and interest on the Bonds, DTC will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry Only System" below and APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Risks of Investment

The Bonds are repayable only from Net Revenues and moneys in certain funds and accounts established under the Indenture. For a discussion of some of the risks associated with the purchase of the Bonds, see "RISKS RELATING TO THE BONDS."

Continuing Disclosure

The City has covenanted, for the benefit of the owners and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Enterprise by not later than nine months following the end of each Fiscal Year (currently June 30), and to provide notices of the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE" and APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled "REFUNDING PLAN," "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY FOR THE BONDS," "THE ENTERPRISE" AND APPENDIX D – "GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY," contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See "RISK FACTORS RELATING TO THE BONDS."

Other Matters

There follows in this Official Statement, including the appendices, brief descriptions of the Bonds, the security for the Bonds, the Indenture, the City, the Enterprise, and certain other information relevant to the issuance of the Bonds. The descriptions and summaries of documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions. All statements in this Official Statement with respect to such documents are qualified in their entirety by reference to each such document for the complete details of all of their respective terms and conditions. All statements in this Official Statement with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee.

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

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including the table of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Other Information

This Official Statement speaks only as of its date and the information contained in this Official Statement is subject to change without notice. Copies of the Indenture are available

from the City upon written request to the City, 275 East Olive Avenue, Burbank, CA 91502, Attention: City Manager. The City may impose a charge for copying, mailing and handling expenses related to any request for documents.

THE REFUNDING PLAN

The City issued its 2002 Bonds to (i) refund, on a current basis, bonds that the City had issued in 1992 to finance the acquisition and construction of public facilities constituting a part of the Enterprise, (ii) refund, on a current basis, bonds that the City had issued in 1993 to finance the acquisition and construction of public facilities constituting a part of the Enterprise, (iii) refund, on an advance basis, bonds that the City had issued in 1994 to finance the acquisition and construction of public facilities constituting a part of the Enterprise and (iv) finance the acquisition and construction of public facilities constituting a part of the Enterprise.

The 2002 Bonds are subject to optional redemption in whole on any date on or after May 1, 2012, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, without premium.

The City will cause the deposit of a portion of the proceeds of the Bonds, together with other available moneys related to the 2002 Bonds, into an escrow fund to be held by Wells Fargo Bank, National Association, as escrow bank, pursuant to an Escrow Deposit and Trust Agreement. Amounts in the escrow fund will be held uninvested, and the amount deposited will be sufficient to pay the redemption price of the 2002 Bonds on December __, 2012.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

<u>Sources</u>	
Principal Amount of Bonds	\$6,485,000.00*
Less: Underwriter's Discount	
Plus/Less: Original Issue Premium/Original Issue Discount	
Plus: Funds Relating to the 2002 Bonds	
Total Sources	
 <u>Uses:</u>	
Amount to Redeem the 2002 Bonds	
Deposit to Costs of Issuance Fund ⁽¹⁾	
Total Uses	

(1) Costs of Issuance include legal fees, printing costs, rating agency fees and other miscellaneous expenses

* Preliminary; subject to change.

DEBT SERVICE REQUIREMENTS

Scheduled debt service on the Bonds is presented below.

Maturity (May 1)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
 TOTALS			

THE BONDS

Authority for Issuance

The Bonds are authorized pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, a resolution adopted by the City Council of the City on October 30, 2012, and the Indenture.

General Provisions

The Bonds will be dated as of their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

Repayment of the Bonds. Interest on the Bonds will be payable on May 1 and November 1 in each year, beginning May 1, 2013 (each an "Interest Payment Date"), to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest will be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not less than 15 days preceding such special record date. Principal of any Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the

Trustee in Los Angeles, California. Both the principal of and interest on the Bonds will be payable in lawful money of the United States of America.

The Bonds will bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

DTC as Registered Owner. The Bonds will initially be issued in book-entry only form, registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. See "THE BONDS—Book-Entry Only System."

No Redemption

The Bonds are not subject to redemption prior to their scheduled maturity date.

Book-Entry Only System

The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds so purchased. Individual purchases will be made in book-entry form. One fully registered Bond certificate will be issued for each series and maturity of the Bonds having the same interest rate, in the aggregate principal amount of such maturity and will be deposited with DTC. Purchasers will not receive a certificate representing their beneficial ownership interest in Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Bondowners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the "Beneficial Owners" of the Bonds. In this Official Statement, the term "Beneficial Owner" shall mean the person for whom a DTC Participant acquires an interest in the Bonds. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

SECURITY FOR THE BONDS

Pledge of Net Revenues

General. The Bonds are secured by a first pledge of all of the Net Revenues.

In addition, the Bonds are secured by a pledge of all of the moneys in the Bond Fund, including all amounts derived from the investment of such moneys.

So long as any of the Bonds are Outstanding, the Net Revenues and the moneys in the Bond Fund may not be used for any other purpose, except as set forth in the Indenture.

Relevant Definitions. The Indenture defines “**Enterprise**” as any and all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment, disposal or recycling of refuse or solid waste, including disposal facilities, landfills, monitoring, collection and recovery systems and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or recycling of refuse or solid waste, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

The Indenture defines “**Net Revenues**” as, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

The Indenture defines “**Gross Revenues**” as all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all fees and charges received by the City in connection with its operation of the Enterprise, (b) amounts received by the City from the levy of an excise tax upon property owners within the geographic boundaries of the City that are not utilizing the services of the Enterprise, (c) fees received by the City from agencies of the City and other governmental entities in connection with the use of the Enterprise, and (d) all receipts derived from the investment of such income or revenues; but excluding the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the City and excluding the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City.

The Indenture defines “**Operation and Maintenance Costs**” as the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on generally accepted accounting principles, including (among other things) the reasonable expenses of management, personnel, services, equipment, repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All of the Gross Revenues will be deposited by the City immediately upon receipt in the Enterprise Fund. All Gross Revenues will be held in trust by

the City in the Enterprise Fund and will be applied, transferred, used and withdrawn only for the following purposes:

Operation and Maintenance Costs. The City will first pay from the moneys in the Enterprise Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

Payment of Debt Service. On or before the fifth Business Day preceding each Interest Payment Date, the City will withdraw from the Enterprise Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured but which have not been presented for payment), is equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date.

Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, inclusive, any moneys remaining in the Enterprise Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Net Revenues in the Bond Fund. On or before the Business Day preceding each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding; and

Second: to the Principal Account, the aggregate amount of principal or sinking fund installment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Application of Interest Account

All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable.

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

Rate Covenant

Covenant Regarding Gross Revenues. The City covenants in the Indenture to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) Debt Service payments on the Bonds as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the City that have been deposited with the Trustee for purposes prior to the commencement of such Fiscal Year;

(iii) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Gross Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the City covenants to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield (i) Net Revenues which are at least equal to 125% of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues

No Existing Parity Debt. Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, there are no outstanding obligations payable from Net Revenues of the Enterprise.

No Obligations Superior to Bonds. In order to protect further the availability of the Net Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a senior basis to the Bonds that are payable out of the Net Revenues in whole or in part.

No Parity Obligations. The City is *not* authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the Bonds.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the Bonds to the extent required.

Limited Obligation

The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal of and interest on the Bonds. The owners of the Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property. The principal of and interest on the Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Enterprise.

THE ENTERPRISE

General

In 1927, the City adopted an ordinance regulating the collection of refuse and garbage within the City. The ordinance included the establishment of fees for service, collection by municipal crews and frequency of collection. Fees for service are charged to provide sufficient funding for costs of operations and capital improvements and replacement

In addition to refuse collection, the Enterprise also includes a recycling center and one active landfill (Landfill No. 3). See "The Recycle Center" and "Disposal Facilities" below. The City has established reserves consistent with State law related to closure of Landfill No. 3. See "RISK FACTORS RELATING TO THE BONDS – Landfill Closure Costs."

As of June 30, 2012, the Enterprise consists of 63,677 residential accounts in the City and 1,926 commercial accounts (including apartment accounts requiring bin service).

The Enterprise is administered and operated by the City's Public Works Department. Refuse collection crews service all single-family residents, 60% of the multi-family residents in the City, and about 20% of all commercial/industrial customers. While single-family customers may elect not to have their refuse collected by the City and choose an alternate collection service, they must obtain a permit to be a self-hauler. None has done so to date. In fiscal year 2011-12, the City collected approximately 62,651 tons per year, consisting of refuse (34,424 tons), green waste (19,055 tons) and recyclables (9,172 tons) from residential and commercial accounts.

Haulers in the City may be licensed by the City to compete for the bin service accounts in the apartment bin and commercial sectors. The private haulers operating in the City must transport the refuse collected in the City to landfills outside the City. See Table 3 below for a five-year history of bin service accounts served by the City.

Recycle Center

A Recycle Center was completed in October 1992; the Recycle Center handles expanded recycling programs and larger volumes of materials. The Recycle Center is currently operated by Burrtec Waste Industries, Inc. ("**Burrtec**").

The Recycle Center was previously operated by Burbank Recycling, Inc. ("**BRI**"), pursuant to an "Agreement to Operate the Burbank Recycle Center, Operate the Palm Avenue Recycling Station and Provide Green Waste Diversion Services" dated August 24, 2009 (the "**2009 Agreement**") between the City and BRI.

In January 2010, the Department of Resources Recycling and Recovery denied the City's biennial application for renewal of its curbside registration, which allows the City to receive revenue from the State's beverage container recycling fund ("**CRV Fund**"). The City appealed, and an administrative law judge affirmed the denial in May 2011 on the basis that BRI had failed to comply with State law and regulations with respect to another facility it operated in a different City. The administrative law judge found no wrongdoing on the part of the City. On June 7, 2011, the City Council decided not to appeal the decision, which took effect on June 25, 2011. The denial of the curbside registration affects the City's ability to collect (i) a commodity

fee from Burrtec as a result of the sale of recyclable materials, as described in the second succeeding paragraph and (ii) CRV revenues for bottles and cans (the CRV revenues generated \$20,432.23 in fiscal year 2010-11).

In response, the City replaced BRI with Burrtec, and amended the 2009 Agreement pursuant to a "First Amendment to the Agreement to Operate the Burbank Recycle Center and Provide Green Waste Diversion Services" dated January 4, 2012 (the "**First Amendment**;" together with the 2009 Agreement, the "**Recycle Center Agreement**"), between the City and Burrtec.

The Recycle Center Agreement requires Burrtec to manage, operate, and maintain a buy-back center and drop-off center at the Recycle Center for the purchase or collection of recyclable material, which includes, but is not limited to, paper, plastics, metals, aluminum, old corrugated containers (cardboard), and glass. Burrtec pays all of the costs of operating and managing the Recycle Center, with the exception of some maintenance costs paid by the City. Burrtec must accept all recyclable materials from the City's collection vehicles, and is authorized to sell all material recovered through its programs and is entitled to retain all revenues (including all CRV value) from its sales. The Recycle Center Agreement calls for the following significant payments related to recyclable materials:

- Burrtec pays the City a monthly facility rental fee of \$16,200.
- The City pays Burrtec a \$60/load fee (subject to an annual cost of living adjustment) for transporting residual solid waste left over from recyclable materials collected by City collection vehicles and processed at the Recycle Center.
- The City pays Burrtec a station operating fee of \$11,300 per month.
- Burrtec pays the City a "Commodity Fee" if the "net material revenue" (generally, revenue from the sale of recyclable material less the cost of processing the recyclable material) is greater than \$0. If the Net Material Revenue is less than \$0, then the City reimburses Burrtec the full negative amount of the Net Material Revenue. The Commodity Fee is calculated differently depending upon whether the Department of Resources, Recycling and Recovery approves the Recycle Center as a certified processing facility and is eligible to participate in CRV reimbursement programs.

Because of the loss of the City's CRV registration, the City stopped receiving a Commodity Fee effective the second week of calendar year 2012; the Commodity Fee had generated the following revenue in the past three fiscal years (there was no contract calling for a Commodity Fee until October 2009):

<u>Fiscal Year</u>	<u>Commodity Fee</u>
2009-10	\$375,446
2010-11	606,293
2011-12	(35,691) ⁽¹⁾

(1) The negative amount in fiscal year 2011-12 reflects the fact that the City was obligated to reimburse Burrtec the negative amount of the Net Material Revenue rather than receiving a Commodity Fee from Burrtec.

The City does not expect to receive a Commodity Fee from Burrtec until the Recycle Center is certified to participate in CRV reimbursement programs. The City expects to apply for curbside registration renewal by the end of calendar year 2012. The City expects (but can

provide no assurance) that its application will be accepted and that it again will receive the curbside registration renewal. For the projections shown in Table 8 below, the City assumed curbside registration renewal would not be received; the City expects recycling revenues to increase if curbside registration renewal is received.

As part of its contract, Burrtec also provides the City with transportation and disposal service for all green waste collected by the City's Refuse Collection Division. The City deposits the green waste at a designated location at the City's landfill. The landfill operators load this material into Burrtec-provided transfer trailers, then Burrtec transports the green waste to Ventura County where it is applied to agricultural fields as mulch. The City pays Burrtec a green waste hauling fee for this service.

Disposal Facilities

Landfill No. 1 and Landfill No. 2. The City began its own landfill operations in 1947 in the adjacent Verdugo Mountains. Landfill No. 1 was closed in the early 1960's and Landfill No. 2 was closed in the early 1970's. The City has no known remaining liability with respect to these closures.

Landfill No. 3. Landfill No. 3 is the only active landfill owned and operated by the City. On June 3, 1997, the Department of Resources Recycling and Recovery issued a permit for Landfill No. 3 that allows the facility to operate on 86 acres. The next permit review due date under this permit is July 11, 2016. Under the permit date, the design capacity is 5,933,365 cubic yards and 240 tons per operating day. The estimated closure date is 2053 based on a waste volume of 240 tons per operating day and 256 operating days per year. The City is operating Landfill No. 3 in compliance with the permit and has not had any material instances of non-compliance in the last five years.

Landfill No. 3 accepts only mixed municipal waste, non-hazardous solid waste from industrial sources and construction/demolition waste destined for direct disposal. The site is not open to the general public or to private waste haulers. Current City policy does not allow for the disposal of solid waste at Landfill No. 3 from sources outside of the City limits. In addition, a program for random load inspection is in place to assure materials received at the site are in compliance with the permit requirements.

Maintenance crews from certain City departments and the Burbank Unified School District deposit refuse directly at Landfill No. 3 and are charged a tipping fee. Maintenance crews from the City Departments of Public Works, Water & Power and Parks, Recreation and Community Services deposit approximately 20 to 30 tons of refuse on a daily basis directly at Landfill No. 3. Burbank Unified School District maintenance crews and Los Angeles County crews completing weed abatement under contract to the City also deposit an average of approximately 10 tons of refuse per day at the site.

The City operates 40 methane wells at Landfill No. 3. The methane fires an electrical turbine system; 85% of the power produced by the turbines is exported to the City-owned power distribution system, which contributes to the City's commitment to increase green power production. The City of Burbank Department of Water & Power oversees turbine operations.

Capital Improvement Program

The City Council adopted a five-year Capital Improvement Program (“CIP”) budget on June 14, 2011 as part of the fiscal year 2011-12 budget process. The CIP plans for five years and is updated annually.

The CIP for the Enterprise is summarized below:

Project	Prior Year Apprpr. ⁽¹⁾	FY 11-12 adopted	FY 12-13 Projected	FY 13-14 Projected	FY 14-15 Projected	FY 15-16 Projected	Total
Landfill liner	\$900,000						\$900,000
Recycle Center Repairs	80,000						80,000
Recycle Center Roof Repl.	400,000						400,000
Recycle Center Warehouse Impr	450,000	250,000					700,000
Total	\$1,830,000	250,000					\$2,080,000 00

(1) Projects that received funding in prior fiscal years but have remaining fund balances (i.e., unspent appropriations) are carried over into subsequent fiscal years

The City expects to fund the CIP on a pay-go basis from available revenues and does not expect to incur any debt.

Federal and State Regulations Governing Refuse Disposal

The establishment, ownership and operation of refuse disposal facilities and landfills are subject to the regulatory activities of various federal State and local agencies. There can be no assurance that existing or future regulatory activities may not restrict operations of the Enterprise in such a manner that would adversely affect its ability to generate sufficient Net Revenues which are security for the Bonds.

California Integrated Waste Management Act. Among other requirements, the California Integrated Waste Management Act of 1989, California Public Resources Code Section 40000 et seq. (the “**Waste Management Act**”), which became effective on January 1, 1990, directs all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-waste energy projects or other processes) and land disposal. As a result of AB 939, solid waste management has been changed to an integrated solid waste management approach in which source reduction and recycling play an integral role in the waste management strategy. A companion piece of legislation, altered various compliance deadlines and requirements contained in the Waste Management Act and a second piece of legislation further amended sections of the Waste Management Act to permit one or more single or multi-year time extensions from the diversion requirements if the city or county requesting the extensions makes specified demonstrations to the California Integrated Waste Management Board (the “**CIWMB**”).

Effective January 1, 1995, each city and county (a “**local agency**”) in the State was required to achieve a 25% diversion in solid waste disposed of in landfills or by incineration through waste reduction or recycling, with 50% reduction to be achieved by January 1, 2000. Local agencies were responsible for these goals whether or not they control disposal of waste generated within their jurisdiction.

If a local agency does not meet its reduction goal, the CIWMB evaluates the agency's "good faith" effort in implementing its adopted plans. If it is found that the local agency did not make such an effort, a compliance order will be issued identifying what must be done and by when. Local agencies could face monetary fines of up to \$10,000 per day if the CIWMB deems local plans to be inadequate or if localities fail to satisfactorily implement plans to achieve the 25% and 50% reduction goals.

In May 1991, the City adopted its Source Reduction and Recycling Element ("SRRE"), in compliance with the Waste Management Act. The City exceeded the Waste Management Act's goals by aggressively implementing several diversion programs.

As a result of the passage of Assembly Bill 341 in 2011, the California Legislature declared a policy goal of the State that not less than 75% of solid waste be source reduced, recycled or composted by the year 2020, and required the Department of Resources Recycling and Recovery, by January 1, 2014, to report to the Legislature on strategies to achieve the policy goal. In fiscal year 2011-12, the City diverted 64% of its solid waste; the City is analyzing the potential impact of the 75% diversion requirement on the costs of operating the Enterprise.

Federal Regulations. The federal Resource Conservation and Recovery Act ("RCRA") regulations, called the Subtitle D regulations, includes, among other matters, the authority for the U.S. Environmental Protection Agency (the "EPA") to control the disposal of solid waste. Under Subtitle D of RCRA, Congress directed the EPA to establish uniform national standards for the disposal of nonhazardous municipal solid waste in landfills. In the past, the EPA relied on general solid waste management guidelines and did not develop a comprehensive solid waste regulatory program. The regulatory framework covering solid waste management was developed by individual states and the stringency of these frameworks was highly variable. Operations at Landfill No. 3 are also subject to, among other federal regulations, the requirements of the Safe Drinking Water Act, the Clean Water Act and the Clean Air Act.

Air and Water Quality Regulations. Certain regulatory agencies including the CIWMB, the South Coast Air Quality Management District, the California Regional Water Quality Control Board-Los Angeles Region, the California Department of Toxic Substance Control, the California Water Resources Control Board, and Los Angeles County, are also involved in developing plans and monitoring compliance with RCRA requirements associated with solid waste disposal and landfill operations.

Local Land Use Regulations. The City operates Landfill No. 3 pursuant to a Conditional Use Permit No. 2000-16 ("CUP"), adopted by the City Council on November 13, 2000. The CUP provides for the City to operate Landfill No. 3 as a Class III facility; liquid, hazardous and infectious wastes cannot be accepted at Landfill No. 3 and it can only accept solid waste generated within the City.

Management and Rate-Making Authority

The City Council establishes the rates for the Enterprise. The rates prescribed by the City Council are not subject to approval or regulation by any other governmental entity. The Public Works Department of the City administers and executes the policies and rates established by the City Council. The Public Works Director manages the Public Works Department and serves at the direction of the City Manager.

Section 4-2-102 of the Burbank Municipal Code establishes control by the City over collection, removal and disposal of garbage and waste matter for the protection of the public health, safety and welfare and to contribute toward diminution of the presence of air pollutants in the City. This section also specifies that occupants are made liable for the garbage and waste matter charges authorized. Section 4-2-114 of the Burbank Municipal Code designates the City Council to set fees by resolution (the "**Fee Resolution**") and to modify such fees to be paid for refuse collection removal and disposal and other solid waste services rendered by the City. This section also allows the charging of a miscellaneous user fee in an amount designated in the Fee upon the occupants of apartment houses, flats, duplexes, bungalow courts, and multiple dwellings in the City which do not utilize the City's services for collection, removal, and disposal of garbage waste matter.

Section 4-2-115 provides an annual automatic adjustment to the fees for services as designated in the Fee Resolution. The fees for services may be updated and changed annually on the first day of July, by an annual adjustment based on the Greater Los Angeles Consumer Price Index for all urban consumers. Any automatic adjustment is not subject to a formal City Council vote and is an informational item on the City Council Agenda. The current rates (see the second following paragraph and Table 1 below) are not subject to automatic adjustment.

The usual procedure for establishing the fees for the following year includes the preparation of the budget with special emphasis on the capital needs of the program over the next five years. The then current fiscal year revenues are reviewed and, based on the new budget requests, a new rate schedule will be identified, if needed. Any required increases to cover the proposed budget are submitted to City Council with the proposed operating and capital budget.

Currently, pursuant to Resolution No. 28,540 adopted by the City Council on June 19, 2012, monthly refuse service charges for residential units are based on volume, with rates ranging from \$16.62 (32 gallon) per month to \$48.17 (96 gallon) per month. Current commercial/industrial refuse service charges range from \$202.05 per month to \$414.67 per month, depending on the size of bin being served and whether the bin is assigned to an apartment complex or a business.

The following table shows the history of the City's basic monthly refuse rates for a 64-gallon container for each of the recent five fiscal years as well as the applicable increase for such year. During the fiscal year 2007-08 budget deliberations, the City Council approved a five-year rate smoothing plan to increase refuse rates 8% per year to ensure the continued economic viability of the Enterprise as a result of rising fuel and operational costs. The 3% increase for fiscal year 2012-13 reflects the improved financial condition of the Enterprise.

Table 1
CITY OF BURBANK
HISTORY OF REFUSE RATES FOR 64-GALLON CONTAINER

<u>Date</u>	<u>Monthly Rate</u>	<u>% Increase</u>
July 1, 2008	\$23.49	8.00%
July 1, 2009	25.37	8.00
July 1, 2010	27.40	8.00
July 1, 2011	29.59	7.99
July 1, 2012	30.48	3.01

Source: City of Burbank, Public Works Department

The following table shows the current curbside refuse service charges for a 64-gallon container as of July 1, 2012, for the City as compared to other cities in Los Angeles County.

Table 2
CITY OF BURBANK
COMPARATIVE REFUSE COLLECTION FEES FOR RESIDENTIAL SERVICE

<u>City</u>	<u>Current Monthly Fees (includes recycling)</u>
Glendale	\$18.34
San Fernando	18.98
Santa Clarita	19.44
Torrance	25.08
Burbank	30.48
Los Angeles	36.32
Pasadena	37.27
Whittier	42.95

Source: City of Burbank, Public Works Department.

Billing and Collection

Refuse service charges are billed monthly by the Burbank Department of Water and Power. Refuse, water, sewer and electric service charges are issued jointly in a single utility bill. The utility bill is due within 19 days from the date the bill is delivered or mailed. The bill is considered delinquent on the 30th day after issuance. All services may be disconnected if payment is not made 53 days after issuance. In fiscal year 2011-12, write-offs resulting from uncollectible bills were approximately 0.36% of operating revenues.

Selected Statistical Information

The following table shows refuse accounts by user type for the five most recent fiscal years:

**Table 3
CITY OF BURBANK
HISTORICAL NUMBER OF REFUSE COLLECTION AND DISPOSAL ACCOUNTS**

	<u>FY</u> <u>2007-08</u>	<u>FY</u> <u>2008-09</u>	<u>FY</u> <u>2009-10</u>	<u>FY</u> <u>2010-11</u>	<u>FY</u> <u>2011-12</u> ⁽¹⁾
Residential Accounts	68,334	68,155	67,626	65,811	63,677
Commercial/Apartment Bin Accounts	<u>1,886</u>	<u>1,954</u>	<u>1,980</u>	<u>1,961</u>	<u>1,926</u>
Total	70,220	70,109	69,606	67,772	65,603

(1) Reflects refuse collection and disposal accounts as of June 30, 2012
Source: City of Burbank, Public Works Department.

The decline in residential accounts is attributable to the fact that some smaller multi-unit buildings converted from unit-specific accounts to bins for the entire building then switched to private haulers. The decline in commercial/apartment bin accounts is attributable to the fact that some commercial accounts transferred to private haulers. The City does not expect changes in the number of accounts to impact its ability to pay debt service on the Bonds.

The table below sets forth solid waste tonnage collected by the Enterprise in the fiscal years shown. The amounts include both materials collected by City trucks and those delivered by private parties.

**Table 4
CITY OF BURBANK
ANNUAL COLLECTION AMOUNTS
(in tons)**

<u>Year</u>	<u>Refuse</u>	<u>Recyclable Materials</u>	<u>Green Waste</u>	<u>Total</u>
2007-08	38,319	11,113	18,591	68,023
2008-09	37,403	10,057	18,803	66,264
2009-10	37,905	9,837	18,916	66,658
2010-11	36,240	9,786	19,082	65,107
2011-12	34,424	9,172	19,055	62,651

Source: City of Burbank, Public Works Department

The following table sets forth the City's ten major refuse collection and disposal accounts for fiscal year 2011-12:

**Table 5
CITY OF BURBANK
MAJOR REFUSE COLLECTION AND DISPOSAL ACCOUNTS**

<u>Name of Account</u>	<u>Type of Business</u>	<u>Revenue</u>	<u>% of Total Refuse Collection and Disposal Revenue</u>
City of Burbank	Government	\$295,116	2.99
Burbank Unified School District	Public Schools	193,064	1.95
Eidelman Hilton	Apartments	12,034	0.12
Entourage-Burbank. LP	Apartments	10,395	0.11
Emmanuel Church	Church	7,770	0.078
Frank Trotta	Commercial	7,314	0.074
Frank Warren	Commercial	6,987	0.070
Emiliana Macaya	Commercial	6,847	0.069
Joseph Ruffino	Commercial	6,777	0.068
Walt Disney Operations	Commercial	6,432	0.068

Source: City of Burbank, Public Works Department

All City departments utilizing the City's refuse service must pay as any other commercial business does in the City. The City is the largest customer serviced by the Refuse Division. If the City loses any of the accounts noted above, the bins would be reissued as requests for service are received. If the City could not reissue the bins to new customers, the operation would be reduced to reflect only the number of collection crews required to service existing accounts.

Employee Costs

The Enterprise pays a portion of certain City employee costs; the costs fall in two categories: (i) the labor costs of employees of the Enterprise and (ii) costs allocated to the Enterprise for services provided to the Enterprise by other departments in the City (e.g., accounting, legal, payroll, human resources, et al.). The costs allocated to the Enterprise including a variety of benefit costs; see Appendix A for a description of the City's defined benefit plans.

The following table shows the Enterprise's costs in the two categories described in the preceding paragraph for the past five fiscal years:

<u>Fiscal Year</u>	<u>Enterprise Employees</u>	<u>Cost Allocation</u>
2007-08	\$3,701,265	\$1,764,766
2008-09	3,766,560	1,916,707
2009-10	3,994,282	2,284,927
2010-11	4,246,265	2,382,801
2011-12	5,021,671	2,420,711

Source: City of Burbank

Historical Operating Results and Debt Service Coverage

The following table presents a summary of the operating results of the Enterprise for the five fiscal years ended June 30, 2008, through 2012, including historical debt service coverage. The information is audited for fiscal years 2007-08 through 2010-11, and unaudited for fiscal year 2011-12.

Table 6
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
FIVE-YEAR HISTORICAL NET OPERATING INCOME
(dollars in thousands)

	FY <u>2007-08</u>	FY <u>2008-09</u>	FY <u>2009-10</u>	FY <u>2010-11</u>	FY <u>2011-12 (1)</u>
Operating Revenues (2)					
Domestic Collections	\$6,189	\$6,921	\$7,186	\$7,679	\$8,298
Commercial/Apt/Gov't/Manure Collections	4,339	4,410	5,266	5,126	5,435
Landfill Disposal (State/Local Fees)	198	204	234	302	315
Recycling Revenues (3)	363	227	196	873	234
Hauler Fees	1,100	1,607	1,646	1,251	1,263
Total Operating Revenues	<u>12,189</u>	<u>13,369</u>	<u>14,528</u>	<u>15,231</u>	<u>15,545</u>
Operating Expenses					
Refuse Collection (4)	6,948	7,327	7,909	8,095	9,032
Recycling Program	1,387	1,403	1,619	1,651	1,758
Refuse Disposal	2,376	2,434	2,781	2,575	2,630
Depreciation	1,132	1,281	1,251	1,279	1,177
Total Operating Expenses	<u>11,843</u>	<u>12,445</u>	<u>13,560</u>	<u>13,600</u>	<u>14,597</u>
Net Operating Income	346	924	968	1,631	948
Non-Operating Income (Expenses)					
Non-Operating Income	83	524	179	125	594
Interest Income	928	450	766	442	318
Non-Operating Expenses	(624)	(585)	(501)	(816)	(433)
Total Non-Operating Income (Expenses)	<u>387</u>	<u>389</u>	<u>444</u>	<u>(249)</u>	<u>479</u>
Plus: Depreciation (5)	1,132	1,281	1,251	1,279	1,177
Plus: Interest expense (5)	568	490	453	403	414
Net Revenues Available for Debt Service (2)	<u>\$2,433</u>	<u>\$3,084</u>	<u>\$3,116</u>	<u>\$3,064</u>	<u>\$3,018</u>
Annual Debt Service					
2002 Series A Bonds	638	0	0	0	0
2002 Series B Bonds	664	1,299	964	949	964
Total Annual Debt Service	<u>\$1,302</u>	<u>\$1,299</u>	<u>\$964</u>	<u>\$949</u>	<u>\$964</u>
Debt Service Coverage	1.87x	2.37x	3.23x	3.23x	3.13x

(1) Unaudited

(2) Increases in revenues reflect increases in rates paid by customers. See Table 1.

(3) Fiscal year 2010-11 Recycling Revenues reflect an increase in revenue under the Recycle Center Agreement, but revenue declined in fiscal year 2010-11 as a result of enforcement actions taken against BRI by the Department of Resources, Recycling and Recovery. See "Recycle Center."

(4) The increase between fiscal years 2010-11 (audited) and 2011-12 (unaudited) is attributable to employer-paid pension expenses (see Appendix D) (\$565), workers' compensation expenses (\$292) and increases in allocated costs of services (see "Employee Costs" above) and rental costs (approx. \$100). Dollars in thousands.

(5) Depreciation and interest expense are added back so that debt service coverage can be calculated in the manner required by the Indenture.

Source: City of Burbank, Financial Services Department.

Enterprise Reserves

The City maintains three reserves funded from Enterprise revenues, as described below.

Reserve Policy. Pursuant to Financial Policies adopted by the City Council on June 14, 2005, the City currently maintains the following reserves:

- **General Operating Reserve:** this reserve is intended to support the Enterprise during times of financial emergencies. The amount of the operating reserve is determined based on a risk assessment of the Enterprise. For the Enterprise, the City maintains a general operating reserve based on 60 days of working capital.
- **Equipment Replacement Reserve:** the City contributes on an annual basis to an equipment replacement reserve; the annual contribution is equal to 20% of the five-year capital plan.
- **Post-Closure Reserve:** the City maintains a reserve related to closure of Landfill No. 3. For more information, see "RISK FACTORS RELATING TO THE BONDS – Landfill Closure Costs."

The City can provide no assurance that its Financial Policies will not change in the future or that it will continue to maintain reserves in the amounts described below.

Historical Balances. The following table presents a history of the balance in cash accounts and available reserve accounts of the Enterprise. The information is audited for fiscal years 2007-08 through 2010-11, and unaudited for fiscal year 2011-12.

Table 7
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
CASH ACCOUNTS AND RESERVES

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
Operating Cash	\$4,257,322	\$4,158,550	\$4,924,082	\$4,948,511	\$7,399,352	\$9,318,421
Cash reserved for Landfill No. 3 Closure	9,662,059	10,730,182	11,721,356	12,405,606	13,250,085	13,832,738
Cash reserved for equipment replacement	4,374,725	4,562,523	4,736,871	4,839,972	4,925,488	4,998,048

Source: City of Burbank, Financial Services Department

Projected Operating Results and Pro Forma Debt Service Coverage

The following table shows the projected results of operations of the Enterprise for the five fiscal years ending June 30, 2013, through 2017, including projected debt service coverage. The projections are based on the following assumptions.

Recycling Revenues: The projections assume commodity revenues and curbside program revenues will remain low until the City's curbside registration has been renewed (see "THE ENTERPRISE – Recycle Center").

Rate Base Growth: The projections assume no growth in the customer base.

Rate adjustments: The projections assume 3% rate increases.

Demand. The projections assume no significant change in demand for the services of the Enterprise in terms of tonnage.

Expenses: The projections assume annual operation and maintenance expenses of the Enterprise will increase 2.5% annually, primarily as a result of inflation, increased pension costs and increased green waste-related costs.

Interest earnings: The projections assume annual interest earnings on Enterprise funds of 1.25%.

No Parity Debt: No capital improvement requirements or additional financing are anticipated in the next five years. See "Capital Improvement Program" above. See also "SECURITY FOR THE BONDS – Limitations on Future Obligations Secured by Net Revenues."

The following table represents the City's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. The obligation of the City to pay debt service on the Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the Bonds.

Table 8
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
FIVE-YEAR FINANCIAL PROJECTIONS
(dollars in thousands)

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Operating Revenues					
Domestic Collections	\$8,255	\$8,503	\$8,758	\$9,021	\$9,292
Commercial/Apt/Gov't/Manure Collections	5,516	5,681	5,852	6,027	6,208
Landfill Disposal (State/Local Fees)	345	355	366	377	388
Recycling Revenues	194	194	194	194	194
Hauler Fees	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Operating Revenues	15,510	15,933	16,370	16,819	17,282
Operating Expenses					
Refuse Collection	9,193	9,474	9,854	10,254	10,675
Recycling Program	2,146	2,197	2,260	2,326	2,393
Refuse Disposal	2,722	2,777	2,845	2,914	2,986
Depreciation	<u>1,175</u>	<u>1,175</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Operating Expenses	15,236	15,623	16,159	16,694	17,254
Net Operating Income	<u>274</u>	<u>310</u>	<u>211</u>	<u>125</u>	<u>28</u>
Non-Operating Income (Expenses)					
Non-Operating Income	30	30	30	30	30
Interest Income	347	352	367	364	321
Non-Operating Expenses	<u>(435)</u>	<u>(405)</u>	<u>(380)</u>	<u>(352)</u>	<u>(323)</u>
Total Non-Operating Income (Expenses)	<u>(58)</u>	<u>(23)</u>	<u>17</u>	<u>42</u>	<u>28</u>
Plus: Depreciation (2)	1,175	1,175	1,200	1,200	1,200
Plus: Interest expense (2)	<u>387</u>	<u>357</u>	<u>331</u>	<u>304</u>	<u>274</u>
Net Revenues Available for Debt Service (1)	1,778	1,819	1,759	1,671	1,530
Annual Debt Service					
2002 Bonds	193	--	--	--	--
2012 Bonds*	<u>577</u>	<u>768</u>	<u>768</u>	<u>768</u>	<u>768</u>
Total Annual Debt Service*	770	768	768	768	768
Debt Service Coverage*	2.31x	2.37x	2.29x	2.18x	1.99x

Source: City of Burbank, Financial Services Department.

(1) Net Operating Income plus Non-Operating Income plus Depreciation.

(2) Depreciation and interest expense are added back so that debt service coverage can be calculated in the manner required by the Indenture.

* Preliminary; subject to change.

RISK FACTORS RELATING TO THE BONDS

Payment of principal of and interest on the Bonds depends primarily upon the revenues derived from operation of the Enterprise. Some of the events which could affect the revenues received by the Enterprise are set forth below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order in which the risks are discussed does not necessarily reflect the relative importance of the various risks.

General

The City's ability to make payments of principal of and interest on the Bonds is dependent upon the collection of Enterprise revenues and the cost of operating the Enterprise. A number of factors could adversely affect the availability of Net Revenues of the Enterprise, including, but not limited to, capital improvement needs, federal and state requirements and general economic conditions. The City has been able to adjust its rates from time to time to meet such conditions and expects to continue to have that ability.

Limited Obligations

The Bonds are limited obligations of the City and are not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to pay debt service on the Bonds from Net Revenues does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The City is obligated under the Indenture to make debt service payments solely from Net Revenues. There is no assurance that the City can succeed in operating the Enterprise such that the Net Revenues in the future will be sufficient for that purpose. See "- Articles XIIC and XIID of the California Constitution."

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

Revenues of the Enterprise

There can be no assurance that the City can succeed in operating the Enterprise such that the Net Revenues of the Enterprise in the future amounts projected in this Official Statement will be realized. Specifically, there can be no assurance that local demand for the services of the Enterprise will be maintained at the levels described in this Official Statement, or that the assumptions used to project demand for refuse collection services will be realized in the future. See "THE ENTERPRISE – General" for a discussion of the manner in which refuse is collected in the City. The City does not anticipate that competition to provide refuse collection services will adversely impact the City's Net Revenues.

Reductions in the level of revenue could require an increase in rates and charges in order to produce Net Revenues sufficient to comply with the City's rate covenant contained in the Indenture, and any such increases could act to further decrease demand. See "SECURITY FOR THE BONDS – Rate Covenant" for a summary of the City's covenant to increase revenues to generate specific amounts of Net Revenues.

However, the City's rate covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay debt service on the Bonds. In addition, see "- Articles XIIC and XIID of the California Constitution" below for information regarding potential limitations on the City's ability to comply with the rate covenant as a consequence of constitutional limitations on the increase in rates and charges.

Enterprise Expenses

There can be no assurance that the City's expenses for the Enterprise will be consistent with the descriptions in this Official Statement. Changes in technology, changes in quality standards, loss of large customers, increased or decreased development, increases in the cost of operation, increased regulation or other expenses could require increases in rates or charges in order to comply with the City's rate covenant in the Indenture. See "- Articles XIIC and XIID of the California Constitution."

Environmental Laws and Regulations

Solid waste landfills are subject to a wide variety of local, State, and federal health and environmental laws. Among the types of regulatory requirements faced by such facilities are air and water quality control requirements. Such regulations, as they may be from time to time amended or subsequently enacted could affect the Net Revenues available to pay the Bonds. See "THE ENTERPRISE - Federal and State Regulations Governing Solid Waste Disposal."

Landfill Closure Costs

State laws and regulations require the City to place a final cover on the Landfill No. 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports portions of these costs as operating expenses in each period, as required by GASB 18, and based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 44% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,157 (in thousands) as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Using the 2011 inflation factor of 1.01%, the adjusted closure and postclosure costs for 2011 are \$34,444 (in thousands). The City expects to close the landfill in the year 2066. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in regulations.

The City is required by state laws and regulations to make annual contributions to a trust fund to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2011, \$13,033 (in thousands) was reported as restricted cash. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future rates and charges.

Disposal Capacity

As of the date of this Official Statement, the City believes that Landfill No. 3 has sufficient capacity for the disposal of refuse generated in the City for many years after the final maturity date of the Bonds. See “-Landfill Closure Costs” and “THE ENTERPRISE – Disposal Facilities.”

Limited Recourse on Default

Failure by the City to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. See also “-Articles XIII C and XIII D of the California Constitution” below.

Limitations on Remedies

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest with respect to the Bonds may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See “-Articles XIII C and XIII D of the California Constitution.” Furthermore, the remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California.

The opinions to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX E – “FORM OF BOND COUNSEL OPINION.” If the City fails to comply with its covenants in the Indenture or fails to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Articles XIII C and XIII D of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related “fee” or “charge,” which is defined as “any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including

user fees or charges for a property related service” (and referred to in this section as a “property-related fee or charge”).

On November 2, 2010, California voters approved Proposition 26, the so-called “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

- “(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- ...
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

Property-Related Fees and Charges. Under Article XIII D, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIII C states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIII C and XIII D. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees

and charges, and thus not subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Articles XIIC and XIID and the City's Rates and Charges. The City's current rate structure for fiscal year 2012-13 was adopted by the City Council on June 19, 2012, pursuant to Resolution No. 28,540, following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with the *Bighorn* decision.

The City believes its refuse rates and charges do not constitute "taxes" under Article XIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIC,

they are “property-related fees imposed in accordance with the provisions of Article XIID” (and are also charges for a “property-related service” as defined in subsection 2(g) of Article XIID) and because, as described in subsection 1(e)(2) of Article XIIC, they are charged for refuse service, “a specific government service or product provided directly to the payor that is not provided to those not charged.”

Conclusion. It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.

Initiatives

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations which could affect the ability of the City to implement rate increases which could reduce Net Revenues and adversely affect the security for the Bonds. See “- Articles XIIC and XIID of the California Constitution.”

Bankruptcy

The rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to the Bonds and the Indenture, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the City could be prohibited from taking any steps to enforce their rights under the Indenture.

Tax Exemption

The City has covenanted in the Indenture that it will take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Internal Revenue in the gross income of the Owners thereof for federal tax purposes. See “TAX MATTERS.”

Risk of Disaster

The City is subject to the risk of certain natural disasters, which could impact the cost of operating the Enterprise and the customers of the Enterprise, both of which determine the availability of Net Revenues to pay debt service on the Bonds.

Fire Hazards. Fire is a safety concern both within the urban area of the City and in hillside areas. Urban fire risks are reduced by enforcing code provisions and maintaining a high-quality fire department. Wildland fires are most problematic along the developed residential fringes of the hillsides. Dry vegetation, seasonal swings in precipitation, and wind conditions combine to increase the potential for wildfires.

Geologic and Seismic Hazards. As in other communities in the Los Angeles region, seismic hazards are the most substantial environmental hazards affecting land uses in the City. Earthquakes and their related effects (seismic shaking, surface rupture, liquefaction, landslides, and subsidence) have the greatest potential to affect a large portion of the City's population.

Earthquakes. The City contains one active fault, the Verdugo Fault, located just south of the Verdugo Mountains. In addition to the Verdugo Fault, several other active faults have the potential to cause ground shaking that would affect the City. These faults are the San Fernando Fault (northwest of the City), Sierra Madre Fault (at the base of the San Gabriel Mountains east of the City), Hollywood Fault (south of the City), Newport-Inglewood Fault (12.5 miles southwest of the City), and the Raymond Fault (6 miles southeast of the City). The San Andreas Fault, a large fault that runs nearly the entire length of California, is located approximately 27 miles to the northwest. Although these faults would not cause a surface rupture in the City, a seismic event on any of these faults could cause ground shaking that could damage structures and facilities in the City.

The Alquist-Priolo Earthquake Fault Zoning Act requires the State of California to map areas with high risk for surface fault rupture. This law prohibits locating structures designed for human occupancy on top of the surface traces of active faults, thereby reducing the loss of life and property from an earthquake. There are no Alquist-Priolo Earthquake Fault Zones in the City.

Liquefaction. Much of the City is located atop soils susceptible to liquefaction, particularly in areas west of the Golden State Freeway (I-5). As long as groundwater continues to be extracted in the upper Los Angeles River area and annual rainfall remains at normal levels, groundwater levels in the City can be expected to remain deeper than 50 feet, resulting in a low risk of liquefaction for most of the City.

Landslides. In the City, hazards from landslides and mudslides are limited to properties at the base of undeveloped or unimproved slopes in the Verdugo Mountains, north of Sunset Canyon Drive.

Flood Hazards. Flooding may occur in the City when streams and channels overflow as a result of excessive precipitation, storm runoff, or inadequate, undersized, or unmaintained storm drainage infrastructure.

Flood hazards related to storm events generally are described in terms of the "100-year flood," which is the largest flood event that may be expected to occur within 100 years. This

flood is considered a severe flood, but one that can be reasonably predicted and thus reasonably mitigated. According to the Federal Emergency Management Agency's flood insurance relief maps, Landfill No. 3 is in Zone D, which means that no flood hazard analysis has been conducted for the area. Landfill No. 3 sits on a well-drained hillside with ample run-on and run-off controls in place. The City's corporate yard and the Recycle Center are in Zone X with a 0.2% chance of flooding 1-foot or less annually, which the City does not expect to disrupt operation of the Enterprise.

Three reservoirs upstream from the City, Reservoirs #1, #4, and #5, are classified as dams by the California Department of Water Resources. However, these reservoirs are not large enough to result in considerable risk of inundation in the City that would result from failure of any of the facilities.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

INVESTMENT OF CITY FUNDS

Revenues collected by the City will be held and invested by the City in accordance with the provisions of the Indenture. Otherwise, however, moneys held by the City, including Enterprise moneys, will be invested in accordance with the City's adopted investment policies. For more information about the City's investment policy as well as information about recent investment performance of the City's pooled investment funds, see Appendix D.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("**AMT**") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("**AMTI**"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "**Reduced Issue Price**"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the

investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E – "FORM OF OPINION OF BOND COUNSEL."

FINANCIAL STATEMENTS OF THE CITY

Included in this Official Statement, as Appendix B, are the audited financial statements of the City for the year ended June 30, 2011, together with the report dated December 22, 2011 of McGladrey & Pullen, LLP, certified public accountants (the "Auditor"). *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City.*

CERTAIN LEGAL MATTERS

Quint & Thimmig LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E – “FORM OF OPINION OF BOND COUNSEL.” Bond Counsel has assumed no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney.

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

LITIGATION

The City will certify at closing that, to the best knowledge of the City, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the authorization, execution or delivery of the Bonds, or the pledge of the Net Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the Bonds, the Indenture or the agreement for the sale of the Bonds, or in any way contesting or affecting the transactions described in this Official Statement.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”), assigned the rating of “AAA” to the Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such ratings may be obtained from it as follows: S&P, 55 Water Street, New York, NY 10041, (212) 438-2124.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Ross Financial, San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the authorization and delivery of the Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

The fees of the Financial Advisor are contingent upon the sale and delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Enterprise by not later than nine months following the end of the City's fiscal year (currently ending June 30) (the "Annual Report"), commencing with the report for the fiscal year ended June 30, 2012, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The City and its related governmental entities have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations (See "APPENDIX B – Audited Financial Statements of the City for the Fiscal Year Ended June 30, 2011 – Note 8"). The City failed, on a handful of occasions during the past five years, to fully comply, in all material respects, with the City's disclosure undertakings. Specifically, on a handful of occasions, the City failed to file annual reports with the applicable repository with reference to all applicable CUSIP numbers, it failed to file its audited financial statements as part of its annual report and it failed to file all required bond insurer-related rating downgrading notices. The City has corrected the known filing errors and believes it has processes in place that will ensure compliance with all material requirements of its continuing disclosure undertakings in the future.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (which price is equal to the aggregate principal amount of the Bonds, plus original issue premium of \$_____ and less an Underwriter's discount of \$_____). The Underwriter has agreed to purchase all of the Bonds if any are purchased, subject to certain terms and conditions, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriter has represented that it intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth in this Official Statement. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the City, including a summary of significant accounting policies, for the fiscal year ended June 30, 2010, are contained in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2011.”

The execution of this Official Statement and its delivery have been authorized by the City Council of the City.

CITY OF BURBANK

By _____
Interim City Manager

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APPENDIX A

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions. All capitalized terms not defined in this Official Statement have the meaning set forth in the Indenture.

Definitions

"Authorized Representative" means, with respect to the City, the Mayor, the Vice Mayor, the City Manager, the Financial Services Director or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by the City Manager or the Financial Services Director and filed with the Trustee.

"Bond Fund" means the fund by that name established pursuant to the Indenture.

"Bond Registration Books" means the books maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Bonds" means the City's Waste Disposal Refunding Revenue Bonds, Series 2012, issued and at any time Outstanding under the Indenture.

"Bond Year" means any twelve-month period commencing on May 2 in a year and ending on the next succeeding May 1, both dates inclusive; provided, however, that the first Bond Year shall commence on the Closing Date relating to the Bonds and shall end on May 1, 2013.

"Business Day" means a day of the year on which banks in Los Angeles, California, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by an Authorized Representative of the City. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"City" means the City of Burbank, a municipal corporation and chartered city organized and existing under the constitution and laws of the State, and any successor thereto.

"City Council" means the City Council of the City.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date, or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other

professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund so designated and established pursuant to the Indenture.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

(a) The principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and

(b) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"Enterprise" means any and all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment, disposal or recycling of refuse or solid waste, including disposal facilities, landfills, monitoring, collection and recovery systems and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or recycling of refuse or solid waste, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Event of Default" means any of the events of default described in the Indenture.

"Federal Securities" means direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the same.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

"Gross Revenues" means all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all fees and charges received by the City in connection with its operation of the Enterprise, (b) amounts received by the City from the levy of an excise tax upon property owners within the geographic boundaries of the City that are not utilizing the services of the Enterprise, (c) fees received by the City from agencies of the City and other governmental entities in connection with the use of the Enterprise, and (d) all receipts derived from the investment of such income or revenues; but excluding the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the City and excluding the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City.

"Indenture" means the Indenture of Trust, dated as of December 1, 2012, by and between the City and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the Indenture.

"Independent Accountant" means any certified public accountant or firm of such accountants appointed and paid by the City, and who, or each of whom:

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial interest, direct or indirect, with the City; and

(c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in

accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the City may designate in a Certificate of the City delivered to the Trustee.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to the Indenture.

"Insurance Consultant" means a person (which may be the City's insurance agent or broker) having experience and a favorable reputation in consulting on the insurance requirements of water utilities in the State of the general size and character of the Enterprise, selected by the City.

"Interest Account" means the account by that name in the Bond Fund established pursuant to the Indenture.

"Interest Payment Date" means May 1 and November 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

"Net Proceeds" means the par amount of the Bonds plus accrued interest and premium, if any, less the amount of any underwriter's and original issue discount, less the proceeds applied to pay Costs of Issuance.

"Net Revenues" means, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on generally accepted accounting principles, including (among other things) the reasonable expenses of management, personnel, services, equipment, repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Original Purchaser" means the first purchaser of the Bonds from the City.

"Outstanding," when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the City under the Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant to the Indenture or any Supplemental Indenture.

"Owner" or *"Bond Owner"*, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA—guaranteed mortgage-backed bonds
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Agency Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and 2010 Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating at the time of investment of AAAM-G; and if rated by Moody's having a

rating at the time of investment of Aaa, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries provide investment advisory or other management services.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC and, to the extent such deposits are in excess of the amounts protected by FDIC insurance, secured at all times by collateral described in (a) and/or (b) above.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating at the time of investment of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State, created pursuant to 16429.1 of the California Government Code.

(j) The County pooled investment fund.

(k) Municipal obligations rated "A" or higher by S&P.

(l) Other forms of investments that satisfy the City's Statement of Investment Policy as of the time of investment.

"Principal Account" means the account by that name in the Bond Fund established pursuant to the Indenture.

"Principal Payment Date" means May 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Rating Category" means, with respect to any Permitted Investment, one or more of the generic categories of rating by Moody's and/or S&P applicable to such Investment Security, without regard to any refinement or gradation of such rating category by a plus or minus sign.

"Record Date" means the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date.

"Refunding Bond Law" means Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Refuse Collection and Disposal Enterprise Fund" means the fund by that name established and held by the City for purposes of accounting for the revenues and expenditures of the Enterprise.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Certificate of the City delivered to the Trustee.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the City and the Trustee, amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Trust Office" means the principal corporate trust office of the Trustee in Los Angeles, California; provided, however, that the Trustee may from time to time designate other offices for purposes of payment, transfer, exchange or registration of Bonds.

"Trustee" means Wells Fargo Bank, National Association, appointed by the City to act as trustee under the Indenture pursuant to the Indenture, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

"2002 Bonds" means the \$10,290,000 City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (Tax-Exempt), of which \$7,760,000 remains outstanding as of the Closing Date.

"2002 Indenture" means that certain Indenture of Trust, dated as of May 15, 1989, as amended and supplemented, by and between the City and the 2002 Trustee, relating to the 2002 Bonds.

"2002 Trustee" means Wells Fargo Bank, National Association, as trustee for the 2002 Bonds.

Application of Costs of Issuance Fund

The moneys in the Costs of Issuance shall be used and withdrawn by the Trustee to pay Costs of Issuance upon receipt by the Trustee of a Requisition of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account.

(b) At the end of six months from the Closing Date, or upon earlier receipt of a Certificate of the City stating that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund shall be closed and any amounts then remaining in said account shall be transferred to the Bond Fund.

Pledge of Net Revenues

Subject to the provisions of the Indenture relating to the Trustee's compensation, the Bonds shall be secured by a first pledge of all of the Net Revenues. In addition, the Bonds shall be secured by a pledge of all of the moneys in all funds and accounts held by the Trustee under the Indenture, including all amounts derived from the investment of such moneys. Such pledge shall constitute a lien on the Net Revenues and such other moneys for the payment of the principal of and interest and premium (if any) on the Bonds in accordance with the terms of the Indenture. The Bonds shall be equally secured by a pledge, charge and lien upon the Net Revenues, without priority for number or date, shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys, except as set forth in this the Indenture. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys shall not be used for any other purpose, except as set forth in the Indenture except, that out of the Net Revenues, there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds and the covenants and agreements set forth in the Indenture to be performed by or on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

The Trustee shall establish and maintain the Bond Fund and, within the Bond Fund, the Interest Account and the Principal Account.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Sewer Enterprise Fund. All Gross Revenues shall be held in trust by the City in the Sewer Enterprise Fund and shall be applied, transferred, used and withdrawn only for the following purposes:

(i) **Operation and Maintenance Costs.** The City shall first pay from the moneys in the Sewer Enterprise Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

(ii) **Payment of Debt Service.** On or before the 5th Business Day preceding each Interest Payment Date, the City shall withdraw from the Sewer Enterprise Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured but which have not been presented for payment), is equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date.

(iii) **Surplus.** As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the Sewer Enterprise Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Net Revenues. On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding; and

Second: to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased prior to maturity pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the Indenture shall, upon Request of the City provided at least two Business Days prior to the date of investment, be invested by the Trustee, but solely in Permitted Investments. In the absence of such Request of the City, the Trustee shall invest available moneys in investments described in paragraph (d) of the definition of Permitted

Investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in the money market fund set forth in the letter of authorization and direction executed by the City and delivered to the Trustee. If no specific money market fund had been specified by the City, the Trustee shall make a request to the City for investment directions and, if no investment directions are provided within 10 days, such amount shall be held in cash, uninvested during such 10 day period and thereafter, until specific investment directions are provided by the City to the Trustee. All Permitted Investments shall be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City.

Moneys in the funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to the Indenture shall be deposited when received in the Bond Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account for the credit of which such Permitted Investment was acquired.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture shall be accounted for separately as required by the Indenture. The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of the Indenture, the Trustee shall not be liable or responsible for any loss resulting from such investment.

The City acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture. The Trustee may make any investments under the Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Certain Covenants

Punctual Payment. The City shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Discharge of Claims. The City covenants that in order to fully preserve and protect the priority and security of the Bonds the City shall pay from the Net Revenues and discharge all lawful claims for labor,

materials and supplies furnished for or in connection with the Enterprise which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The City shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Enterprise or upon any part thereof or upon any of the Net Revenues therefrom.

Operation of Enterprise in Efficient and Economical Manner. The City covenants and agrees to operate, or cause to be operated, the Enterprise in an efficient and economical manner and to operate, maintain and preserve the Enterprise in good repair and working order.

Against Encumbrance. Except as provided in the Indenture, the City covenants that the property, facilities and improvements of the Enterprise shall not be mortgaged or otherwise encumbered, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless: (a) the City shall cause to be filed with the Trustee written evidence from Moody's, if Moody's is rating the Bonds, and/or S&P, if S&P is rating the Bonds, that such sale or other disposition will not cause a reduction or withdrawal of the uninsured rating then assigned to the Bonds by each such rating agency; and (b) such sale or other disposition shall be so arranged as to provide for a continuance of payments into the Bond Fund sufficient in amount to permit payment therefrom of the principal of and interest on the Outstanding Bonds, and also to provide for such payments into the funds as are required under the terms of the Indenture. Notwithstanding the foregoing, the City may lease real property constituting a portion of the Enterprise; provided that the lease payments shall be considered Gross Revenues under the Indenture.

The City further covenants that the Net Revenues or any other funds pledged or otherwise made available to secure payment of the principal of and interest on the Outstanding Bonds shall not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used except as authorized by the terms of the Indenture. The City further covenants that it will not enter into any agreement which impairs the operation of the Enterprise or any part of it necessary to secure adequate Net Revenues to pay the principal and interest of the Bonds or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

Records and Accounts. The City covenants that it shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Trust Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. Any such audit may be combined with and be a part of the general audit of the City's financial records.

The City covenants that it will cause to be prepared annually, not more than two hundred ten (210) days after the close of each Fiscal Year a summary statement showing the amount of Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Bonds, the disbursements from the Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Enterprise. The City shall furnish a copy of the statement to any Bond Owner upon written request.

Rates and Charges.

Covenant Regarding Revenues. The City covenants to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Revenues that are sufficient to pay the following amounts in the following order of priority:

- (i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) Debt Service payments on the Bonds as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the City that have been deposited with the Trustee for purposes prior to the commencement of such Fiscal Year;

(iii) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the City covenants to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues.

No Obligations on Parity or Superior to Bonds. In order to protect further the availability of the Net Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a parity or senior basis to the Bonds that are payable out of the Net Revenues in whole or in part.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the Bonds to the extent required.

Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the City to the extent permitted by law.

Tax Covenants.

Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code.

Private Loan Financing Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the

Closing Date would have caused the Bonds, to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Maintenance and Operation of the Enterprise. The City covenants and agrees that it will operate and maintain the Enterprise in accordance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the City.

Taxes, Assessments, Other Governmental Charges and Utility Charges. The City covenants and agrees that it will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, and utility charges which may be or have been assessed or which may have become liens upon the Enterprise or the interest therein of the Trustee or of the Owners of the Bonds, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Enterprise or any part thereof, and upon request, will furnish to the Trustee receipts for all such payments, or other evidence satisfactory to the Trustee; provided, however, that the City shall not be required to pay any tax, assessment, rate or charge as provided in the Indenture as long as it shall in good faith contest the validity thereof, provided that the City shall have set aside adequate reserves with respect thereto.

Insurance Required.

The City covenants and agrees that, subject to the Indenture, it will keep the Enterprise and all of the operations of the City adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried and against such risks as are customarily insured against in connection with the ownership and operation of facilities of similar character and size in the State. The City further covenants and agrees that, except as otherwise permitted below, it will carry and maintain, or cause to be carried and maintained, and will pay or cause to be paid in timely fashion the premiums for, at least the following insurance with respect to the Enterprise when and as such insurance is available:

(i) Insurance, on all properties constituting the Enterprise, against loss or damage by fire, lightning, vandalism, malicious mischief and all other perils covered by the extended coverage insurance endorsement then in use in the State, subject to a deductible of not more than \$100,000 per loss, with a coverage amount equal to the full replacement value of the property insured or the aggregate principal amount of Outstanding Bonds, whichever is the lower of the two. During the course of construction of any substantial addition, extension, alteration or improvement to the Enterprise, the City may, at its option, require the contractor to obtain builder's risk insurance in the amount of the full completed value of such construction work, subject to deductibles of not more than \$100,000 per loss (except that higher deductibles may apply to earthquake and/or flood insurance), covering loss by fire, lightning and removal from the premises endangered by fire and lightning, and all other risks covered by the extended coverage endorsement then in use in the State.

(ii) Boiler insurance providing coverage of pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, transformers and miscellaneous electrical

apparatus in the Enterprise which present significant potential for loss, in an amount not less than \$2,000,000, subject to deductibles not exceeding \$100,000 per occurrence.

(iii) Automobile liability insurance in the minimum amount of \$1,000,000 combined single limit (CSL) for bodily injury and/or property damage arising out of any one accident. This shall include non-owned and hired auto liability.

(iv) Comprehensive general liability and professional errors and omissions liability insurance, in the minimum amount of \$5,000,000 as to any one occurrence.

(v) Crime coverage/fidelity bonds or other insurance guarantees on all City officers and employees who collect or have custody of or access to revenues, receipts or income of the Enterprise, in such amounts as are ordinarily carried by organizations engaged in like activities and with gross revenues comparable to those of the Enterprise.

Notwithstanding anything in the Indenture to the contrary, the City shall have the right, without giving rise to an Event of Default solely on such account, (1) to maintain insurance coverage below or deductibles above that required by the Indenture, if the City furnishes to the Trustee a certificate that the amount of insurance is not commercially and financially affordable at rates which are considered reasonable by industry standards, or (2) to adopt alternative insurance/risk transfer programs, in lieu of the policies described in the Indenture, which the City Council determines to be reasonable including, without limitation, to self-insure, in whole or in part, to participate in programs of captive insurance companies, to participate with other entities in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs or to establish or participate in other alternative risk management programs, all as may be approved as reasonable and appropriate risk management by an Insurance Professional.

Disposition of Insurance and Condemnation Proceeds.

The proceeds of the insurance carried pursuant to clauses (i) and (ii) above and the proceeds of any condemnation awards with respect to the Enterprise shall, to the extent that they are in excess of \$25,000 with respect to any occurrence, be paid immediately upon receipt by the City or other named insured parties to the Trustee for deposit in a special fund which the Trustee shall establish and maintain and hold in trust, when required, to be known as the "Insurance and Condemnation Proceeds Fund." Proceeds with respect to any occurrence in an amount equal to or less than \$25,000 may be retained by the City and used for any lawful purpose of the City. In the event the City elects to repair or replace the property damaged, destroyed or taken in accordance with said plans, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the conditions set forth in the Indenture with respect to disbursements from the Costs of Issuance Fund to the extent the provisions of said provisions may reasonably be made applicable.

In the event the City shall elect not to repair or replace the property damaged, destroyed or taken, as provided in the Indenture, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the City.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise, in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the City in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained (other than as referred to in subsections (a) or (b) above), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(d) abandonment by the City of the Enterprise, or any substantial part thereof, and such abandonment shall continue for a period of sixty (60) days after written notice thereof shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, unless the City shall have assumed all of the City's obligations under the Indenture; or

(e) the City's filing a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or making an assignment for the benefit of creditors, or admitting in writing to its insolvency or inability to pay debts as they mature, or consenting in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Enterprise.

Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Net Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Net Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable charges and expenses of the Trustee (including, but not limited to, reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference, and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondowners. The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondowners, the Trustee in its discretion may and shall upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Net Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Bondowners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction or would expose the Trustee to liability for which it has not been indemnified to its satisfaction.

Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Bond Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)) shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Bond Law, the California Government Code or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Amendments Permitted

The Indenture and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Indenture. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, provided in the Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Net Revenues and other assets (except as expressly provided in the Indenture), or terminate the insurance of the Bonds, without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondowners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City and the Trustee of any Supplemental Indenture pursuant to this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Bondowners at the addresses shown on the Bond Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the City in the Indenture, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds; and

(iii) to make such additions, deletions or modifications as may be necessary to assure exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

No such Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent thereto; nor shall the Trustee be required to consent to any such Supplemental Indenture which affects its rights or obligations under the Indenture.

Defeasance

Discharge of Indenture. Bonds may be paid by the City in any of the following ways; provided that the City also pays or causes to be paid any other sums payable under the Indenture by the City:

(a) by paying or causing to be paid the principal of and interest on Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or Permitted Investments described in paragraph (a) of the definition thereof ("Defeasance Obligations") in the necessary amount (as provided in the Indenture) to pay Bonds Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

If the City shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable under the Indenture by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City, filed with the Trustee, signifying the intention of the City to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Net Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the City under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Indenture. In such event, upon Request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay any Outstanding Bond.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or Defeasance Obligations in the necessary amount to pay any Bonds, the money or Defeasance Obligations so to be deposited or held may

include money or Defeasance Obligations held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or

(b) Defeasance Obligations the principal of and interest on which when due will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Trustee, as the case may be, may (at the cost of the City) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the Owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

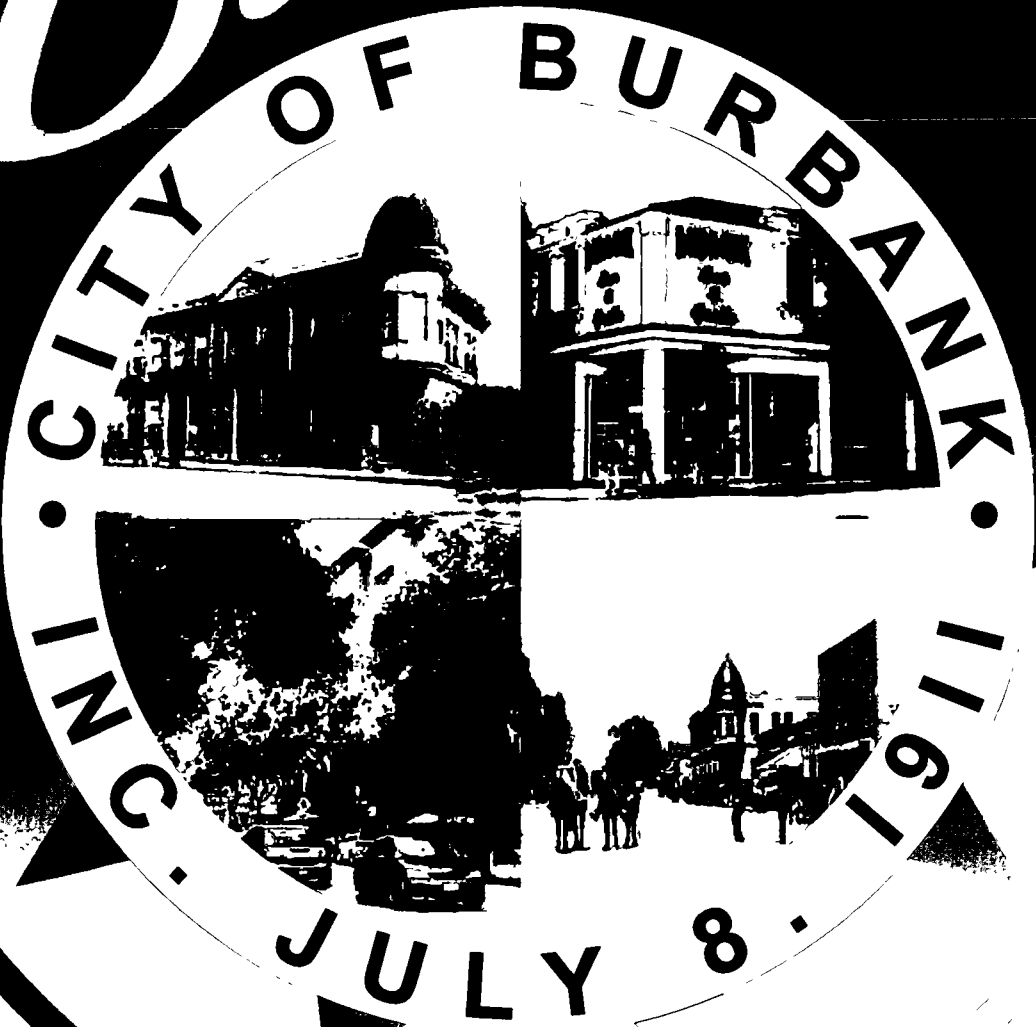
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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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CITY OF
Burbank



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
YEAR ENDED JUNE 30, 2011

ABOUT THE COVER

The City of Burbank's Fiscal Year 2010-2011 Comprehensive Annual Financial Report features the celebration of Burbank's 100 year anniversary. Burbank began as a small farming and ranching community and grew to be known as the "Media Capital of the World."

Burbank was founded in 1887 as an agricultural and sheep herding town and named after Dr. David Burbank, a dentist and rancher. Due to its location and proximity to LA, Burbank became a great area for business and industry. Burbank was incorporated as a city on July 8, 1911.

After its incorporation manufacturing industries, aircraft industries and motion pictures studios began to flourish providing the City of Burbank financial stability for decades. In addition to the thriving businesses and industries Burbank provided a quality lifestyle for its residents.

With a population of 500 when it was incorporated and over 100,000 today Burbank still provides a quality lifestyle retaining the small town feel and providing the community the highest levels of customer service.

Happy 100 Year Anniversary Burbank!

Illustration

Larry Hausen (RuffHaus Design Studio)

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Cassidy Allen (Graphics Media Designer - City of Burbank)

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**CITY OF BURBANK
BURBANK, CALIFORNIA**

FISCAL YEAR ENDED June 30, 2011

**Prepared by :
Financial Services Department
Cindy Giraldo
Financial Services Director**

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2011**

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INTRODUCTORY SECTION

The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Burbank, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

- Letter of Transmittal,
- City's Organizational Chart and List of Principal Officials,
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

**City of Burbank's
Elected Officials
and
Principal Officers**



Jess Talamantes
Mayor



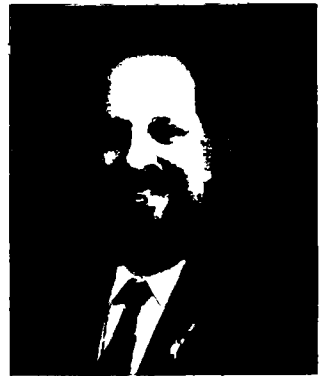
David Golonski
Vice Mayor



Gary Bric
Council Member



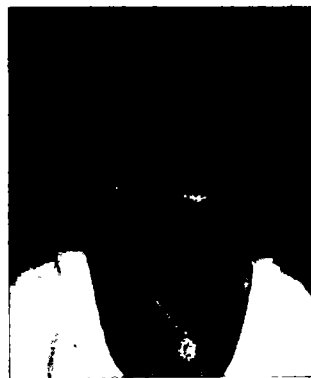
Emily Gabel-Luddy
Council Member



Dr. David Gordon
Council Member



Margarita Campos
City Clerk



Donna Anderson
City Treasurer



CITY OF BURBANK
275 EAST OLIVE AVENUE, P O BOX 6459, BURBANK, CALIFORNIA 91510-6459

December 22, 2011

Honorable Mayor and Members of the City Council:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Burbank for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Burbank, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McGladrey and Pullen, LLP a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burbank, California for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Burbank, California's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal

controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued *Single Audit Report*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Burbank

The City of Burbank, incorporated in 1911 under the general laws of the State of California, is a long-established residential city and commercial center located within Los Angeles County in Southern California. The City of Burbank is a unique urban community located 12 miles northwest of downtown Los Angeles and nestled between the Hollywood Hills and the Verdugo Mountains. The City occupies a land area of 17.16 square miles and serves a population of 104,304.

The City of Burbank is a full-service charter city that operates on a Council-Manager form of government. The City Council consists of five members. The Mayor is selected from the City Council members and serves a one-year term. The City's other elected officials are the Treasurer and City Clerk whose term of office is four years.

The City provides a full range of municipal services. Services provided include public safety (police and fire), street construction and maintenance, sanitation, refuse collection and disposal, electric, water and sewer utilities, cultural and recreational, public improvements, planning and zoning, and general administrative and support services.

The annual budget serves as the foundation for the City financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year must be approved by the City Council. These appropriations, representing amendments to the budget during the year, were significant in relationship to the original budget as adopted. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget. The City utilizes an encumbrance accounting system, whereby commitments such as purchase orders and unperformed contracts are recorded as reserved fund balances at year-end.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burbank operates.

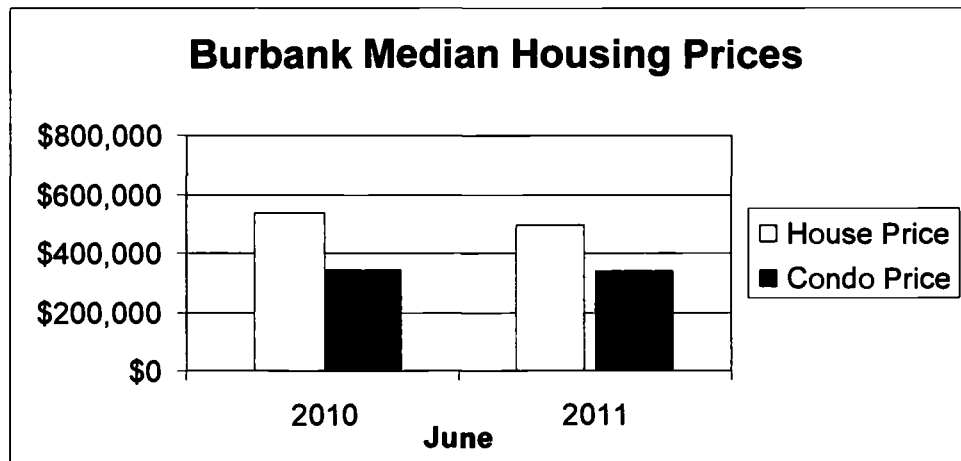
Local Economy. The City of Burbank's economic environment has felt the impacts of the economic downturn, but is still remaining strong in commercial, residential and retail development. The City of Burbank continues to focus on offering several new resources and projects to the community including the beautification of our neighborhoods and business districts, the attraction of new retail stores and restaurants, the development of needed Class A office space, and the expansion of the citywide transportation system.

In fiscal year 2010-11 cumulative sales tax revenues increased 19.4%, comprising approximately 22.8% of the total General Fund revenue. The increase was due to new retail businesses opening up and the strong diversified base of businesses within Burbank. The city will have a very diversified stream of sales tax revenues in the general fund during FY 2011-12.

Transient Occupancy Tax (TOT) contributed \$5.7 million to the general fund of the City of Burbank. This represents an increase of 7.6%. In fiscal year 2010-11 TOT represented 4.4% of the City's total General Fund revenue base.

Transient Parking Tax contributed \$2.9 million to the general fund of the City of Burbank as activity at the pay parking lots within the City decreased. This represents a decrease of \$0.127 million dollars to the general fund. This revenue decrease is attributable in part to a decrease in: the number of visitors to Burbank to attend events, meetings and convention activities mainly due to the nationwide economic downturn.

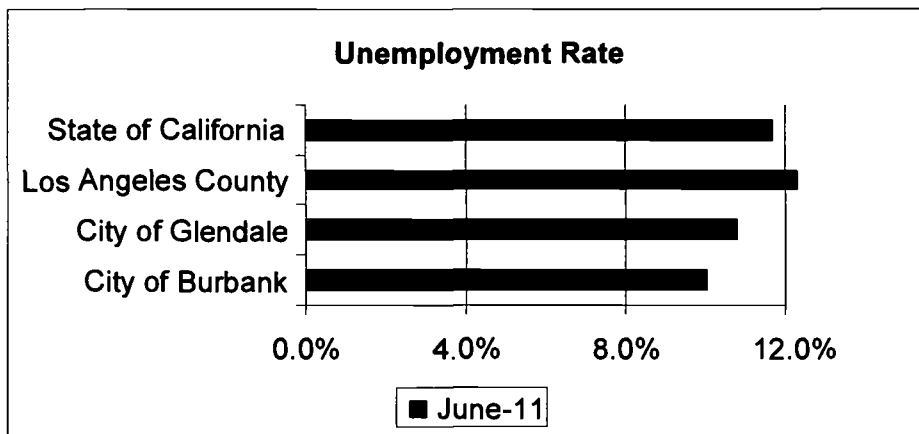
Due to the recent general slowdown in the housing market, Burbank's housing market also showed a decline, reflected in a median home price of \$490,000 in June 2011, compared to \$525,000 in June 2010. Condominium sales also reflected a decline, with a median value of \$360,000 in June 2011, compared to \$372,300 in June 2010. Overall Property Tax revenues decreased 4.4%.



The City is turning its focus onto economic development. The goal is to uphold a strong commitment to economic development to advance job growth, increase retail/commercial vitality and maintain excellent quality of life for all. The components to this strategy are as follows: Strategically position Burbank as a competitive regional, statewide and national hub for business and residence; Focused retail attraction, retention and expansion; Position Burbank as a travel destination; Continue to identify and encourage strategic areas of innovative development within the City; and Enhanced outreach and communications.

Retail sales in Downtown Burbank continue to thrive with activity anchored by AMC movie theaters and IKEA, with several exciting retailers such as Bed, Bath and Beyond and Old Navy, as well as eateries like Wokcano Restaurant, Gordon Biersch, Barney's Beanery, Gourmet 88 Market City Café, Buffalo Wild Wings and Granville Cafe. Downtown also has achieved an important goal of attracting "tech savvy" guests with higher disposable incomes by offering free Wi-Fi service in Downtown Burbank. New businesses opened up during the year such as Nordstrom's Rack, Panera Bread and Chop Stop.

Perhaps one of the most virtually unnoticed economic indicators in the City is Burbank's very low office space vacancy rate. Burbank is experiencing an office market with an office vacancy rate of 9.8% compared to 11.6% in June 2010. Burbank's desirable location and robust economy, is evidenced by strong rental rates of over \$2.76 per square foot. The employment picture is better when compared to the county and state, as evidenced by unemployment rate of 10.1% in June 2011, compared to Glendale's rate of 10.8%, L.A. County's rate of 12.3%, and California's rate of 11.8%.



Making the most of the City of Burbank resources for the benefit of the entire community is at the heart of the Mayor and City Council's commitment to wise fiscal management and to economic development that seeks to build Burbank's revenue base by bringing jobs and businesses to the City. Clearly, the ongoing emphasis is on sustainability, investment, and reinvestment that continues to build a strong healthy community and improve the quality of life for Burbank residents, businesses and visitors.

Long-term financial planning. The Burbank City Council has annually prepared and adopted a 5-year forecast of Capital Improvement Projects, grouping them by categories such as low moderate housing, municipal facilities, pedestrian access and roadways, transportation, and the various utilities, to name a few. Some of the budgeted amounts for FY 2011-12 are as follows: \$8.7M for focus neighborhood revitalization program, \$1.3M for municipal facilities, \$6.0M for street improvements, \$2.1M for wastewater, and lastly, \$56.9M for various projects in the electric and water, funds. Total projected improvements for the next fiscal year are \$78.0M. All of these investments in the various areas reflect the City Council's commitment to maintain or improve the City of Burbank, and provide the citizens with the highest possible service. Additionally, an even more important tool, a 5-year Financial Forecast is perpetually maintained to identify and focus on current economic conditions. This document is used regularly in the annual budget preparation, as well as throughout the fiscal year to assess any state or local economic/political action that might impact the City of Burbank.

Cash management policies and practices. Under the direction of the elected City Treasurer, cash temporarily idle during the year was invested in obligations of the Federal Government, corporate notes, and the State of California Local Agency Investment Pool. The average yield on investments for the fiscal year was 1.60% for the general portfolio, compared to 1.85% in fiscal year 2009-10.

The City Council annually adopts, by resolution, a statement of investment policy for the City's funds. The policy defines the objectives and priorities of the investment program, stressing safety and liquidity of funds as the highest priority. The third priority stated by the policy is the achievement of the maximum yield possible within the constraints of the primary objectives.

The City Treasurer is charged with the responsibility of custody and investment of surplus City funds. The Treasurer is required to submit a monthly investment report to the City Council that provides a summary of the status of the current investment portfolio and material transactions entered into during the month.

Risk Management. The City is self-insured for comprehensive general liability claims up to \$1M. The City is a member in a self-insurance program called Authority for California Cities Excess Liability (ACCEL) to better manage its risk exposure and predictability of costs. The ACCEL program covers claims between \$1M and \$5M, and the City purchases an Excess Comprehensive General Liability Policy for \$45M of insurance for a total of \$50M in coverage.

The City is self-insured for Workers' Compensation up to \$2M per claim. Excess worker's Compensation insurance is then purchased up to statutory limits.

The City also maintains both a Risk Management Office and Safety Office to effectively address potential risk factors that affect both the City and its employees. Risk Management Staff continues to review funding levels to address ever increasing claims costs. If the City were not to address these issues may result in significant impacts to department budgets in future years.

Internal insurance premiums are set annually based upon input from Risk Management and additional analysis from an outside actuarial study. Employee medical coverage is obtained through the Public Employees' Retirement System or through programs offered by one of the labor associations.

Pension and other Post Employment Benefits. The City provides its full-time and certain part-time employees retirement and disability benefits to members and their beneficiaries through three defined benefit pension plans; one for its fire safety employees, one for its police safety employees, and one for its miscellaneous employees. These plans are part of the California Public Employees' Retirement System (CalPERS). The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions or a portion thereof on their behalf and for their account.

The City also provides post-retirement health and dental care benefits to its employees in accordance with agreements reached with the various employees' bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. These payments are financed on a pay-as-you-go basis. As of June 30, 2011, the City was providing benefits to approximately 486 participants.

The Burbank Employee Retiree Medical Trust was established to provide post-retiree medical benefits for all non-safety employees, including all elected and appointed officials. This defined contribution plan is funded by employees and the City. This plan was established in April 2003 through the collective bargaining process.

The *Post Employment Health Plan* (PEHP) was established in February 2006 to provide retirement medical benefits to the Burbank Fire Fighter's Association (BFF), and the Burbank Fire Fighters Chief Officers' Unit (BFF-COU). The plan is a multi-employer trust comprised of over 800 public entities across the United States, and is administered by Nationwide Retirement Solutions. This defined contribution plan is funded by employees and the City. This plan was established through the collective bargaining process, and has approximately 140 retired participants as of June 2011.

Lastly, the *Welfare Benefit Plan* (VEBA) was established as a defined contribution plan to provide post retirement medical benefits to members of the Burbank Police Officers Association (BPOA), as well as others from the International Brotherhood of Electrical Workers (IBEW) and the Burbank Management Association (BMA). The BPOA remains the only active association in this plan, which currently has 220 members.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burbank for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the 27th consecutive year that the City of Burbank has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

In closing, without the leadership and support of the City Council of the City, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully,



MICHAEL S. FLAD
City Manager



CINDY GIRALDO
Financial Services Director

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burbank for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 27th consecutive year that the City of Burbank has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burbank
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

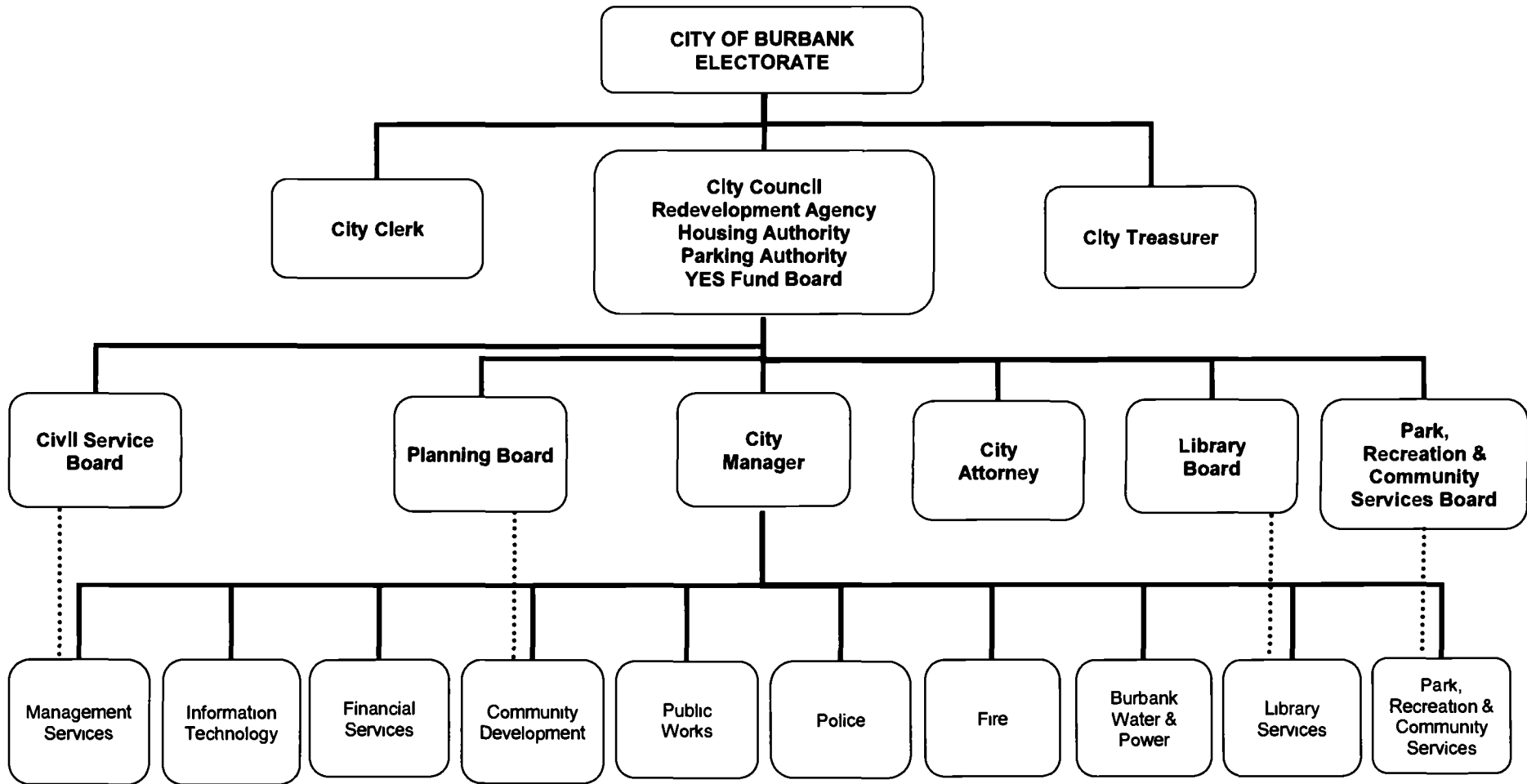


Linda C. Danison

President

Jeffrey R. Emer

Executive Director



Boards, Committees and Commissions in Burbank Municipal Code (Not in City Charter)

Art In Public Places Committee
 Board of Building and Fire Code Appeals
 Burbank Water & Power Board
 Civic Pride Committee

Heritage Commission
 Landlord-Tenant Commission
 Police Commission
 Senior Citizen Board

Traffic and Transportation Committee
 Transportation Commission
 Youth Board

FINANCIAL SECTION

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditor's Report
- Required Supplementary Information – Management's Discussion and Analysis (MD and A)
- City's basic financial statement, which includes the following:
 - The Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Basic Financial Statements
- Required Supplementary Information – Schedule of Funding Progress of the City's Defined Benefit Pension Plan



Independent Auditor's Report

To the Honorable Members of the City Council
City of Burbank, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burbank, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21, debt was restated. We audited the adjustments described in Note 21 that were applied to restate the June 30, 2010 basic financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

As discussed in Note 1K, the City's Low and Moderate Income Housing Fund has outstanding loans receivable from a developer. These loans have 55 year terms and collectability of these loans is not expectant until the end of the term.

As explained in Note 20, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications, and restated fund balances of certain opinion units.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, and other schedules and statistical section, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other schedules listed as supplementary information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them

McGladrey & Pullen, LLP

Los Angeles, CA
December 22, 2011

City Of Burbank

Management's Discussion and Analysis

As management of the City of Burbank, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page I of this report. All data presented in this analysis is rounded to the nearest thousand.

(A) Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,345,693 (net assets). Of this amount, \$347,556 (Unrestricted net assets) may be used to meet the City's ongoing obligations.
- The city's total net assets decreased by \$7,652 during the current fiscal year.
- As of June 30, 2011, the City's governmental funds reported combined fund balances of \$359,742, a decrease of \$11,859 from the prior year. Of this amount, \$10,475 or approximately 3% of total fund balances are unassigned fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$46,871, or 32% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to basic financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the City include general government, police, fire, public works, community development, parks and recreation, library, and interest on long-term debt. The

City Of Burbank

Management's Discussion and Analysis

business-type activities of the City include operations of its electric, water, water reclamation and sewer, refuse collection and disposal, as well operating the golf course.

The government-wide financial statements can be found on page 20 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the General Capital Projects Fund, the Golden State Debt Service Fund, the Merged Capital Projects Fund, the Low and Moderate Income Housing Fund and the Public Financing Authority Capital Projects Fund, each of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this report.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund is located in the basic financial statements. All other funds with legally adopted annual budgets are located in the supplementary information section.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, water reclamation and sewer, refuse collection and disposal, and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

City Of Burbank

Management's Discussion and Analysis

The City uses internal service funds to account for the following activities:

- Self-insurance activities, including:
 - General claims liability
 - Workers' compensation insurance
- Vehicle operation and maintenance
- Office equipment operation and maintenance
- Municipal building replacement, operation and maintenance
- Communication equipment operation and maintenance
- Computer equipment operation and maintenance

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, water reclamation and sewer, refuse collection and disposal and golf operations, all of which, except for the golf fund, are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the *Internal Service Funds* section of this report.

The basic proprietary fund financial statements can be found on page 30 of this report.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 35 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. *Required Supplementary Information* can be found on page 83 of this report.

Supplementary information on nonmajor governmental funds and internal service funds are presented immediately following *the required supplementary information* on pensions. Combining and individual fund statements and schedules can be found on page 84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$1,345,693 at the close of the most recent fiscal year.

The largest portion of the City's net assets (68%) reflects its investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment, etc.),

City Of Burbank

Management's Discussion and Analysis

less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the City's net assets (26%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

An additional portion of the City's net assets (6%) represent resources that are subject to external restrictions on how they may be used. Of these restricted net assets, nearly all 6% is related to restrictions in the City's special revenue and capital projects funds, with less than 1% restricted for public safety functions.

TABLE 1- The City of Burbank's Net Assets as of June 30, 2011 and 2010 (000's):

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets :						
Current and other assets	\$ 508,520	\$ 518,512	197,072	179,358	705,592	697,870
Capital assets	755,445	764,337	419,145	397,817	1,174,590	1,162,154
Total assets	1,263,965	1,282,849	616,217	577,175	1,880,182	1,860,024
Liabilities :						
Current and other liabilities	50,692	56,160	36,027	38,315	86,719	94,475
Long-term liabilities	261,088	255,707	186,682	156,423	447,770	412,130
Total liabilities	311,780	311,867	222,709	194,738	534,489	506,605
Net Assets :						
Invested in capital assets net of related debt	666,460	690,072	247,901	260,770	914,361	950,842
Restricted	71,363	114,205	12,413	-	83,776	114,205
Unrestricted	214,362	166,631	133,194	121,667	347,556	288,298
Total net assets	\$ 952,185	\$ 970,908	393,508	382,437	1,345,693	1,353,345

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net assets decreased by \$7,652 during the current fiscal year. The key component of this decrease was the Agency's payment of \$10.5 million for the repayment of agency advance to City. More detailed analysis of major fund income is presented beginning on page 11.

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Management's Discussion and Analysis

TABLE 2-The City's Changes in Net Assets (000's) for the years ended June 30, 2011 and 2010:

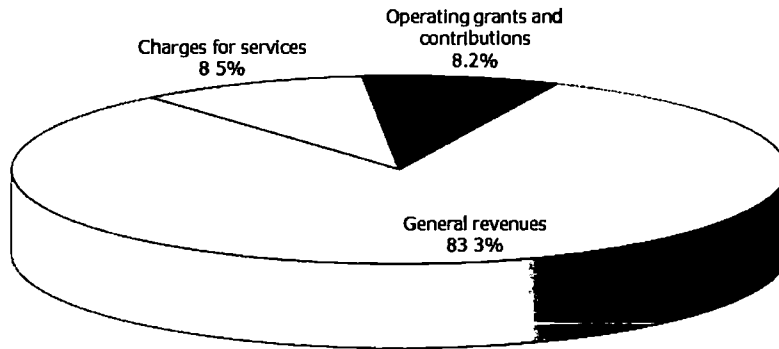
	Governmental Activities		Business-type Activities		Total	
	2011	(as restated) 2010	2011	(as restated) 2010	2011	(as restated) 2010
Revenues :						
Program revenues :						
Charges for services	\$ 19,866	\$ 21,696	280,908	305,232	300,774	326,928
Operating grants and contributions	19,238	18,404	9,071	530	28,309	18,934
Capital grants and contributions	-	-	4,120	2,659	4,120	2,659
General revenues :						
Property tax	76,308	79,803	-	-	76,308	79,803
Sales tax	29,907	24,948	-	-	29,907	24,948
Utility users tax	18,524	19,908	-	-	18,524	19,908
Motor-vehicle in-lieu tax	8,938	8,760	-	-	8,938	8,760
Investment earnings	14,315	17,631	3,327	3,771	17,642	21,402
Other	35,521	19,656	1,706	255	37,227	19,911
Total revenues	222,617	210,806	299,132	312,447	521,749	523,253
Expenses :						
General government	2,649	-	-	-	2,649	-
Police	43,161	45,118	-	-	43,161	45,118
Fire	31,648	32,169	-	-	31,648	32,169
Public works	55,699	47,947	-	-	55,699	47,947
Community Development	70,190	63,735	-	-	70,190	63,735
Parks & Recreation	20,363	30,113	-	-	20,363	30,113
Library	7,014	7,370	-	-	7,014	7,370
Interest on long-term debt	21,970	21,781	-	-	21,970	21,781
Water reclamation & sewer	-	-	13,577	12,714	13,577	12,714
Nonmajor funds	-	-	2,669	20,216	2,669	20,216
Electric utility	-	-	223,891	218,051	223,891	218,051
Water utility	-	-	22,453	19,777	22,453	19,777
Refuse collection & disposal	-	-	14,117	13,796	14,117	13,796
Total expenses	252,694	248,233	276,707	284,554	529,401	532,787
Increase (decrease) in net assets before transfers	(30,077)	(37,427)	22,425	27,893	(7,652)	(9,534)
Transfers	11,354	11,667	(11,354)	(11,667)	-	-
Increase (decrease) in net assets	(18,723)	(25,760)	11,071	16,226	(7,652)	(9,534)
Net assets, July 1 (as restated)	970,908	996,668	382,437	366,211	1,353,345	1,362,879
Net assets, June 30	\$ 952,185	\$ 970,908	393,508	382,437	1,345,693	1,353,345

Governmental Activities. Governmental activities decreased the City's net assets by \$18,797. Total expenses increased by 10%, while general revenues and transfers increased by 6%.

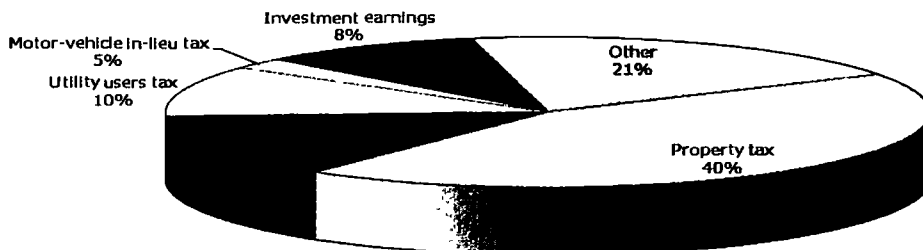
- *Investment earnings decreased by \$3,316 due to continuing changes in the investment market. Revenue decreased \$3,495 for property taxes, on continued housing sales due to current issues with housing and subprime mortgages. Revenue increased \$4,959, as anticipated during the budget process, for sales taxes.*

City Of Burbank
Management's Discussion and Analysis

Revenues - Governmental Activities



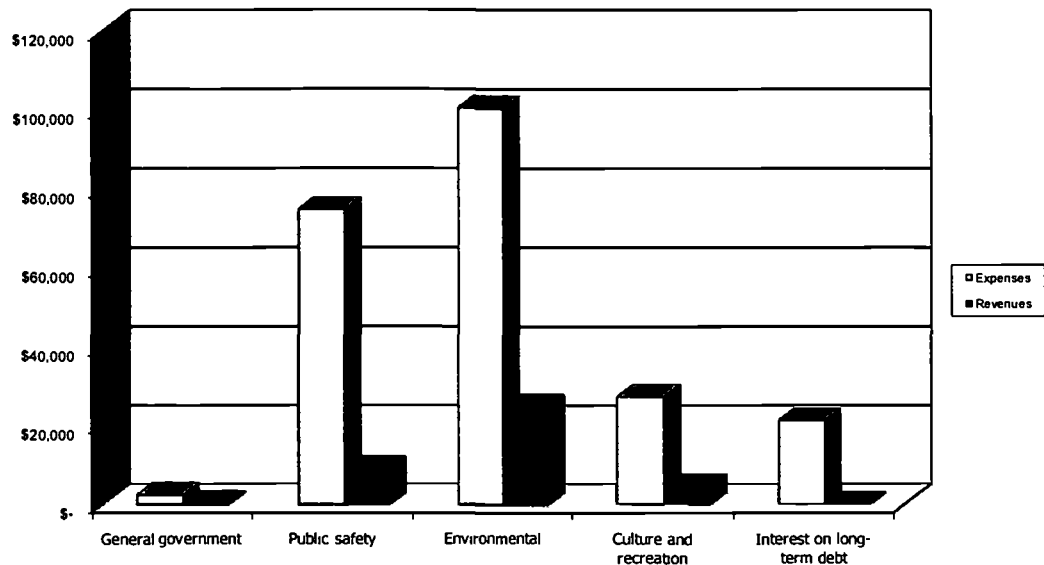
General Revenues - Governmental Activities



- *Taxes increased overall during the current year. Property taxes decreased 5%, and utility users taxes decreased 7%. Sales taxes increased 20%. The net overall increase in taxes was 1%, or \$1,149.*

City Of Burbank
Management's Discussion and Analysis

**Expenses and Program Revenues -
Governmental**



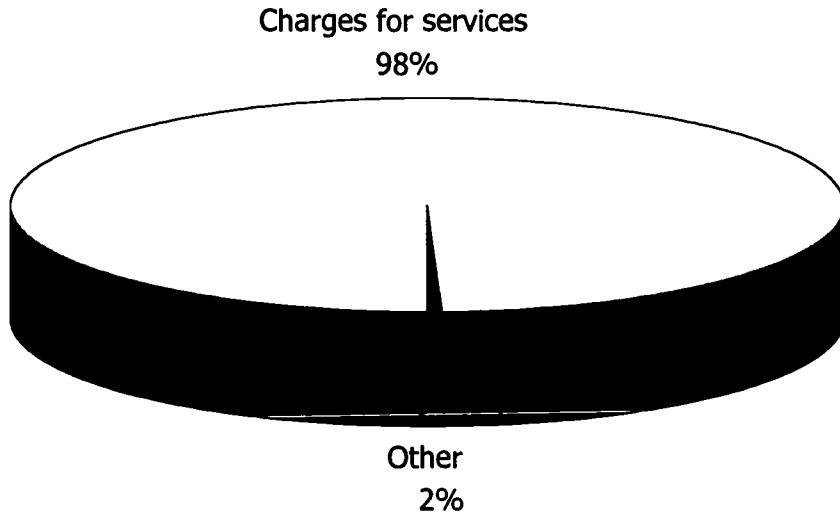
- The charts above illustrate the City's governmental expenses and revenues by source. Environmental (Public Works and Community Development departments) is the largest function in expense (50%), followed by Public Safety (Police and Fire departments) (30%), and Culture and Recreation (Library, and Parks and Recreation departments, 11%). General revenues such as property, business, and sales taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (42%), followed by sales taxes (17%), utility users tax (11%), and investment earnings (8%).*

Business-type Activities. Business -type activities increased the City's net assets by \$11,071, accounting for 63% of the growth in the City's net assets, indicating that business-type activities had revenues sufficient to cover operations. The key elements of this increase are as follows:

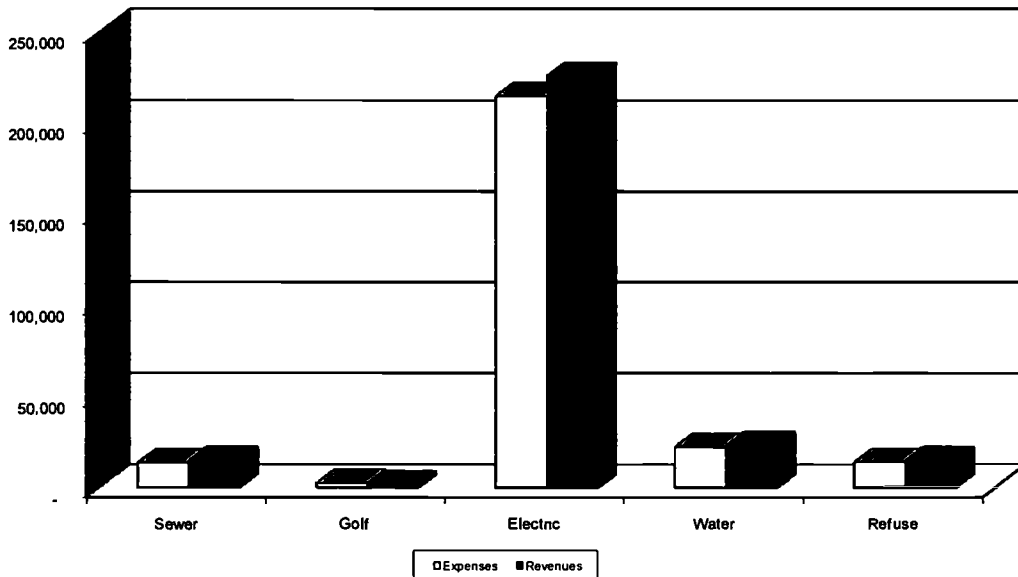
- Rate increases were the primary factor leading to additional service charge revenue in all proprietary funds. The Electric utility fund had increased net assets of \$6,538; mainly due to improved expense management.*

City Of Burbank
Management's Discussion and Analysis

Revenues by Source - Business-type



Expenses and Program Revenues - Business-type



City Of Burbank

Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$359,742. Approximately 3% of fund balances (\$10,475) constitute *unassigned fund balances*. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$100,503), 2) to pay debt service (\$110,712), 3) Reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources (\$47,475), 4) to show amounts related to long-term notes (\$37,801), and 5) for a variety of other restricted purposes (\$52,776).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$46,871, while the total fund balance was \$100,907. As a measure of General Fund liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% of total General Fund expenditures of \$150,679, while total fund balance represents 67% of that same amount.

The fund balance of the City's General Fund decreased by \$7,613 during the current fiscal year. Key factors of this decrease are as follows:

- Grant revenues decreased by \$1,969 due to the downturn in the economy and less availability of Governmental dollars.
- Utility users tax were \$1,383 lower than estimated due to wired telecommunications dropping more than expected.
- Interest earnings decreased by \$1,301 due to the steady decline in interest rates.
- Unfunded pension liability payment of \$5,174
- Sales tax was \$4,959 higher due new retail businesses opening in the City.

Significant budget variances in the General fund, from original budget to final, included a \$405 increase in the police, \$741 for the fire department budget, \$379 for the Public Works budget and \$637 for the Parks and Recreation budget, composed of various budget entries to balance the budget, transfers in from holding accounts, and mid-year appropriation adjustments.

The Golden State debt service fund accounts for all Agency debt issued for the Golden State project area (now part of the Merged project area). At the end of the current fiscal year, the unassigned fund balance was zero, while total fund balance was \$13,736. The unassigned fund balance represents zero percent of total Golden State debt service fund expenditures of \$11,371, while the total fund balance represents 121% of that same amount. The fund balance of the Golden State debt service fund increased by \$1,175 during the current fiscal year. This is mainly attributable to a decrease in transfers out of \$3,570; to the Merged Capital project fund (for excess debt service cash), to the Youth Endowment Services (YES) fund for its portion of tax increment and to the Low and Moderate Income Housing fund for its portion of tax increment.

City Of Burbank **Management's Discussion and Analysis**

The Merged capital projects fund holds all Agency capital project activity in the former Golden State, City Centre, and South San Fernando project areas. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$(32,987). The unassigned fund balance represents 0% of total Merged capital projects fund expenditures of \$5,586, while total fund balance represents -591% of that same amount. The fund balance of the Merged capital projects fund decreased by (11,859) during the current fiscal year. Reasons for this decrease are primarily due to a transfer of \$9,548 to the City for the Police and Fire station reconstruction project.

The Low and Moderate Income Housing (Low/Mod) fund holds all capital project activity required by the 20% set aside rule for redevelopment projects. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$77,202. The unassigned fund balance represents 0% of total Low/Mod fund expenditures of \$8,114. The fund balance of the Low/Mod fund increased by \$5,308 during the current fiscal year. This increase is attributable to unused budgeted expenditures of \$15,330 in administrative services and capital outlay. The key factors contributing to this are several family rehabilitation loans in process, but not completed, so the funding had not been disbursed at year end; the Focus Neighborhood multi-year capital project did not meet the projected unit acquisition in fiscal year 2007/08 so the money was carried over for future unit acquirement.

The General capital projects fund holds all general City capital project activity. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$65,670. This unassigned fund balance represents 0% of total General capital projects fund expenditures of \$14,011, while total fund balance represents 469% of that same amount. The fund balance of the General capital projects fund increased by \$12,317 during the current fiscal year. This result is primarily attributable to the fund functioning as expected; when projects are started, funds are either transferred immediately or on an as-needed basis. While over \$14,000 in capital expenses were incurred, nearly \$27,000 was received in transfers in, with the remainder being grant revenues and interest revenue received.

The Public Financing Authority (PFA) capital projects fund holds investments in Golden State and City Centre tax allocation bonds and records the debt service activity of its outstanding bonded indebtedness. At the end of the current fiscal year, the unassigned fund balance was zero, while total fund balance was \$90,337. Total fund balance represents 1,386% of total Public Financing Authority capital projects fund expenditures of \$6,518. The fund balance decreased by \$2,634 during the current fiscal year. This decrease is attributable to the payments on outstanding tax allocation bonds; as the fund pays down the PFA bonds outstanding, its assets are expected to decline, until all bonds are paid off and the funds' assets decrease to zero.

Proprietary Funds. The City's Proprietary Funds provide the same type of information found in the government wide financial statements, but in more detail.

Enterprise Funds. As of June 30, 2011, the unrestricted net assets of the enterprise funds totaled \$133,194 and total increase in unrestricted net assets was \$11,601. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The Water Reclamation and Sewer fund holds the City's sewer system enterprise. At the end of the current fiscal year, the unrestricted net assets were \$23,583, while total net assets were \$77,147. The unrestricted net assets represent 184% of total Water Reclamation and Sewer fund expenses of \$12,886, while total net assets represents 599% of that same amount. The net assets of the Water Reclamation and Sewer fund increased by \$1,756 during the current fiscal year. This increase is attributable to an increase in revenues of \$482 due to a 5% rate increase.

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Management's Discussion and Analysis

Also our budget is conservative and we continue to better manage the contract with the City of Los Angeles for the use of the Hyperion plant, thus reducing our financial obligation to them.

The Electric Utility fund holds the City's Electric power and distribution system. At the end of the current fiscal year, the unrestricted net assets were \$81,712, while total net assets were \$243,280. The unrestricted net assets represent 40% of total Electric Utility fund expenses of \$208,394, while total net assets represent 117% of that same amount. The net assets of the Electric Utility fund increased by \$6,538 during the current fiscal year. Revenues declined due to lower demand related to cooler than normal summer, weak economy and an increase in energy efficient appliances and lighting fixtures. It is not unexpected for both power sales and purchases to be significantly higher than budgets; it means that the City is prepared for instability in the electric markets, and able to ensure its ability to provide energy to its customers.

The Water Utility fund holds the City's water system enterprise. At the end of the current fiscal year, the unrestricted net assets were \$21,153, while total net assets were \$54,752. The unrestricted net assets represent 103% of total Water Utility fund expenses of \$21,322, while total net assets represent 257% of that same amount. The net assets of the Water Utility fund increased by \$2,299 during the current fiscal year. This increase is primarily attributable to increased revenues of \$1,163 caused by a 13.5% rate increase.

The Refuse Collection and Disposal fund holds the City's refuse collection and disposal enterprise. At the end of the current fiscal year, the unrestricted net assets were \$12,639, while total net assets were \$12,992. The unrestricted net assets represent 91% of total Refuse Collection and Disposal fund expenses of \$13,975, while total net assets represents 93% of that same amount. The net assets of the Refuse Collection and Disposal fund increased by \$1,382 during the current fiscal year. This increase is attributable to an increase in revenues of \$684, due to an 8% rate increase. The rate increase was established to cover anticipated rising operational expenses. Operational expenses rose \$365.

Internal Service Funds. The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance, and workers' compensation insurance, vehicle operations and maintenance, office equipment operations and maintenance, building replacement and maintenance, communication equipment operation and maintenance, and computer equipment operation and maintenance. As of June 30, 2011, unrestricted net assets of the internal service funds were \$46,109 and total decrease in net assets for these funds were \$13,442.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

General Fund Budgetary Highlights

The City adopts annual appropriated operating budgets for its governmental funds (General fund, special revenue funds, debt service funds, and capital project funds) and reports the results of operations on a budget comparison basis.

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for

City Of Burbank

Management's Discussion and Analysis

expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget to re-appropriate prior year approved projects and expenditures, as well as approving many other adjustments for the current year.

The General Fund reflected a net total favorable budget variance of \$14,667 when comparing actual amounts to the final budget for the current fiscal year. The largest savings came from non-departmental expenditures (\$4,233 savings due to holding accounts not being used).

General Fund revenue came in above estimates by \$1,764. The major contributor to this increase is an increase in taxes of \$1,080. Sales tax increased \$4,959 while property taxes remained flat due to a flat growth in assessed value.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities amounts to \$1,174,590 (net of accumulated depreciation of \$554,972) as of June 30, 2011, and \$1,162,154 (net of accumulated depreciation of \$509,242) as of June 30, 2010. This investment in capital assets includes land, buildings, utility systems, improvements other than buildings, infrastructure (roads, sidewalks, land held under easement, streetlights, etc.), machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets from 2010 to 2011 was 1.1 percent before depreciation (a decrease of 1.2% for governmental activities and an increase of 5.4% for business-type activities).

Governmental assets stayed flat. The increase in business-type capital assets primarily is comprised of the new Hollywood Way Substation for \$23,193.

The City has adopted a multi-year capital improvement program totaling over \$464 million over the next five years (the City budgets its capital program in rolling 5-year increments). The City budgets these projects in 12 major categories: community facilities, golf course, low moderate housing, municipal facilities, park and recreation, pedestrian access and roadway, redevelopment, refuse collection and disposal, transportation, wastewater, electric, and water. Among these categories, the major projects that were planned for the fiscal year 2010-11 included \$12,499 for municipal facilities, \$4,952 for pedestrian access and roadways and \$73,295 for various projects in the electric, water, wastewater, and refuse funds. The City had construction commitments of \$35,454 at June 30, 2011 and budgeted capital projects totaling \$92,607 for FY 2011.

City Of Burbank

Management's Discussion and Analysis

Table 3-The City's capital assets (net of accumulated depreciation) for June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital assets not being depreciated :						
Land	\$ 107,618	\$ 107,618	11,824	11,824	119,442	119,442
Land held under easements	345,277	345,277	-	-	345,277	345,277
Construction in progress	18,893	12,974	59,495	115,200	78,388	128,174
Internal service fund assets						
Construction in progress	2,384	13,958	-	-	2,384	13,958
Total capital assets not being depreciated :	474,172	479,827	71,319	127,024	545,491	606,851
Capital assets being depreciated :						
Land improvements	4,492	4,398	13,458	13,220	17,950	17,618
Rights to purchased power	-	-	1,335	1,335	1,335	1,335
Buildings & improvements	178,537	183,755	575,768	482,994	754,305	666,749
Infrastructure	280,241	270,920	-	-	280,241	270,920
Machinery & other	1,162	75	53,805	47,468	54,967	47,543
Internal service fund assets	75,273	60,450	-	-	75,273	60,450
Accumulated depreciation	(258,432)	(235,088)	(296,540)	(274,224)	(554,972)	(509,312)
Total capital assets being depreciated, net	281,273	284,510	347,826	270,793	629,099	555,303
Total net capital assets	<u>\$ 755,445</u>	<u>\$ 764,337</u>	<u>419,145</u>	<u>397,817</u>	<u>1,174,590</u>	<u>1,162,154</u>

Additional information on the City's capital assets can be found in notes to the basic financial statements on page 49 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$406,619, including current portion of \$14,465. Of this amount, \$5,555 represents community facilities district bonds issued for a parking structure, \$16,915 represents pension obligation bonds, issued to pay for police and fire unfunded accrued actuarial liability, \$213,539 represents tax allocation bonds issued for redevelopment projects, and \$170,610 represents revenue bonds issued for various business type activities. Additions to the City's bonded indebtedness were due to the Water fund issuing debt totaling \$36,740. Deductions from long-term debt include repayments of outstanding principal totaling \$17,729.

Table 4-The City's outstanding bonded debt for June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
CFD Bonds	\$ 5,555	\$ 5,860	-	-	5,555	5,860
Pension Obligation bonds	16,915	17,545	-	-	16,915	17,545
Revenue bonds	213,539	206,579	170,610	141,451	384,149	348,030
Total long-term debt	<u>\$ 236,009</u>	<u>\$ 229,984</u>	<u>170,610</u>	<u>141,451</u>	<u>406,619</u>	<u>371,435</u>

City Of Burbank

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Ratings on outstanding debt (not including debt considered fully defeased) are provided below. The ratings below are from Moody's Investor Services, Standard and Poor's, and Fitch, Inc. (Note that the insured rating is given rather than the underlying rating on insured issues.

Table 5-The City's Debt Ratings:

<u>Debt Issue</u>	<u>Moody's</u>	<u>S & P</u>	<u>Fitch's</u>
▪ 1991 Public Parking Facilities	-	-	-
▪ 1993A Golden State	A2	A	-
▪ 1993A Wastewater Revenue	Aa3	AA+*	-
▪ 2002A Waste Disposal(taxable)	A2*	AA+*	-
▪ 2002B Waste Disposal(tax exempt)	A2*	AA+*	-
▪ 2002 Electric Revenue	A1*	AA-*	-
▪ 2002 West Olive	-	BBB+*	-
▪ 2003A Golden State	A2*	A*	-
▪ 2003B South San Fernando	-	BBB+*	-
▪ 2003C City Centre	Aa3,Aa3*	AA*	-
▪ 2004 Pension Obligation	-	-	-
▪ 2005 Communities Facilities	-	-	-
▪ 2007A Golden State	A2	A*	-
▪ 2010A Electric Revenue	A1	AA-*	-
▪ 2010B Electric Revenue	A1	AA-*	-
▪ 2010A Water Revenue	-	AAA	-
▪ 2010B Water Revenue	-	AAA	-

* Starred rating is the underlying rating.

Additional information on the City's long term debt can be found in Note 8 of this report.

Economic Factors and Next Year's General Fund Budget

Revenues. The City's FY 2012 General Fund forecasted revenues total \$152.6M which reflects an increase of \$7.4M or 5.1% over FY 2011. Sales tax is forecasted to increase \$1.0M (5.0%) primarily due to increasing consumer, business and industry spending and the opening of new retail businesses. Utility users tax will increase \$.6M (3.0%) basically staying flat. Despite the real estate slowdown property tax is projected to increase \$.313M (1.2%) reflecting the mitigating effect Prop 13 has on assessed values (AV) in relation to current market trends. The City has a large number of pre-Prop 13 parcels which will continue to rise in AV, also when these properties are sold the AV will increase dramatically.

Expenditures. The City's General Fund operating budget for FY 2012 reflects an increase of 5.2% in expenditures. In the FY 2011-12 budget, various positions were frozen across the city, while increases due to MOU driven employee salary and benefits cost increases and increased energy costs caused the expenditures to increase slightly.

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Economic Factors. The City's unemployment rate was 10.1% in June of 2011. This compares favorably to the County of Los Angeles' unemployment rate of 12.3%.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Additional financial information is available on our website at <http://www.ci.burbank.ca.us>. Questions concerning any of the information in this report or request for additional financial information should be addressed the Director of Financial Services, 301 E. Olive Avenue, Burbank, CA 91502.

City Of Burbank

STATEMENT OF NET ASSETS

June 30, 2011

(in thousands)

	Governmental	Business-type	Total
	Activities	Activities	
Assets :			
Cash and investments (note 4)	\$ 412,701	145,443	558,144
Receivables, net (note 10)	14,382	18,558	32,940
Internal balances (note 7)	2,257	(2,257)	-
Intergovernmental receivables	399	-	399
Inventories	881	7,798	8,679
Prepaid items and deposits (note 16)	177	22,279	22,456
Land held for resale	526	-	526
Deferred charges and other assets	4,550	1,543	6,093
Pension/OPEB asset (note 19)	34,709	3,708	38,417
Developer loans receivable	37,938	-	37,938
Capital assets not being depreciated (note 5)	474,172	71,319	545,491
Capital assets, net of accumulated depreciation (note 5)	281,273	347,826	629,099
Total assets	<u>1,263,965</u>	<u>616,217</u>	<u>1,880,182</u>
Liabilities :			
Accounts payable	12,897	4,654	17,551
Accrued liabilities (note 13)	10,103	13,902	24,005
Intergovernmental payables	7	-	7
Deposits	6,936	10,699	17,635
Bond interest payable	453	1,015	1,468
Current portion of long-term liabilities (note 8)	20,296	5,757	26,053
Long-term liabilities, net of current portion (note 8)	261,088	186,682	447,770
Total liabilities	<u>311,780</u>	<u>222,709</u>	<u>534,489</u>
Commitments and Contingencies (Note 12)			
Net Assets :			
Invested in capital assets, net of related debt (note 2)	666,460	247,901	914,361
Restricted for :			
Debt service	10,210	12,413	22,623
Public safety	1,552	-	1,552
Environmental	59,601	-	59,601
Unrestricted	214,362	133,194	347,556
Total net assets	<u>\$ 952,185</u>	<u>393,508</u>	<u>1,345,693</u>

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF ACTIVITIES

Year ended June 30, 2011

(in thousands)

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	
Governmental Activities :							
General government	\$ 2,649	101	383	-	(2,165)	-	(2,165)
Police	43,161	3,956	1,155	-	(38,050)	-	(38,050)
Fire	31,648	3,522	436	-	(27,690)	-	(27,690)
Public works	55,625	1,426	2,510	-	(51,689)	-	(51,689)
Community development	70,264	16,828	14,141	-	(39,295)	-	(39,295)
Parks and recreation	20,363	3,918	430	-	(16,015)	-	(16,015)
Library	7,014	184	183	-	(6,647)	-	(6,647)
Interest on long-term debt	21,970	-	-	-	(21,970)	-	(21,970)
Total Governmental Activities	252,694	29,935	19,238	-	(203,521)	-	(203,521)
Business-Type Activities :							
Water Reclamation and Sewer	13,577	14,941	-	-	-	1,364	1,364
Golf Activities	2,669	1,769	-	-	-	(900)	(900)
Electric Utility	214,840	225,901	-	2,275	-	13,336	13,336
Water Utility	22,453	23,281	-	1,845	-	2,673	2,673
Refuse Collection & Disposal	14,117	15,016	20	-	-	919	919
Total Business-Type Activities	267,656	280,908	20	4,120	-	17,392	17,392
Total	\$ 520,350	310,843	19,258	4,120	(203,521)	17,392	(186,129)
General revenues :							
Taxes:							
Property Tax					66,240	-	66,240
Sales Tax					29,907	-	29,907
Utility Users Tax					18,524	-	18,524
Franchise Tax					4,559	-	4,559
Motor Vehicle In-lieu Tax (Intergovernmental, unrestricted)					8,938	-	8,938
Transient Occupancy Tax					5,686	-	5,686
Transient Parking Tax					2,886	-	2,886
Other taxes					11,369	1	11,370
Unrestricted investment earnings					14,315	3,327	17,642
Grants/contributions not restricted to specific programs					1,912	-	1,912
Miscellaneous					9,108	1,705	10,813
Transfers (note 7)					11,354	(11,354)	-
Total general revenues and transfers					184,798	(6,321)	178,477
Change in net assets					(18,723)	11,071	(7,652)
Net assets, July 1, 2010 (as restated, see Note 21)					970,908	382,437	1,353,345
Net assets, June 30, 2011					\$ 952,185	393,508	1,345,693

See accompanying notes to basic financial statements

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

(in thousands)

	Special Revenue		Debt Service		Capital Projects
	General	Low/Mod Income Housing	Golden State	Public Fin. Authority	Merged Proj. Area
Assets :					
Pooled cash and cash investments (note 4)	\$ 63,662	39,288	-	8,153	6,026
Restricted non-pooled cash and cash equivalents (note 4)	-	-	13,048	25,197	-
Restricted investments (note 4)	-	-	-	56,955	-
Receivables, net (note 9)	9,591	37,938	688	32	207
Interfund receivables (note 7)	686	-	-	-	-
Intergovernmental receivables	313	-	-	-	-
Inventories	70	-	-	-	-
Prepaid items and deposits (note 15)	54	-	-	-	28
Land held for resale	-	526	-	-	-
Advances receivable (note 7)	43,188	-	-	-	2,757
Total assets	<u>\$ 117,564</u>	<u>77,752</u>	<u>13,736</u>	<u>90,337</u>	<u>9,018</u>
Liabilities and Fund balances :					
Liabilities :					
Accounts payable	\$ 436	550	-	-	370
Accrued liabilities (note 12)	10,103	-	-	-	-
Deferred revenue (note 19)	1,951	-	-	-	-
Interfund payable (note 7)	-	-	-	-	-
Intergovernmental payables	7	-	-	-	-
Deposits	2,833	-	-	-	-
Advances payable (note 7)	1,327	-	-	-	41,635
Total liabilities	<u>16,657</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>42,005</u>
Fund balances :					
Nonspendable:					
Intercity advances	43,188	-	-	-	-
Land held for resale	-	-	-	-	-
Notes receivable	-	-	-	-	-
Inventories	70	-	-	-	-
Change and imprest	191	-	-	-	-
Prepaid items	54	-	-	-	-
Restricted :					
Transportation	-	-	-	-	-
Federal and state grants	147	-	-	-	-
Public safety	-	-	-	-	-
Debt service	-	-	13,736	90,337	-
Redevelopment	-	77,202	-	-	2,807
Capital projects	2	-	-	-	-
Committed :					
Transportation	-	-	-	-	-
Assigned	10,384	-	-	-	-
Unassigned	46,871	-	-	-	(35,794)
Total fund balances (deficits)	<u>100,907</u>	<u>77,202</u>	<u>13,736</u>	<u>90,337</u>	<u>(32,987)</u>
Total liabilities and fund balances	<u>\$ 117,564</u>	<u>77,752</u>	<u>13,736</u>	<u>90,337</u>	<u>9,018</u>

See accompanying notes to basic financial statements

(continued)

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

(in thousands)

	Capital Projects General Cap. Proj.	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Assets :			
Pooled cash and cash investments (note 4)	\$ 57,029	39,124	213,282
Restricted non-pooled cash and cash equivalents (note 4)	5,095	9,327	52,667
Restricted investments (note 4)	9,897	-	66,852
Receivables, net (note 9)	213	3,014	51,683
Interfund receivables (note 7)	-	103	789
Intergovernmental receivables	13	73	399
Inventories	-	294	364
Prepaid items and deposits (note 15)	-	38	120
Land held for resale	-	-	526
Advances receivable (note 7)	680	1,530	48,155
Total assets	\$ 72,927	53,503	434,837
Liabilities and Fund balances :			
Liabilities :			
Accounts payable	\$ 2,552	6,944	10,852
Accrued liabilities (note 13)	-	-	10,103
Deferred revenue (note 19)	-	-	1,951
Interfund payable (note 7)	-	304	304
Intergovernmental payables	-	-	7
Deposits	4,000	15	6,848
Advances payable (note 7)	680	1,388	45,030
Total liabilities	7,232	8,651	75,095
Fund balances (Note 9):			
Nonspendable:			
Intercity advances	-	1,530	44,718
Land held for resale	-	-	-
Notes receivable	-	-	-
Inventories	-	294	364
Change and imprest	-	-	191
Prepaid items	-	10	64
Restricted :			
Transportation	-	5,329	5,329
Federal and state grants	-	4,393	4,540
Public safety	-	1,292	1,292
Debt service	-	10,666	114,739
Redevelopment	-	-	80,009
Capital projects	-	1,543	1,545
Committed:			
Transportation	-	20,397	20,397
Assigned	65,695	-	76,079
Unassigned	-	(602)	10,475
Total fund balances (deficits)	65,695	44,852	359,742
Total liabilities and fund balances	\$ 72,927	53,503	434,837

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

June 30, 2011

(in thousands)

Fund balances of governmental funds	\$ 359,742
Amounts reported for governmental activities in the statement of net assets are different because :	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	755,445
Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(249,868)
Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as a payable in the governmental funds.	(453)
Bond issuance costs, and pension payments in excess of the annual required contribution, are not considered financial resources in the governmental funds; however in the statement of net assets, an asset is recognized.	39,259
Deferred revenue is recognized on the governmental funds balance sheet for certain notes, which do not meet the criteria for availability, and are thus deferred under modified accrual. This criteria is not applicable on the statement of net assets.	1,951
Internal service funds are used by management to charge the costs of the City's self- insurance programs and equipment rental and replacement operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Net assets, less capital assets and long-term liabilities disclosed above, are shown here.	<u>46,109</u>
Net assets of governmental activities	<u><u>\$ 952,185</u></u>

See accompanying notes to basic financial statements

City Of Burbank

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS**
Year ended June 30, 2011
(in thousands)

	General	Special Revenue	Debt Service		Capital Projects
		Low/Mod	Golden State	Public Fin. Authority	Merged Proj. Area
		Income Housing			
Revenues :					
Taxes	\$ 82,917	10,069	20,689	-	-
Licenses & permits	3,798	-	-	-	-
Fines, forfeitures and penalties	2,340	-	-	-	-
Use of money or property	1,718	548	2,306	3,884	563
Intergovernmental	10,459	-	-	-	-
Charges for services	29,761	227	-	-	351
Total revenues	130,993	10,844	22,995	3,884	914
Expenditures :					
General government :					
City council	550	-	-	-	-
City attorney	3,444	-	-	-	-
City clerk	1,010	-	-	-	-
City treasurer	653	-	-	-	-
City manager	2,049	-	-	-	-
Financial services	4,214	-	-	-	-
Management services	4,868	-	-	-	-
Administrative services	-	3,123	-	-	5,561
Information technology	4,373	-	-	-	-
Non-departmental	6,761	-	-	-	-
Total general government	27,922	3,123	-	-	5,561
Public safety :					
Police	42,372	-	-	-	-
Fire	30,180	-	-	-	-
Total public safety	72,552	-	-	-	-
Environmental :					
Community development	8,767	-	-	-	-
Public works	15,710	-	-	-	-
Total environmental	24,477	-	-	-	-
Culture and recreation :					
Library	6,409	-	-	-	-
Parks and recreation :					
Parks	8,393	-	-	-	-
Recreation	7,820	-	-	-	-
Special community activities	2,476	-	-	-	-
Total parks and recreation	18,689	-	-	-	-
Total culture and recreation	25,098	-	-	-	-

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
Year ended June 30, 2011

(in thousands)

	Special Revenue		Debt Service		Capital Projects
	General	Low/Mod Income Housing	Golden State	Public Fin. Authority	Merged Proj. Area
Capital outlay :					
Street improvements	-	-	-	-	-
General capital improvements	-	4,991	-	-	25
Total capital outlay	-	4,991	-	-	25
Debt service :					
Principal retirement	630	-	3,815	3,410	-
Interest and finance charges	-	-	7,556	3,108	-
Total debt service	630	-	11,371	6,518	-
Total expenditures	150,679	8,114	11,371	6,518	5,586
Excess (deficiency) of revenues over expenditures	(19,686)	2,730	11,624	(2,634)	(4,672)
Other financing sources (uses) :					
Transfers in (note 7)	15,200	2,578	-	-	12,691
Transfers out (note 7)	(3,127)	-	(10,449)	-	(19,878)
Total other financing sources (uses)	12,073	2,578	(10,449)	-	(7,187)
Net change in fund balances	(7,613)	5,308	1,175	(2,634)	(11,859)
Fund balances (deficits), July 1, 2010	108,520	71,894	12,561	92,971	(21,128)
Fund balances (deficits), June 30, 2011	\$ 100,907	77,202	13,736	90,337	(32,987)

See accompanying notes to basic financial statements

(continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS Year ended June 30, 2011 (in thousands)

	<u>Capital Projects General Cap. Proj.</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Revenues :			
Taxes	-	23,176	136,851
Licenses & permits	-	-	3,798
Fines, forfeitures and penalties	-	-	2,340
Use of money or property	613	1,600	11,232
Intergovernmental	1,912	17,233	29,604
Charges for services	25	16,402	46,766
Total revenues	<u>2,550</u>	<u>58,411</u>	<u>230,591</u>
Expenditures :			
General government :			
City council	-	-	550
City attorney	-	-	3,444
City clerk	-	-	1,010
City treasurer	-	-	653
City manager	-	-	2,049
Financial services	-	-	4,214
Management services	-	-	4,868
Administrative services	-	3,931	12,615
Information technology	-	-	4,373
Non-departmental	-	-	6,761
Total general government	<u>-</u>	<u>3,931</u>	<u>40,537</u>
Public safety :			
Police	-	280	42,652
Fire	-	-	30,180
Total public safety	<u>-</u>	<u>280</u>	<u>72,832</u>
Environmental :			
Community development	-	35,897	44,664
Public works	-	-	15,710
Total environmental	<u>-</u>	<u>35,897</u>	<u>60,374</u>
Culture and recreation :			
Library	-	-	6,409
Parks and recreation :			
Parks	-	-	8,393
Recreation	-	-	7,820
Special community activities	-	115	2,591
Handicapped transportation	-	-	-
Total parks and recreation	<u>-</u>	<u>115</u>	<u>18,804</u>
Total culture and recreation	<u>-</u>	<u>115</u>	<u>25,213</u>

See accompanying notes to basic financial statements

(continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS Year ended June 30, 2011

(in thousands)

	Capital Projects	Nonmajor Govern- mental	Total Govern- mental
	General	Funds	Funds
	Cap. Proj.	Funds	Funds
Capital outlay :			
Street improvements	-	3,525	3,525
General capital improvements	14,011	-	19,027
Total capital outlay	14,011	3,525	22,552
Debt service :			
Principal retirement	-	1,735	9,590
Interest and finance charges	-	11,343	22,007
Total debt service	-	13,078	31,597
Total expenditures	14,011	56,826	253,105
Excess (deficiency) of revenues over expenditures	(11,461)	1,585	(22,514)
Other financing sources (uses) :			
Transfers in (note 7)	26,789	11,995	69,253
Transfers out (note 7)	(2,986)	(20,959)	(57,399)
Total other financing sources (uses)	23,803	(8,964)	11,854
Net change in fund balances	12,342	(7,379)	(10,660)
Fund balances (deficits), July 1, 2010	53,353	52,231	370,402
Fund balances (deficits), June 30, 2011	65,695	44,852	359,742

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2011

(in thousands)

Net change in fund balances - total governmental funds	\$ (10,660)
Amounts reported for governmental activities in the statement of activities are different because :	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(8,406)
The issuance of long-term debt such as bonds provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,717
Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as an expense in the governmental fund statements. This difference between the prior year's accrued interest expense and the current year's accrued interest expense is reported in the statement of activities.	37
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	941
Internal service funds are used by management to charge the costs of the City's self-insurance programs and equipment rental and replacement operations, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.	(13,442)
In accordance with GASB 27 and GASB 45, a net Pension asset and OPEB asset have been established for the government wide statements, as these assets do not impact current financial resources and are therefore not reported in governmental funds. This is total change in net pension and OPEB asset.	8,610
Some revenues reported in the statement of activities do not increase current financial resources and therefore are not reported as revenues in governmental funds.	<u>(6,520)</u>
Change in net assets of governmental activities	<u>\$ (18,723)</u>

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL GENERAL FUND Year ended June 30, 2011

(in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues :				
Taxes	\$ 81,837	81,837	82,917	1,080
Licenses & permits	3,662	3,662	3,798	136
Fines, forfeitures and penalties	3,072	3,072	2,340	(732)
Use of money or property	1,776	2,764	1,718	(1,046)
Intergovernmental	9,651	9,662	10,459	797
Charges for services	29,128	28,232	29,761	1,529
Total revenues	<u>129,126</u>	<u>129,229</u>	<u>130,993</u>	<u>1,764</u>
Expenditures :				
General government :				
City council	549	576	550	26
City attorney	3,624	3,645	3,444	201
City clerk	1,098	1,177	1,010	167
City treasurer	700	703	653	50
City manager	2,151	2,151	2,049	102
Financial services	4,414	4,469	4,214	255
Management services	5,285	5,320	4,868	452
Information technology	4,891	4,920	4,373	547
Non-departmental	7,203	10,994	6,761	4,233
Total general government	<u>29,915</u>	<u>33,955</u>	<u>27,922</u>	<u>6,033</u>
Public safety :				
Police	45,004	45,409	42,372	3,037
Fire	29,153	29,894	30,180	(286)
Total public safety	<u>74,157</u>	<u>75,303</u>	<u>72,552</u>	<u>2,751</u>
Environmental :				
Community development	9,280	9,391	8,767	624
Public works	16,099	16,478	15,710	768
Total environmental	<u>25,379</u>	<u>25,869</u>	<u>24,477</u>	<u>1,392</u>
Culture and recreation :				
Library	6,614	6,667	6,409	258
Parks	8,140	8,411	8,393	18
Recreation	7,554	8,191	7,820	371
Special community activities	2,630	2,698	2,476	222
Total culture and recreation	<u>24,938</u>	<u>25,967</u>	<u>25,098</u>	<u>869</u>

See accompanying notes to basic financial statements

(Continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL GENERAL FUND Year ended June 30, 2011

(in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service :				
Principal retirement	630	630	630	-
Total debt service	630	630	630	-
Total expenditures	155,019	161,724	150,679	11,045
Excess (deficiency) of revenues over expenditures	(25,893)	(32,495)	(19,686)	12,809
Other financing sources (uses) :				
Transfers in	13,342	13,342	15,200	1,858
Transfers out	(800)	(3,127)	(3,127)	-
Total other financing sources (uses)	12,542	10,215	12,073	1,858
Net change in fund balances (deficits)	(13,351)	(22,280)	(7,613)	14,667
Fund balance, July 1, 2010	108,520	108,520	108,520	-
Fund balance, June 30, 2011	\$ 95,169	86,240	100,907	14,667

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2011

(in thousands)

	Business-type activities - Enterprise funds					Total	Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds		Activities- Internal Service Funds
Assets :							
Current assets :							
Pooled cash and investments (note 4)	\$ 20,803	62,110	24,715	6,973	253	114,854	79,900
Accounts receivable (note 9)	1,186	12,871	2,626	1,450	31	18,164	306
Interest receivable (note 9)	86	142	61	105	-	394	331
Interfund receivable (note 7)	-	-	-	-	-	-	11
Inventories	-	6,212	1,586	-	-	7,798	517
Prepaid expenses (note 15)	106	21,403	460	300	10	22,279	57
Pension/OPEB Asset (note 19)	-	3,708	-	-	-	3,708	-
Total current assets	22,181	106,446	29,448	8,828	294	167,197	81,122
Non-current assets :							
Restricted pooled cash and investments (note 4)	-	-	-	18,176	-	18,176	-
Restricted non-pooled investments (note 4)	1,459	9,441	153	1,360	-	12,413	-
Deferred bond issuance costs	659	196	184	504	-	1,543	-
Advances receivable (note 7)	100	1,018	153	93	-	1,364	-
Total other non-current assets	2,218	10,655	490	20,133	-	33,496	-
Capital assets (note 5) :							
Land	5,316	2,734	309	3,454	11	11,824	-
Land improvements	6,096	-	-	6,326	1,036	13,458	-
Rights to purchased power	-	1,335	-	-	-	1,335	-
Buildings and improvements	114,455	351,217	94,702	6,436	8,958	575,768	11,802
Machinery and equipment	2,356	33,097	4,724	13,230	398	53,805	63,471
Construction in progress	69	43,811	15,520	45	50	59,495	2,384
Less accumulated depreciation	(58,828)	(170,955)	(43,874)	(20,688)	(2,195)	(296,540)	(41,956)
Total capital assets, net of accumulated depreciation	69,464	261,239	71,381	8,803	8,258	419,145	35,701
Total non-current assets	71,682	271,894	71,871	28,936	8,258	452,641	35,701
Total assets	93,863	378,340	101,319	37,764	8,552	619,838	116,823

See accompanying notes to basic financial statements

(Continued)

City Of Burbank

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2011

(in thousands)

	Business-type activities - Enterprise funds					Total	Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds		Activities- Internal Service Funds
Liabilities :							
Current liabilities :							
Accounts payable	28	2,930	1,509	122	65	4,654	2,045
Accrued expenses (note 12)	435	7,900	5,453	88	25	13,901	-
Accrued payroll (note 12)	1	-	-	-	-	1	-
Compensated absences payable (note 8)	-	217	37	34	-	288	-
Interfund payable (note 7)	-	445	51	-	-	496	-
Customer deposits	133	9,229	973	364	-	10,699	88
Bond interest payable	61	795	90	69	-	1,015	-
Current portion of revenue bonds (note 8)	710	3,535	480	550	-	5,275	-
Current portion of loan payable (note 8)	-	-	194	-	-	194	-
Outstanding claims self insurance (note 16)	-	-	-	-	-	-	8,706
Total current liabilities	1,368	25,051	8,787	1,227	90	36,523	10,839
Long-term liabilities (net of current portion) (note 8) :							
Revenue bonds	15,190	105,577	36,668	7,900	-	165,335	-
Landfill closure & post closure (note 8)	-	-	-	15,078	-	15,078	-
Loan payable (note 8)	-	-	440	-	-	440	-
Compensated absences (note 8)	158	4,432	672	567	-	5,829	239
Outstanding claims - self insurance (note 16)	-	-	-	-	-	-	22,571
Advances payable (note 7)	-	-	-	-	3,125	3,125	1,364
Total long-term liabilities (net of current portion)	15,348	110,009	37,780	23,545	3,125	189,807	24,174
Total liabilities	16,716	135,060	46,567	24,772	3,215	226,330	35,013
Net assets :							
Invested in capital assets, net of related debt	53,564	152,127	33,599	353	8,258	247,901	35,701
Restricted for debt service	1,459	9,441	153	1,360	-	12,413	-
Unrestricted (deficit)	22,124	81,712	21,000	11,279	(2,921)	133,194	46,109
Total net assets	\$ 77,147	243,280	54,752	12,992	5,337	393,508	81,810

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS Year ended June 30, 2011 (in thousands)

	Business-type activities - Enterprise funds					Total	Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds		Activities- Internal Service Funds
Operating revenues :							
Sales of water and power	\$ -	219,259	22,656	-	-	241,915	-
Charges for services	14,941	6,642	625	15,016	1,769	38,993	27,275
Total operating revenues	<u>14,941</u>	<u>225,901</u>	<u>23,281</u>	<u>15,016</u>	<u>1,769</u>	<u>280,908</u>	<u>27,275</u>
Operating expenses :							
Operations and maintenance	6,346	41,981	2,248	8,240	2,071	60,886	32,189
Purchased water and power	-	152,285	16,466	-	-	168,751	-
Inspection and investigation	1,797	-	-	-	-	1,797	-
Design and permits	895	-	-	182	-	1,077	-
Refuse disposal	5	-	-	2,623	-	2,628	-
Recycling	-	-	-	1,651	-	1,651	-
Depreciation	3,843	14,128	2,608	1,279	575	22,433	11,513
Total operating expenses	<u>12,886</u>	<u>208,394</u>	<u>21,322</u>	<u>13,975</u>	<u>2,646</u>	<u>259,223</u>	<u>43,702</u>
Operating income (loss)	<u>2,055</u>	<u>17,507</u>	<u>1,959</u>	<u>1,041</u>	<u>(877)</u>	<u>21,685</u>	<u>(16,427)</u>
Nonoperating income (expense) :							
Interest income	401	2,167	317	442	-	3,327	1,247
Intergovernmental	-	-	-	20	-	20	-
Other local taxes	-	-	1	-	-	1	1,532
Gain/(loss) on disposal of capital assets	-	542	-	261	-	803	332
Interest expense	(691)	(6,988)	(1,131)	(403)	(23)	(9,236)	-
Other income/(expense) - net	(9)	1,371	326	21	(4)	1,705	374
Total nonoperating income (expense)	<u>(299)</u>	<u>(2,908)</u>	<u>(487)</u>	<u>341</u>	<u>(27)</u>	<u>(3,380)</u>	<u>3,485</u>
Income (loss) before capital contributions and transfers	1,756	14,599	1,472	1,382	(904)	18,305	(12,942)
Capital contributions	-	2,275	1,845	-	-	4,120	-
Transfers out (note 7)	-	(10,336)	(1,018)	-	-	(11,354)	(500)
Change in net assets	1,756	6,538	2,299	1,382	(904)	11,071	(13,442)
Net assets, July 1, 2010	<u>75,391</u>	<u>236,742</u>	<u>52,453</u>	<u>11,610</u>	<u>6,241</u>	<u>382,437</u>	<u>95,252</u>
Net assets, June 30, 2011	<u>\$ 77,147</u>	<u>243,280</u>	<u>54,752</u>	<u>12,992</u>	<u>5,337</u>	<u>393,508</u>	<u>81,810</u>

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year ended June 30, 2011
(in thousands)

	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds	Total	Government Activities- Internal Service Funds
Cash flows from operating activities :							
Cash received from customers	\$ 15,120	225,757	22,832	15,475	1,766	280,950	27,283
Cash paid to suppliers	(9,408)	(171,424)	(14,097)	(8,207)	(2,354)	(205,490)	(24,128)
Cash paid to employees	(1,482)	(27,034)	(4,003)	(4,276)	-	(36,795)	(2,831)
Net cash provided by (used in) operating activities	<u>4,230</u>	<u>27,299</u>	<u>4,732</u>	<u>2,992</u>	<u>(588)</u>	<u>38,665</u>	<u>324</u>
Cash flows from noncapital financing activities :							
Paid to City of Burbank	-	-	-	-	(125)	(125)	-
Proceeds from other governmental agencies	-	9,052	-	-	-	-	-
Proceeds from other funds	-	-	-	-	-	-	374
Advances from other funds	52	-	-	50	-	102	-
Proceeds - loan from general fund	-	-	-	-	1,000	1,000	-
Other income (expense)	(9)	1,371	327	41	(4)	1,726	1,532
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	(10,336)	(1,018)	-	-	(11,354)	(500)
Net cash provided by (used in) noncapital financing activities	<u>43</u>	<u>87</u>	<u>(691)</u>	<u>91</u>	<u>871</u>	<u>(8,651)</u>	<u>1,406</u>
Cash flows from capital and related financing activities :							
Contributed capital	-	2,275	1,845	-	-	4,120	-
Proceeds from sales of capital assets	-	542	-	261	-	803	332
Acquisition and construction of assets	(968)	(34,603)	(17,203)	(36)	(7)	(52,817)	(4,184)
Principal payments - bonds	(680)	(3,805)	(410)	(515)	-	(5,410)	-
Principal payments - loan payable	-	-	(9,237)	-	-	(9,237)	-
Proceeds from debt issuance	-	-	36,740	-	-	36,740	-
Interest paid	(691)	(6,988)	(1,050)	(399)	(23)	(9,151)	-
Net cash used in capital and related financing activities	<u>(2,339)</u>	<u>(42,579)</u>	<u>10,685</u>	<u>(689)</u>	<u>(30)</u>	<u>(34,952)</u>	<u>(3,852)</u>
Cash flows from investing activities :							
Interest received	424	2,207	280	461	-	3,372	1,373
Sales of restricted investments	-	1,861	535	334	-	2,730	-
Net cash provided by investing activities	<u>424</u>	<u>4,068</u>	<u>815</u>	<u>795</u>	<u>-</u>	<u>6,102</u>	<u>1,373</u>
Net increase (decrease) in cash and cash equivalents	2,358	(11,125)	15,541	3,189	253	1,164	(749)
Cash and cash equivalents, July 1, 2010	18,445	73,235	9,174	21,960	-	122,814	80,649
Cash and cash equivalents, June 30, 2011	<u>\$ 20,803</u>	<u>62,110</u>	<u>24,715</u>	<u>25,149</u>	<u>253</u>	<u>133,030</u>	<u>79,900</u>

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
ALL PROPRIETARY FUND TYPES
Year ended June 30, 2011
(in thousands)

	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds	Total	Government Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :							
Operating income (loss)	\$ 2,055	17,507	1,959	1,041	(877)	21,685	(16,427)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities :							
Depreciation	3,843	14,128	2,608	1,279	575	22,433	11,509
(Increase) decrease in accounts receivable	179	(144)	(449)	459	(3)	42	8
(Increase) decrease in due to/from City of Burbank	-	(463)	(48)	-	-	(511)	-
(Increase) decrease in advances receivable	-	575	87	-	-	662	-
Increase (decrease) in inventories	-	(1,417)	312	-	-	(1,105)	(120)
(Increase) decrease in prepaid items	(106)	(2,615)	(460)	(300)	1	(3,480)	(21)
(Increase) decrease in deferred bond issuance cost	(28)	(120)	(2,161)	12	-	-	-
Increase in outstanding claims payable	-	-	-	-	-	-	6,652
Increase (decrease) in accrued expense	(1,750)	3,534	3,450	-	(284)	4,950	(1,091)
Increase (decrease) in compensated absences	24	(407)	(53)	12	-	(424)	(106)
Increase (decrease) in deferred revenue	-	-	-	-	-	-	(80)
Increase (decrease) in interfund payable	-	445	51	-	-	-	-
Increase (decrease) in accrued payroll	1	(12)	(1)	-	-	(12)	-
Increase (decrease) in customer deposits	12	(3,712)	(563)	68	-	(4,195)	-
Increase in landfill closure and postclosure liabilities	-	-	-	421	-	421	-
Other nonoperating revenue	-	-	-	-	-	-	-
Other nonoperating expense	-	-	-	-	-	-	-
Total adjustments	2,175	9,792	2,773	1,951	289	18,781	16,751
Net cash provided by (used in) operating activities	\$ 4,230	27,299	4,732	2,992	(588)	38,665	324
Noncash investing, capital, and financing activities :							
Increase (decrease) in fair value of investments	\$ (39)	53	(249)	224	(5)	(16)	(14)

See accompanying notes to basic financial statements

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - Reporting Entity

Included within the financial reporting entity, "City of Burbank" (the City), are the Burbank Redevelopment Agency (the Agency), the Burbank Parking Authority (the Parking Authority), the Public Facilities Financing Authority (PFFA), the Burbank Public Financing Authority (PFA), the Burbank Community Services Fund (BCSF), the Burbank Youth Endowment Services (YES), and the Burbank Housing Authority (Housing Authority). Although these entities are legally separate from each other, the City Council acts as the governing board of each entity; accordingly, the financial activities of these component units are blended in the accompanying basic financial statements. A description of the entities follows.

City of Burbank

The City was incorporated in July 1911, under the general laws of the State of California. The City Charter was adopted in January 1927, and most recently amended in April 2007. The City provides a full range of municipal services as contemplated by statute or charter. Services provided include public safety (police and fire), street construction and maintenance, sanitation, refuse collection, electric, water and sewer utilities, culture and recreation, public improvements, planning and zoning, housing and community development, and general administrative and support services.

Burbank Redevelopment Agency

The Agency was established in May 1970, and is a separate governmental entity as prescribed in the California community redevelopment law and set forth in the health and safety code of the State of California. California community redevelopment law provides that, on adoption of a redevelopment plan, all future incremental tax revenues attributable to increases in the tax base within a project shall be paid into a special fund of the Agency to pay the principal and interest on loans, advances and other indebtedness of the Agency.

The Agency currently has designated two principal project areas, the highlights of which are as follows:

Merged Project Area – This project area was adopted on October 26, 2004 by Ordinance 3654 and made effective December 4, 2004. The former Golden State, City Centre, and South San Fernando Project Areas make up the new Merged Project Area.

The Golden State Project was adopted in December 1970, to eliminate blight and create an improved industrial community. This project encompasses approximately 1,100 acres, including the Bob Hope Airport.

The City Centre Project was adopted in October 1971, to eliminate blight in the central business district of the City and to revitalize its commercial and retail climate. It encompasses approximately 200 acres, and the Agency is developing office, retail, restaurant, and other commercial facilities.

The South San Fernando Project was adopted in June 1997, and encompasses 468 acres. The project area was formed to eliminate blight, encourage development of properties supporting alternative transportation, and remove impediments to development by assembling properties into reasonable sizes and shapes.

The West Olive Project encompasses 128 acres and was adopted in December, 1976, to eliminate blight and to retain and encourage expansion of media-related business. In June 2001 the project was amended to enable the project area to continue to receive tax increment.

The Agency's financial data and transactions are included in the accompanying basic financial statements within the debt service and capital projects fund categories. Separate financial statements of the Agency are available from the City.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Burbank Parking Authority

The Burbank Parking Authority is a public financing agency established by the City in May 1970, under the State of California Parking Law of 1949 to provide public parking facilities on a citywide basis. The Parking Authority's financial data and transactions are included in the accompanying basic financial statements within the capital projects funds category. Separate financial statements are not available for the Parking Authority.

Public Facilities Financing Authority

The Public Facilities Financing Authority (PFFA) was established in May 1987 by the City Council. The formation of the PFFA creates a financing entity through which Certificates of Participation can be issued for the proposed remodeling of various City buildings, the construction of a parking facility in the City Centre area, and various other additions or improvements to the City's infrastructure. Separate financial statements for the PFFA are not available. At June 30, 2011, the PFFA had no assets, liabilities or fund equity, nor did it enter into any financial transactions during the fiscal year.

Burbank Public Financing Authority

The Burbank Public Financing Authority (PFA) was established in March 1993, as a joint exercise of powers agreement (JPA) between the City of Burbank and the Redevelopment Agency. The purpose of the JPA is to provide for the financing of public capital improvements and for working capital requirements of the members, through the acquisition by the PFA of such capital improvements and for the purchase by the PFA of obligations of either of the members. Separate financial statements for the PFA are not available; financial data is presented in the basic financial statements as the Public Financing Authority debt service fund.

Burbank Community Services Fund

The Burbank Community Services Fund (Special revenue fund) was established in July 1998 as a 501 (C) (3) corporation. The purpose of this fund is to assist with support services, volunteer services, and educational services related to the development and maintenance of public facilities in the City of Burbank. Separate financial statements are not available for this fund; financial data is presented in the nonmajor funds column of the basic financial statements.

Burbank Youth Endowment Services Fund

The Youth Endowment Services (YES) capital projects fund was established in January 1991 as a 501 (C) (3) nonprofit corporation. The purpose of the YES fund is to provide youth-oriented facilities and programs, within and nearby the City's Redevelopment project areas. Each Redevelopment project area contributes 5% of the growth in tax increment above January 1991 values to the YES fund to fund these facilities and programs. The YES fund financial data and transactions are included in the accompanying basic financial statements as a capital projects fund. Separate financial statements are not available for the YES fund.

Burbank Housing Authority

The Housing Authority, established by the City Council in June 1975, is responsible for the administration of a federally funded housing assistance payments project undertaken by the City.

The Housing Authority created the City's housing assistance payments and affordable housing programs by separate agreements with the Department of Housing and Urban Development (HUD) in November 1975, as amended December 1976, March 1982, and May 1987.

The agreements state that HUD and the Housing Authority will provide an annual contribution of funds, in accordance with section 8 of the United States Housing Act of 1937, in order to provide decent, safe and sanitary dwellings for low to moderate income families, and to increase the supply and quality of affordable housing within the City. The Housing Authority's financial data and transactions are included in the accompanying basic financial statements as special revenue funds. Separate financial statements are not available for the Housing Authority.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B - Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues, and are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C - Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar nonexchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available and susceptible to accrual. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (e.g., sales, tax, property taxes, franchise taxes, motor vehicle fees, utility users taxes, etc.). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEBs, are recorded only when payment is due.

Property taxes when levied for and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City.

The City reports the following major governmental funds :

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Low / Moderate Income Housing Capital Projects - This fund is used to account for the 20% set aside dollars required to be used for housing projects under California redevelopment law.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Golden State Debt Service - This fund accounts for all debt service activities within that portion of the Merged Project Area known as the Golden State area.

Public Financing Authority Debt Service - This fund is used to account for all debt service within the Public Financing Authority.

Merged Project Area Capital Projects - This fund is used to account for all capital projects and their administration within the areas previously described as Golden State Project, City Centre Project, and South San Fernando Project.

General Capital Projects - This fund is used to account for all multiple-year capital projects undertaken by the City.

The City reports the following major proprietary funds :

Water Reclamation and Sewer - This fund is used to account for the operation and maintenance of the Water Reclamation Plant and Sewage System.

Electric Utility - To account for the production, distribution, and transmission of electric energy to residents and businesses located within the City.

Water Utility - To account for the transmission of potable water, and reclaimed water to residents and businesses in the City.

Refuse Collection and Disposal - To account for the activities involved in the collection and disposal of refuse throughout the City.

Additionally, the City reports the following fund type :

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. These services include liability insurance, workers' compensation insurance, and maintenance and financing of office equipment, vehicles, municipal buildings, communication equipment, and computer equipment.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal service fund charges to business-type activities and other charges between business-type activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

D - Inventories and prepaid items

All inventories are valued at cost, using the standard cost method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

E - Land held for resale

Land held for resale is recorded at the lower of cost or estimated net realizable value. Estimated net realizable value is determined by an agreed upon sales price with potential developers, when applicable. Amounts recorded as land held for resale are offset by a reservation of fund balance in the fund financial statements, since those amounts are not available spendable resources.

F - Capital Assets

Capital assets, which include property, plant, equipment, easements, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, including land held under easements. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

	<u>Estimated useful life</u>
Buildings and improvements	20 to 40 years
Infrastructure	20 to 65 years
Machinery and equipment (except vehicles)	5 to 20 years
Production plant	30 years
Boiler plant	20 years
Transmission structures	40 years
Transmission equipment	20 to 40 years
Poles, towers and fixtures	20 to 40 years
Distribution stations	30 to 40 years
Transformers	20 to 40 years
Meters	15 to 20 years
Water services	40 years
Vehicles	5 to 20 years
Office equipment	3 to 15 years

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum accumulation of vacation leave is limited to the total number of hours accruable for two years, unless approved otherwise by the department head or City Manager. The maximum accumulation of in-lieu time is between 200 to 300 hours, depending upon the employee's bargaining unit. Employees are paid 100% of their accumulated vacation or in-lieu time when they terminate employment for any reason.

Employees may accumulate sick leave without limitation as to the number of accumulated hours. Accumulated sick pay is paid at 50% of the total value; but only under one of the following conditions : (a) at retirement or death, provided the employee has been employed by the City for over 5 years and is over 50 years of age; (b) at time of layoff. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Executive and management employees do not earn vacation or sick leave. They instead earn universal time. This leave is capped at 1040 hours for management employees. Universal leave is reported as part of the compensated absences accrual.

H - Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments are reported as debt service expenditures.

I - Net Assets and Fund Equity

In accordance with GASB statement 54, the governmental funds report nonspendable, restricted, committed, and assigned fund balances to show the level of constraint governing the use of the funds. Nonspendable fund balances include amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Restricted fund balances are restricted for specific purposes by third parties or enabling legislation. Committed fund balances include amounts that can be used only for specific purposes determined by formal action of the Council. Assigned fund balances comprise amounts intended to be used by the City for specific purposes as determined by the Council. Unassigned fund balance is the remaining fund balance after all of the above classifications and should only be reported in the general fund or resulting deficit fund balance in any other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and the unrestricted resources as necessary. When committed and assigned resources are available for use, it is the City's policy to use committed resources first and then assigned resources, as they are needed.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments).

J - Cash and Investments

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. Each fund's portion of the pooled cash and investments are displayed on the balance sheet-governmental funds, or the statement of net assets-proprietary funds.

Interest earned on pooled cash and investments is allocated monthly to the various funds based on average daily balances. Interest income from cash and investments with fiscal agents and in the deferred compensation plan is credited directly to the related funds. The City manages its pooled idle cash and investments under a formal investment policy that is reviewed and adopted annually by the City Council and that follow the guidelines of the State of California Government Code. The City's investment policy specifically authorizes the City to invest in treasury bills, treasury notes, federal agency securities, bankers' acceptances, negotiable and nonnegotiable certificates of deposit, commercial paper, the California Local Agency Investment Fund (LAIF), the Los Angeles County Pooled Investment Fund, and money market mutual funds.

The City's investments are reported at fair value. LAIF operates in accordance with the state laws and regulation of California. The reported value of the pool is the same as the fair value of the pool shares.

For purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents includes all pooled cash investments, non-pooled restricted cash and restricted investments with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

K - Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Assessed values are determined on an annual basis by the Los Angeles County Assessor as of January 1. Taxes are levied annually and become a lien on real property at July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The Low and Moderate Income Housing fund has outstanding developer notes receivable with the Burbank Housing Corporation (BHC). The terms of the notes are fifty-five years with a stated annual interest rate of 3%. At the end of each notes' term, the City will receive either; A) the outstanding principal and interest on the loans or, b) as first lien holder on the underlying land and buildings, will receive the properties back. If the City receives the properties, after their respective fifty-five year term is over, in lieu of full payment of unpaid principal and interest from the BHC, those properties can then be used for any purpose the City chooses. The City records notes receivable at the lesser of a) the aggregate outstanding principal and interest balances on the notes receivable, or b) the estimated aggregate values of the underlying properties at the end of their respective note receivable term. (i.e.; estimated value fifty-five years after the start of each loan, not present valued back to June 30, 2011. The City reports the notes receivable balance in restricted fund balance in the governmental funds statements and in restricted net assets in governmental activities in the entity-wide statements.

The Community Development and Block Grant (CDBG) and HOME funds give loans to the BHC and to individuals meeting eligibility criteria. The loans have various term lengths with stated interest rates ranging from 0% to 6%. The loans are scheduled to be forgiven at the end of their respective terms. The City records the notes receivable balance, and an allowance for doubtful accounts equal to 100% of the outstanding note balance. See note 9 for discussion regarding the change in accounting estimate for the Low and Moderate income housing fund and CDBG and HOME funds.

L - Self-Insurance Program

The City has self-insurance programs to provide for general liability and workers' compensation claims. These activities are accounted for in the Self-Insurance internal service fund, a proprietary fund type. Fund revenues are primarily premium charges to other funds and are planned to match estimated payments, including both reported and incurred but not reported claims, operating expenses, and reinsurance premiums. The fund expenses the estimated liability for claims in cases where such amounts are reasonably determinable and where the liability is likely.

The City is self-insured for individual claims up to \$2,000 for worker's compensation, and \$1,000 for general liability. Losses in excess of these amounts are covered through commercial insurance policies, up to statutory limits, for individual claims. See note 16, Self-insurance, for additional information on the City's self-insurance programs.

M - Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A - Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statements include a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation begins by stating that "Governmental funds report capital outlays as expenditures." The details of this difference are explained below :

Additions to work in progress during FY 10/11 :	\$ 6,263
Gain(loss) on Governmental activities capital assets	\$ (377)
Depreciation expense FY 10/11 :	(14,292)
Net adjustment	<u>\$ (8,406)</u>

Another element of that reconciliation begins by stating that "The issuance of long-term debt such as bonds provides current financial resources to governmental funds." The details of this difference are explained below :

Principal payments for FY 10/11 :	\$ 9,590
Bond issuance cost amortization for FY 10/11 :	1,127
Net adjustment	<u>\$ 10,717</u>

Another element of that reconciliation states that "Some revenues and expenditures reported in the statement of activities do not increase current financial resources and therefore are not reported as revenues in governmental funds." The details of this difference are explained below :

Reversal of prior years accrual for certain sales tax payments - Triple Flip 09/10	(979)
Current year accrual for certain sales tax payments - Trip Flip 10/11	1,080
Sales tax clean up for June 30, 2011	687
Capital lease paydown	49
Other adjustments	(7,357)
Net adjustment	<u>\$ (6,520)</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (continued)

B - Explanation of computation of certain items on statement of net assets

The statement of net assets includes an element titled "Invested in capital assets, net of related debt". The details of this computation are explained below :

Proprietary funds :

Capital assets, net of accumulated depreciation	\$ 419,145
All revenue bonds, current and long term portions	(170,610)
Loan payable	(634)
Invested in capital assets, net of related debt	<u>\$ 247,901</u>

Governmental funds :

Capital assets of internal service funds, net of accumulated depreciation	\$ 35,701
Governmental assets, net of accumulated depreciation	824,273
Community facilities district bonds	(5,555)
Tax allocation bonds	(213,539)
Less non-capital debt : Golden State 2003 Series A bonds	
Golden State portion	21,090
South San Fernando bonds	4,490
Invested in capital assets, net of related debt	<u>\$ 666,460</u>

(3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations

During the year, several supplemental budget appropriations were adopted by the City Council as amendments to the annual budget. Such appropriations are as follows: \$9,548 Police/Fire headquarters reconstruct project; \$5,800 Lundigan park youth center project; \$3,320 SERAF obligation; \$1,000 for infrastructure replacement costs; \$630 for additional principal payments on Pension obligation bonds; and \$553 for compensated absences.

Appropriated Budget and Budgetary Control

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General, Special Revenue (except for the Drug Asset Forfeiture fund), Debt Service and Capital Projects funds. The budgets are presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America. Certain multi-year capital improvements and other projects are budgeted on a project-length basis. Additionally, appropriations for the Drug Asset Forfeiture fund occur based on actual cash receipts and do not lapse at year end. A comparison of these budgets with current year expenditures would not be meaningful, due to the multi-year nature of these projects. As a result, no statements of revenues, expenditures and changes in fund balances – budget and actual are presented for the Public Improvements special revenue fund, the Disaster Relief special revenue fund, the Drug Asset Forfeiture special revenue fund, and the General City Capital Projects fund.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, (continued)

The level of appropriated budgetary control is at the functional departmental level. The City Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the City Council by a 3/5 vote. These appropriations, representing amendments to the budget during the year, were significant in relationship to the original budget as adopted and are more fully described above. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

The City uses an "encumbrance system". Under this procedure, commitments such as purchase orders and contracts at year-end are recorded as reserved fund balance.

The City Council adopts budgets for the Enterprise and Internal Service funds. All Proprietary fund types are accounted for on the economic resources measurement focus and the accrual basis of accounting. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.

For the fiscal year ended June 30, 2011, the following funds reflected expenditures in excess of budgeted amounts : West Olive debt service, an excess of \$928. Also, the general fund had expenditures in excess of budgeted amounts in the following department: Fire Department an excess of \$286.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows :

	Govern- mental	Business Type	Internal Service	Total
Pooled cash and investments	\$ 213,282	114,854	79,900	\$ 408,036
Restricted pooled cash and investments	-	18,176	-	18,176
Restricted non-pooled cash and cash equivalents	52,667	-	-	52,667
Restricted investments	66,852	12,413	-	79,265
Total	\$ 332,801	145,443	79,900	\$ 558,144
Cash on hand				\$ 206
Demand deposits				2,665
Investments				555,273
Total				\$ 558,144

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (Code) (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the Code or the City's investment policy.

Authorized Investment Type	Authorized By City Policy	Maximum Maturity **	Maximum Percentage of Portfolio	Maximum Investment One Issuer
Agency-U.S. Federal Agency	Yes	5 years	90%	None
Corporate-medium term notes	Yes	5 years	30%	5%
LAI-Local Agency Invest. Fund	Yes	N/A	None	None
U.S. Treasury obligations	Yes	5 years	100%	None
Banker's acceptances	No	N/A	N/A	N/A
Commercial paper	No	N/A	N/A	N/A
Timed certificates of deposit	Yes	5 years	40%	\$250
Negotiable certificates of deposit	Yes	5 years	20%	\$250
Money market mutual funds	Yes	90 days	15%	None
State and Local Agency Obligations	Yes	5 years	15%	5%
Repurchase agreements	No	N/A	N/A	N/A
Reverse repurchase agreements	No	N/A	N/A	N/A
Mutual funds	No	N/A	N/A	N/A
Mortgage pass-through securities	No	N/A	N/A	N/A
County pooled investment funds	No	N/A	N/A	N/A

** No single investment shall be purchased with a term to maturity at the date of purchase that exceeds five years, without the approval also of the Financial Services Director, with the maximum allowed not to exceed 5% of the portfolio from over five years to ten year maturities. Also, the City has investments with fiscal agents outside the normal investment policy.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment One Issuer
Investment Agreements	N/A	None	None
LAIF-Local Agency Invstmt Fund	N/A	None	None
Money Market	N/A	None	None
Government bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None

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 Entity 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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity :

	Remaining Maturity (in Months)				
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Agency-U.S. Federal Agency	\$ 204,434	15,099	-	184,074	5,261
Corporate-Medium Term Notes	37,218	11,581	25,637	-	-
LAIF-2010B Electric Revenue Bond	21,406	21,406			
LAIF-2010A Water Revenue Bond	3,903	3,903			
LAIF-2010B Water Revenue Bond	11,535	11,535			
LAIF-BUSD Joint Use Agreement	9,913	9,913	-	-	-
LAIF-Local Agency Invst Fund	144,828	144,828	-	-	-
Held by bond trustee:					
Investment Agreements	14,940	-	-	-	14,940
LAIF-Local Agency Invst Fund	5,095	5,095	-	-	-
Money Market	19,656	19,656	-	-	-
Pledge Bonds - City debt issue	56,955	-	-	-	56,955
U.S. Treasury Obligations	25,390	213	6,317	18,860	-
	<u>\$ 555,273</u>	<u>243,229</u>	<u>31,954</u>	<u>202,934</u>	<u>77,156</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB 40 does not require disclosure as to credit risk :

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

	Total	Minimum Legal Rating	Exempt From Disclosure	Not Rated	
Agency-U.S. Federal Agency	\$ 204,434	A	N/A	-	
Corporate-Medium Term Notes	37,218	A	N/A	2,637	
LAIF-2010B Electric Revenue Bond	21,406	N/A	N/A	21,406	
LAIF-2010A Water Revenue Bond	3,903	N/A	N/A	3,903	
LAIF-2010A Water Revenue Bond	11,535	N/A	N/A	11,535	
LAIF-BUSD Joint Use Agreement	9,913	N/A	N/A	9,913	
LAIF-Local Agency Invstmt Fund	144,828	N/A	N/A	144,828	
Held by bond trustee:					
Investment Agreements	14,940	A	N/A	-	
LAIF-Local Agency Invst Fund	5,095	N/A	N/A	5,095	
Money Market	19,656	Aaa	N/A	-	
Pledge bonds - City debt issue	56,955	N/A	N/A	56,955	
U.S. Treasury Obligations	25,390	Aaa	N/A	-	
Totals	<u>\$ 555,273</u>			<u>256,272</u>	
		Rating as of year end			
		Aaa	Aa	A	Ba
Agency-U.S. Federal Agency	\$ 204,434	-	-	-	-
Corporate-Medium Term Notes	-	-	10,392	24,189	-
Held by bond trustee:					
Investment Agreements	-	-	8,204	6,736	-
Money Market	19,656	-	-	-	-
U.S. Treasury Obligations	25,390	-	-	-	-
Totals	<u>\$ 249,480</u>	<u>18,596</u>	<u>30,925</u>	<u>-</u>	<u>-</u>

Concentration of Credit Risk

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. Investments in any one issuer (other than US Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows :

Federal Home Loan Bank - U.S. Federal Agency - \$79,989

FHLMC Debentures - U.S. Federal Agency - \$59,045

FNMA - U.S. Federal Agency - \$26,027

Federal Farm Credit Bank - \$39,373

Custodial Credit Risk

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

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code, section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows.

Governmental activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 107,618	-	-	107,618
Land held under easements	345,277	-	-	345,277
Construction in progress	12,630	14,849	(8,586)	18,893
Internal service fund assets :				
Construction in progress	13,958	2,300	(13,874)	2,384
Total capital assets not being depreciated	<u>479,483</u>	<u>17,149</u>	<u>(22,460)</u>	<u>474,172</u>
Capital assets being depreciated :				
Land Improvements	\$ 4,398	94	-	4,492
Accumulated depreciation	(3,756)	(342)	-	(4,098)
Buildings & Improvements	183,755	7,866	(13,084)	178,537
Accumulated depreciation	(95,418)	(7,068)	42	(102,444)
Infrastructure	270,920	11,549	(2,228)	280,241
Accumulated depreciation	(104,113)	(6,486)	1,126	(109,473)
Machinery & other	75	1,087	-	1,162
Accumulated depreciation	(62)	(399)	-	(461)
Internal service fund assets :				
Buildings and improvements	10,117	1,695	(10)	11,802
Accumulated depreciation	(2,082)	(706)	3	(2,785)
Machinery & other	50,333	17,946	(4,808)	63,471
Accumulated depreciation	(29,657)	(10,804)	1,290	(39,171)
Total capital assets being depreciated, net	<u>284,510</u>	<u>14,432</u>	<u>(17,669)</u>	<u>281,273</u>
Total net capital assets - governmental activities	<u>\$ 763,993</u>	<u>31,581</u>	<u>(40,129)</u>	<u>755,445</u>

Depreciation charged to governmental functions on the statement of activities during the year is as follows; \$2,165 General Government, \$973 to Police, \$1,251 to Fire, \$9,871 to Public Works, \$2,439 to Community Development, \$1,939 to Parks and Recreation, \$626 to Library, and \$6,542 to Information Technology.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Total Enterprise fund type capital assets are as follows :

All Business-type activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 11,824	-	-	11,824
Construction in progress	115,197	44,360	(100,062)	59,495
Total capital assets not being depreciated	127,021	44,360	(100,062)	71,319
Capital assets being depreciated :				
Land improvements	13,220	238	-	13,458
Accumulated depreciation	(7,649)	(552)	-	(8,201)
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(455)	-	(43)	(498)
Buildings & Improvements	482,506	98,334	(5,072)	575,768
Accumulated depreciation	(235,019)	(16,872)	208	(251,683)
Machinery & other	47,957	8,308	(2,460)	53,805
Accumulated depreciation	(31,101)	(5,188)	131	(36,158)
Total capital assets being depreciated, net	270,794	84,268	(7,236)	347,826
Total net capital assets - business-type activities	\$ 397,815	128,628	(107,298)	419,145

Water Reclamation & Sewer fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 5,316	-	-	5,316
Construction in progress	20,743	337	(21,011)	69
Total capital assets not being depreciated	26,059	337	(21,011)	5,385
Capital assets being depreciated :				
Land improvements	6,096	-	-	6,096
Accumulated depreciation	(2,428)	(316)	-	(2,744)
Buildings & Improvements	93,105	21,352	(2)	114,455
Accumulated depreciation	(50,851)	(3,370)	1	(54,220)
Machinery & other	2,066	290	-	2,356
Accumulated depreciation	(1,707)	(157)	-	(1,864)
Total capital assets being depreciated, net	46,281	17,799	(1)	64,079
Total net capital assets - Water reclamation and sewer	\$ 72,340	18,136	(21,012)	69,464

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Electric Utility fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 2,734	-	-	2,734
Construction in progress	76,591	29,005	(61,785)	43,811
Total capital assets not being depreciated	<u>79,325</u>	<u>29,005</u>	<u>(61,785)</u>	<u>46,545</u>
Capital assets being depreciated :				
Land improvements	-	-	-	-
Accumulated depreciation	-	-	-	-
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(455)	-	(43)	(498)
Buildings & Improvements	297,614	58,529	(4,926)	351,217
Accumulated depreciation	(138,844)	(10,556)	60	(149,340)
Machinery & other	28,511	6,952	(2,366)	33,097
Accumulated depreciation	(17,670)	(3,572)	125	(21,117)
Total capital assets being depreciated, net	<u>170,491</u>	<u>51,353</u>	<u>(7,150)</u>	<u>214,694</u>
Total net capital assets - Electric utility	<u>\$ 249,816</u>	<u>80,358</u>	<u>(68,935)</u>	<u>261,239</u>

Water Utility fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 309	-	-	309
Construction in progress	16,777	14,964	(16,221)	15,520
Total capital assets not being depreciated	<u>17,086</u>	<u>14,964</u>	<u>(16,221)</u>	<u>15,829</u>
Capital assets being depreciated :				
Buildings & Improvements	76,772	17,930	-	94,702
Accumulated depreciation	(38,525)	(2,295)	-	(40,820)
Machinery & other	4,017	736	(29)	4,724
Accumulated depreciation	(2,564)	(490)	-	(3,054)
Total capital assets being depreciated, net	<u>39,700</u>	<u>15,881</u>	<u>(29)</u>	<u>55,552</u>
Total net capital assets - Water utility	<u>\$ 56,786</u>	<u>30,845</u>	<u>(16,250)</u>	<u>71,381</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Refuse Collection & Disposal fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 3,454	-	-	3,454
Construction in progress	599	49	(603)	45
Total capital assets not being depreciated	4,053	49	(603)	3,499
Capital assets being depreciated :				
Land improvements	6,326	-	-	6,326
Accumulated depreciation	(5,029)	(109)	-	(5,138)
Buildings & Improvements	6,117	319	-	6,436
Accumulated depreciation	(5,425)	(225)	-	(5,650)
Machinery & other	12,965	330	(65)	13,230
Accumulated depreciation	(8,961)	(945)	6	(9,900)
Total capital assets being depreciated, net	5,993	(630)	(59)	5,304
Total net capital assets - Refuse collection & disposal	\$ 10,046	(581)	(662)	8,803

(6) DEFINED CONTRIBUTION AND PENSION PLANS

Defined Contribution Plans

Welfare Benefit Plan (VEBA)

The Trust (The Plan) is a defined contribution plan established by the City of Burbank to provide post retirement medical benefits primarily to members of the Burbank Police Officer's Association. At June 30, 2011, there were 146 active participants and 74 retired participants. Plan members are required to contribute their final vested sick pay at retirement. The City is required to contribute 1.5% of the Burbank Police Officer's Association annual covered salary. Plan provisions and contribution requirements are established and may be amended by the City Council of the City. Investments are self directed by each plan participant.

The Plan's financial statements are prepared using the accrual basis of accounting, and the statements are available at the City of Burbank, 275 E Olive Ave, Burbank CA 91502. The employer and plan member contributions are recognized in the period that the contributions are made; contributions totaled \$542 for the fiscal year ended June 30, 2011. Plan investments are reported at fair value. At June 30, 2011, the fair value of plan assets was \$4,398.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) DEFINED CONTRIBUTION AND PENSION PLANS, (continued)

Post Employment Health Plan (PEHP)

The Plan is a defined contribution plan established by the City of Burbank in February 2006 to provide retirement medical benefits primarily to members of the Burbank Fire Fighter's Association (BFF) and the Burbank Fire Fighter's Chief Officers' Unit (BFF-COU). The Plan is a multi-employer trust comprised of over 800 public sector entities across the United States and is administered by Nationwide Retirement Solutions. At June 30, 2011 there were 115 active, and 25 retired participants. BFF and BFF-COU plan members are required to contribute the balance of their accumulated leave balance upon retirement or separation to their individual plan accounts. The BFF and BFF-COU take a vote of the membership annually in October to ascertain the dollar amount to be deposited from their accumulated leave balance into the Universal Reimbursement Account, and any remaining balance is deposited into the Insurance Reimbursement Premium Account.

Plan provisions and contribution requirements are established and may be amended by the City Council of the City to the extent allowed by the Internal Revenue Code. Participants may elect to have their contributions and earnings directed to an investment option of their choice and these investments are self directed by each plan participant. The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City contributed \$417 to the plan during the year ended June 30, 2011.

Defined Benefit Plan

Plan Description

The City of Burbank contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office : 400 P Street, Sacramento CA 95814.

Funding Policy

During the year ended June 30, 2011 participants are required to contribute 8% of their annual covered salary. Safety employees contribute 9%. The City makes the contributions required of City employees on their behalf and for their account, except for the IBEW whom contributes 8% on their own. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 10.493%; for fire employees the rate is 13.370%; for police employees the rate is 21.640%. The contribution requirements of plan members and the City are established and may be amended by PERS. Future contributions at an actuarially determined rate are as follows: miscellaneous employees 15.778% for fiscal year 2011-12 and 16.334% for fiscal year 2012-13; fire employees 19.313% for fiscal year 2011-12 and 19.070% for fiscal year 2012-13; for police employees 28.214% for fiscal year 2011-12 and 29.112% for fiscal year 2012-13.

All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year closed period. In addition, all gains or losses are tracked, and 10% of the net unamortized accumulated gain or loss is amortized each year. Finally, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) BENEFIT AND PENSION PLANS, (continued)

	Fiscal Yr	Annually required contribution	% of ARC contributed	Net pension obligation (overpayment)
Police	6/30/2011	5,724	100%	-
Fire	6/30/2011	3,238	100%	-
Miscellaneous	6/30/2011	12,402	142%	(5,174)

Schedule of funding progress		Actuarial	(Excess)				UAAL as
Actuarial	Actuarial	Accrued	Unfunded		Funded	Covered	a % of
Valuation	Value of	Liability	AAL	(UAAL)	Ratio	Payroll	Covered
Date	Assets	(AAL)	(B-A)		(A/B)	(C)	Payroll
	(A)	(B)					{(B-A)/C}
6/30/2010	876,293	1,017,725	141,432		86.1%	112,417	125.8%

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2011 is shown below :

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 years (nonsafety), 32 years (safety) from the valuation date
Asset Valuation Method	15 year smoothed market
Actuarial Assumptions :	
Investment rate of return	7.75% (net of administrative expenses)
Projected salary increases	3.25% to 14.45% depending on age, service, and type of employment.
Inflation	3.00%
Payroll growth	3.25%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of .25%.

The schedule of funding progress, which has been included in the accompanying *Required Supplementary Information*, shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. It presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2011 is as follows :

Fund	Interfund		Transfers	
	Receivable	Payable	In	Out
General fund	\$ 686	-	15,200	3,127
Golden State				
debt service	-	-	-	10,449
Merged				
capital projects	-	-	12,691	19,878
Low / Mod housing	-	-	2,578	-
General capital projects	-	-	26,789	2,986
Water recl & sewer	-	-	-	-
Electric utility	-	445	-	10,336
Water utility	-	51	-	1,018
Refuse coll. & disp.	-	-	-	-
Nonmajor prop. fund	-	-	-	-
Nonmajor				
governmental funds	103	304	11,995	20,959
Internal service funds	11	-	-	500
Total interfund				
receivable / payable /				
transfers	\$ 800	800	69,253	69,253

Composition and purpose of interfund transfers is as follows :

Nonmajor governmental funds transfers in of \$11,995 the majority includes \$2,291 for the Street Lighting fund transferred from Electric Utility fund for in-lieu of taxes payments; \$3,152 from West Olive debt service fund to capital projects fund, for excess tax increment not required for debt service; \$1,713 for Youth Endowment from various Redevelopment funds for required YES (Youth Endowment Services) funds; \$586 from City Centre Debt Service Fund to CFD fund to pay for annual principal and interest payments; \$1,327 from General fund to reimburse Section 8 HAP reserve per council resolution 28351; and \$10 from Prop C to Prop A for dues related to San Fernando Valley council of governments.

General fund transfers in of \$15,200 include \$8,045 from Electric Utility fund, and \$1,018 from Water Utility fund, for in-lieu of taxes payments; \$1,643 from the Gas Tax fund for maintenance of city streets; \$2,500 from RDA for RDA share of PERS unfunded liability per resolution 2246; \$750 from Library for one-time transfer from capital holding account; and street trees; and \$453 from various Redevelopment funds for required tax sharing payments. Low / Mod Housing transfers in of \$12,727 transferred from the Golden State debt service fund \$5,214, City Centre debt service fund \$2,045, West Olive debt service fund \$2,272, and South San Fernando debt service fund \$618, all for required contributions of low/moderate income housing dollars; and \$2,578 from the HOME fund for property acquisitions.

General Capital Projects fund transfers in of \$26,789 includes \$1,800 in transfers from the General fund for various multi-year capital projects; \$16,698 from the Merged Capital Projects fund for various street improvement projects; \$5,800 from the YES fund for Lundigan Park improvements; \$2,488 from the West Olive capital projects fund for Johnny Carson Park improvements. Merged capital projects fund transfers in of \$12,691 come from debt service funds, a routine transfer of remaining cash balances.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

The composition of interfund advances as of June 30, 2011 is as follows :

Advances from City :

The City and the Agency entered into agreements by resolutions R504, R787 and R1177 to loan an aggregate amount of \$1,778 to the City Centre project for the purchase of land. Interest is 7% payable quarterly. There is no payment schedule for the principal portion of this advance; repayment will be made as the funds become available in the future. \$ 1,778

The general fund advanced the golf fund \$2.5 million for construction of the new clubhouse. The terms of the advance are per resolution 27488, passed on June 19, 2007. The term of the advance is 20 years; the interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) using a 12 month average plus .5%. This advance will be recalculated every January, with the first repayment date as January 2009. \$ 2,125

The general fund advanced the golf fund \$1.0 million to make the golf fund fiscally solvent. The terms of the advance are per resolution 28347, passed on June 7, 2011. The term of the advance is 20 years; the interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) using a 12 month average plus .5%. This advance will be recalculated every January, with the first repayment date as January 2014. \$ 1,000

The City and the Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre project necessary for land acquisition and related expenses. The advances are non-interest bearing and there is no repayment schedule. Repayment of the advance will be made as funds become available. \$ 35,101

From 1977 through 1979, the City and the Agency entered into agreements to loan funds aggregating \$225 to the West Olive Project. These agreements bear 7% interest per year, payable quarterly, and have no principal repayment schedule. \$ 225

Advance secured by \$25,000 Golden State Redevelopment Project Subordinated Taxable Tax Allocation Private Placement Bond Issue of 1993, interest is due semi-annually on June 1 and December 1, with a principal maturity date of December 1, 2043 (or a mutually agreeable time). The interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) plus 1%. The principal and interest are secured by an irrevocable pledge of tax revenues. The bond was issued for the purpose of aiding in the financing and construction of redevelopment projects. Most of this obligation was paid off during FY 2003-04. \$ 2,355

From 1998 to 1999, the General fund advanced \$1,118 to the Public Improvements fund, to pre-fund the development impact activity for the Police / Fire facility construction. As revenue is accumulated within Public Improvements, repayments are made on this advance; there is no interest charged, nor is there a specified repayment schedule. \$ 413

The City and the Agency entered into an agreement to loan to the Agency an aggregate amount of \$191 representing project formation costs of the South San Fernando project area. The advance is not interest bearing. Repayment of the principal will be made as future tax increment becomes available. \$ 191

City of Burbank

Year Ended June 30, 2011

(In thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

Advances to City :

The Agency advanced the City \$1,327 in order for the City to reimburse the Housing Authority administrations reserve per resolution R-2255 on June 14, 2011. This loan is payable only out of the existing advances owed to the City, to be paid at the end of ten years post project area sunset/abolishment, whichever comes first. There is no repayment schedule. \$ 1,327

Advances from Redevelopment Projects :

From 1978 to 1982, the Agency's West Olive Project entered into agreements wherein the Golden State Project (now the Merged Project Area) loaned funds aggregating \$750 to the West Olive Project. The advance is not interest bearing and there is no repayment schedule. Repayment of the advance will be made as future tax increment becomes available. \$ 750

In 2003, the City and the Agency entered into a funding agreement to secure the lease of a future transportation site (Americold). The South San Fernando project area loaned funds to the City, which in turn loaned them to the Golden State project. The advance is not interest bearing and there is no repayment schedule. \$ 1,360

In October 1991, the Agency's West Olive Project advanced \$1,530 to the City Centre Project, (Now the Merged Project Area). The advance is not interest bearing and shall be repaid as future tax increment becomes available. \$ 1,530

Total advances outstanding at June 30, 2011 \$ 48,155

Generally accepted accounting principles require the City to only record advances for which collectability can be established. The following note does not meet this criterion and is therefore not reflected within the financial statements, yet is listed here to evidence its existence :

The City and the Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre project necessary for payments on an Agency disposition and development agreement. These payments ceased in June 2005. The advances bear 6% interest per year and the repayment schedule begins in fiscal year 2016-2017 per resolution R-2246 and 28,301. \$ 12,228

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

A breakdown of all items as stated on the statement of net assets :

Fund	Internal Balances		Transfers	
	Governmental	Business-Type	Governmental	Business-Type
Governmental funds				
interfund receivable	\$ 3,914	-	\$ -	-
transfers in	-	-	69,253	-
interfund payable	(304)	-	-	-
transfers out	-	-	(57,399)	-
Internal service funds				
interfund receivable	11	-	-	-
interfund payable	(1,364)	-	-	-
transfers out	-	-	(500)	-
Proprietary funds				
interfund receivable	-	1,364	-	-
transfers out	-	-	-	(11,354)
interfund payable	-	(3,621)	-	-
Totals	\$ 2,257	(2,257)	\$ 11,354	(11,354)

(8) LONG TERM LIABILITIES

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year
Governmental activities :					
Community facilities district bonds	\$ 5,860	-	(305)	5,555	320
Pension obligation bonds	17,545	-	(630)	16,915	740
Tax allocation bonds	223,529	-	(9,990)	213,539	9,030
Compensated absences	14,800	558	(1,499)	13,859	1,500
Total non-internal service debt	261,734	558	(12,424)	249,868	11,590
Claims payable from self-insurance funds (note 17)	24,625	13,387	(6,735)	31,277	8,706
Compensated absences - payable from internal service funds	346	286	(393)	239	-
Total governmental activities	286,705	14,231	(19,552)	281,384	20,296

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG TERM LIABILITIES, (continued)

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due within one year</u>
Business-type activities :					
Water Reclamation & Sewer :					
Revenue bonds	\$ 16,595	-	(695)	15,900	710
Compensated absences - payable from enterprise funds	134	164	(140)	158	-
Subtotal	16,729	164	(835)	16,058	710
Refuse Collection & Disposal :					
Revenue bonds	8,967	-	(517)	8,450	550
Other long-term liabilities	14,705	373	-	15,078	-
Compensated absences - payable from enterprise funds	589	44	(32)	601	34
Subtotal	24,261	417	(549)	24,129	584
Electric Utility :					
Revenue bonds	113,055	140	(4,083)	109,112	3,535
Compensated absences - payable from enterprise funds	5,056	411	(818)	4,649	217
Subtotal	118,111	551	(4,901)	113,761	3,752
Water Utility :					
Revenue bonds	2,834	37,856	(3,542)	37,148	480
Other long-term liabilities	823	-	(189)	634	194
Compensated absences - payable from enterprise funds	762	23	(76)	709	37
Subtotal	4,419	37,879	(3,807)	38,491	711
Total business-type activities :					
Revenue bonds	141,451	37,996	(8,837)	170,610	5,275
Other long-term liabilities	15,528	373	(189)	15,712	194
Compensated absences - payable from enterprise funds	6,541	642	(1,066)	6,117	288
Subtotal	163,520	39,011	(10,092)	192,439	5,757
Total long-term liabilities	\$ 450,225	53,242	(29,644)	473,823	26,053

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

GOVERNMENTAL ACTIVITIES

Community Facilities District Bonds (CFD)

2005 Community Facilities District (CFD) Tax Revenue Bonds

The bonds are due in annual installments from \$295 to \$565 through December 1, 2023. Interest at various rates ranging from 4.00% to 5.20% is payable semiannually on June 1 and December 1. The bonds are collateralized by first pledge of all the tax increment revenues and special tax revenues. The purpose of the bonds is to finance a portion of the costs of a parking garage in the downtown area.

\$ 5,555

Pension Obligation Bonds (POB)

The bonds are due in annual installments from \$260 to \$2,510 through June 1, 2023. Interest is fixed at 5.93%. The bonds provided funds to pay the City's unfunded pension obligation related increased safety salaries, in lieu of reducing this obligation over a number of years directly through PERS.

\$ 16,915

Tax Allocation Bonds

\$69,000 Golden State Redevelopment Project Tax Allocation Bonds 1993 Series A

The bonds are due in annual installments from \$410 to \$4,655 through December 1, 2024. Interest at various rates ranging from 2.75% to 6.25% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provided funds for (i) the acquisition and construction of various projects (ii) the advance refunding of the Agency's outstanding Golden State Redevelopment Project First Lien Tax Allocation Bonds, 1985 Series A; and (iii) the advance refunding of the Agency's outstanding Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds, 1985 Series A. A portion of these bonds are owned by the Public Financing Authority as discussed below.

\$ 44,395

\$87,265 Public Financing Authority (Golden State) Tax Allocation Bonds 2003 Series A

The bonds are due in annual installments from \$780 to \$6,620 through December 1, 2024. Interest at various rates ranging from 1.625% to 5.50% is payable semiannually on June 1 and December 1. These bonds are secured by a pledge of certain tax increment revenues, and other amounts payable to the Agency. The bonds provided funds for :

Golden State Portion

(i) the acquisition and construction of various projects.

\$ 21,090

Public Financing Authority Portion

(ii) the purchase by the PFA of a portion (\$50,240) of the Agency's outstanding 1993 Golden State Redevelopment Project Tax Allocation Bonds, 1993 Series A.

\$ 46,115

2007 Series A Golden State

The bonds are due in annual installments from \$50 to \$2,995 through December 1, 2043. Interest at various rates ranging from 3.50% to 5.00% is payable semiannually on June 1 and December 1. The bonds provided funds for (i) refunding a portion of the Authority's outstanding revenue bonds, (ii) fund a purchase in lieu of redemption of the Agency's subordinated tax allocation bonds, (iii) and to pay for public capital improvements. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,038, and a reduction of total debt service payments of \$427.

\$ 51,625

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$14,000 West Olive Redevelopment Project Tax Allocation Bonds, 2002 Series A

The bonds are due in annual installments from \$380 to \$925 through December 1, 2026. Interest at various rates ranging from 2.00% to 5.125% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues, net of pass-through payments, to be received by the project. The bonds provide funding for the acquisition and construction of various projects.

\$ 10,590

\$5,235 South San Fernando Redevelopment Project Tax Allocation Bonds, 2003 Series A

The bonds are due in annual installments from \$85 to \$330 through December 1, 2033. Interest at various rates ranging from 2.00% to 5.50% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provide funding for the acquisition and construction of various projects.

\$ 4,490

1993 City Centre Tax Allocation Bonds Series A

The bonds are due in annual installments from \$85 to \$1,665 through December 1, 2023. Interest at various rates ranging from 2.50% to 5.50% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provided funds for (i) the acquisition and construction of various projects and (ii) the partial advance refunding of the Agency's outstanding City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A.

\$ 16,095

2003 City Centre Tax Allocation Bonds Series C

On September 23, 2003, the Agency issued revenue bonds, Series C 2003, in the amount of \$22,015 with annual maturities from \$810 to \$1,565, from December 1, 2004 through December 1, 2023, with interest ranging from 2.0% to 4.8%. The purpose of these bonds is to fund the costs of issuance of the bond, and to refund the City Centre 1993 tax allocation bonds.

\$ 15,935

Plus original issue premium
Total Tax Allocation Bonds

\$ 3,204
\$ 213,539

Compensated absences

Governmental activities - Governmental funds (General, and Merged capital projects) accumulated vacation and sick leave accrual is reported in the government-wide statement of net assets. For the fiscal Year Ended June 30, 2011, the noncurrent portions of the accrual consist of vacation leave of \$7,570, sick leave of \$4,118, and in-lieu time of \$1,442, and the current portion of \$1,670.

\$ 13,859

Outstanding Claims Payable - Self-Insurance

The Risk Management fund total outstanding claims are \$3,331. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$1,689 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 3,597

The Workers' Compensation fund total outstanding claims are \$27,680. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$7,017 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 27,680

Total long-term liabilities for self-insurance

\$ 31,277

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Compensated absences :

All the Internal Service fund types' accumulated vacation and sick leave accrual is reported in the respective Internal Service fund. At June 30, 2011, the accrual consists of vacation leave of \$150, sick leave of \$33 and in-lieu time of \$56 and the current portion of \$0.

\$ 239

Total governmental activities

\$ 281,384

BUSINESS-TYPE ACTIVITIES - REVENUE BONDS

Wastewater Treatment

\$19,130 Wastewater Treatment Revenue Bonds of 2004, Series A

The bonds are due in annual installments ranging from \$85 to \$1,240 from June 1, 2005 to June 1, 2034, with interest rates ranging from 2% to 5%, payable semiannually on June 1 and December 1. The purpose of these bonds is to refund, on an advance basis, a portion of the City's Wastewater Treatment Refunding Revenue Bonds, 1995 Series A, to finance the construction of certain improvements to the City's municipal wastewater treatment and disposal system, make a deposit to the reserve fund, and to pay all costs of issuance.

\$ 15,560

Plus original issue premium

\$ 340

Total Wastewater Revenue bonds

\$ 15,900

Waste Disposal

\$10,290 Waste Disposal Revenue Bonds of 2002 Series B

These bonds are due in installments ranging from \$160 to \$800 from May 1, 2008, to October 2024, with interest rates ranging from 3.25% to 5.25%, payable semiannually on May 1 and November 1. The Series B bonds are special obligations of the City payable solely from the net revenues of the City's waste collection and disposal system and other funds specified in the indenture.

\$ 8,310

Plus original issue premium

\$ 140

Total Waste Disposal revenue bonds

\$ 8,450

Burbank Water and Power Revenue Bonds

\$25,000 Public Service Department Electric Revenue Bonds 2002 Series A

These bonds were issued to (i) finance the costs of retrofitting Olive 1 and Olive 2 steam generating equipment, and (ii) to partially advance refund outstanding 2001 bonds, payable in installments ranging from \$990 to \$2,000. Interest rates range from 3.00% to 5.38%. 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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.

\$ 17,385

City of Burbank
Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$35,825 Burbank Water and Power Electric Revenue/Refunding Bonds 2010 Series A

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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$935 and resulted in an economic loss of \$326.

\$ 35,825

\$52,665 Burbank Water and Power Electric Revenue Bonds 2010 Series B

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 and 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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.

\$ 52,665

\$8,795 Burbank Water and Power Water Revenue/Refunding Bonds 2010 Series A

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.

\$ 8,385

\$27,945 Burbank Water and Power Water Revenue Bonds 2010 Series B
(Taxable Build America Bonds)

These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from \$850 to \$2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the water enterprise fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.

\$ 27,945

Plus original issue premium	\$ 5,017
Less original issue discount	<u>\$ (962)</u>

Total Burbank Water and Power revenue bonds	<u>\$ 146,260</u>
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Total Enterprise revenue bonds	<u><u>\$ 170,610</u></u>
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City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Other long-term liabilities :

Landfill Closure and Post-Closure Care Costs

State laws and regulations require the City to place a final cover on the Burbank Landfill No. 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports portions of these costs as operating expenses in each period, as required by GASB 18, and based on landfill capacity used as of each balance sheet date.

The landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 44 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,157 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Using the 2011 inflation factor of 1.01 percent, the adjusted closure and postclosure costs for 2011 are \$34,444. The City expects to close the landfill in the year 2066. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in regulations.

The City is required by state laws and regulations to make annual contributions to a trust fund to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2011, \$13,033 was reported as restricted cash. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

\$ 15,078

State Water Resources Control Board Loan :

This loan was issued for the purpose of constructing improvements to the Burbank Water Reclamation Plant. The cost of the project is estimated to be \$3,134, and this same amount is available for loan to the City. Funds are disbursed on either a reimbursement basis, or at such time as they are due and payable by the City. The interest rate is 2.7%, with the principal to be repaid no later than April 2014, 20 years from the loan date.

\$ 634

Total other long-term liabilities

\$ 15,712

Compensated absences :

All the Enterprise fund types' accumulated vacation and sick leave accrual is reported in the respective Enterprise fund. For the fiscal year ended June 30, 2011, the noncurrent portions of the accrual consist of vacation leave of \$3,270, sick leave of \$1,916 and in-lieu time of \$475.

\$ 6,117

Total business-type activities

\$ 192,439

Total long-term liabilities at June 30, 2011

\$ 473,823

At June 30, 2011, \$595 was available in the Debt Service funds to service the Community Facilities District bonds, \$90,337 for Public Financing Authority purchase-in-lieu bonds, and \$11,800 was available to service the Agency's revenue bonds. The City and the Agency are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue, tax allocation, and communities facilities district bonds.

City of Burbank
Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2011 are as follows :

Governmental activities

Year ending June 30	CFD & POB Bonds		Tax Allocation		Other Governmental	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,060	1,271	9,030	10,526	-	-
2013	1,195	1,213	9,425	10,087	-	-
2014	1,340	1,146	9,915	9,593	-	-
2015	1,500	1,071	12,650	9,021	-	-
2016	1,670	985	13,275	8,376	-	-
2017-2021	11,410	3,265	77,535	30,393	-	-
2022-2026	4,295	300	51,655	10,921	-	-
2027-2031	-	-	7,055	5,198	-	-
2032-2036	-	-	6,965	3,629	-	-
2037-2041	-	-	7,485	2,066	-	-
2042-2044	-	-	5,345	368	-	-
Premium	-	-	3,204	-	-	-
Indeterminate	-	-	-	-	45,375	-
Totals	\$ 22,470	9,251	213,539	100,178	45,375	-

Business-type activities

Year ending June 30	Revenue Bonds		Other Liabilities	
	Principal	Interest	Principal	Interest
2012	\$ 5,275	7,299	194	17
2013	5,590	7,109	199	12
2014	5,795	6,874	241	7
2015	6,280	6,636	-	-
2016	6,570	6,353	-	-
2017-2021	37,430	26,741	-	-
2022-2026	27,390	24,053	-	-
2027-2031	20,950	19,313	-	-
2032-2036	26,365	12,376	-	-
2037-2040	24,430	3,824	-	-
Discount	(962)	-	-	-
Premium	5,497	-	-	-
Indeterminate	-	-	21,195	-
Totals	\$ 170,610	120,578	21,829	36

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Merged Capital Projects Area:			
Golden State	\$ 25,862	11,359	43.90%
City Centre	10,144	2,322	22.90%
South San Fernando	3,065	348	11.40%
West Olive Capital Projects Area	9,018	952	10.56%
Water Revenues	22,656	603	2.66%
Electric Revenues	219,259	7,934	3.62%
Water Rec. & Sewer	14,941	1,414	9.46%
Refuse Collection & Disposal	15,016	949	6.32%

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES

Receivables at June 30, 2011 consist of the following :

	General Fund	Golden State	Capital Projects		General Cap. Proj.
			Merged Proj. Area	Low/Mod Housing	
Governmental activities :					
Accounts receivable, net	\$ 1,564	-	156	30	-
Interest receivable	257	59	29	129	213
Taxes receivable, net	7,770	629	-	-	-
Notes receivable	-	-	22	37,779	-
Total	\$ 9,591	688	207	37,938	213

	Public Fin. Authority	Nonmajor Govt'l Funds	Internal Service Funds	Total Governmental
Accounts receivable, net	-	1,788	306	3,844
Interest receivable	32	108	331	1,158
Taxes receivable, net	-	1,118	-	9,517
Note receivable	-	-	-	37,801
Total	32	3,014	637	52,320

	Water Reclam. & Sewer	Electric	Water	Refuse Collect. & Disposal	Nonmajor Prop. Funds	Total Business Type
Accounts receivable, net	\$ 1,186	12,871	2,626	1,450	31	18,164
Interest receivable	86	142	61	105	-	394
Total	\$ 1,272	13,013	2,687	1,555	31	18,558

The low and moderate income housing fund has outstanding developer notes receivable with the Burbank Housing Corporation (BHC). The terms of the notes are fifty-five years from date of issuance with a stated interest rate of 3%. At the end of each notes' term, the City will receive either the outstanding principal and interest on the loans, or as first lien holder on the underlying land and buildings, will receive the properties back. If the City receives the properties in lieu of payment from the BHC, those properties can then be used for any purpose the City chooses. The City records notes receivable at the lesser of a) the aggregate outstanding principal and interest balances on the notes receivable, or b) the estimated aggregate values of the underlying properties at the end of their respective note receivable term (i.e.; fifty-five years after the start of each loan, not present valued back to June 30, 2011). The City reports the notes receivable balance in restricted fund balance in the governmental funds statements and in restricted net assets in governmental activities in the entity-wide statements. As of June 30 2011, the notes receivable balance was \$37,779, net of an allowance for doubtful accounts of \$15,645.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES, (continued)

The Community Development and Block Grant (CDBG) and HOME funds provide loans to the BHC and to individuals. The loan terms for each loan are various lengths with stated interest rates ranging from 0% to 6% and are scheduled to be forgiven at the end of their respective term. The City records the notes receivable balance, and an allowance for doubtful accounts equal to 100% of the outstanding note balance. The notes receivable balance for CDBG as of June 30, 2011 was \$0, net of an allowance for doubtful accounts of \$2,272, in both the governmental activities and the governmental funds. The notes receivable balance for HOME as of June 30, 2011 is \$0, net of an allowance for doubtful accounts of \$7,717, in both the governmental activities and the governmental funds.

The allowance recognized on these receivables were \$2,272 and \$7,717 for the year ended June 30, 2011.

(10) COMMITMENTS AND CONTINGENCIES

Media City Center Mall

In September 1992, the City entered into a Disposition and Development Agreement (DDA) which obligated the City to rebate either amounts equivalent to specified portions of property and sales taxes generated by the mall, or an amount equal to \$51,500 plus interest. These amounts helped offset the original construction costs incurred for construction of the Macy's building, and parking and related common area facilities at the Media City Centre mall of which are owned by the developer. These payments to the developer are scheduled through February 1, 2016. After this date, the City will no longer be required to make payments to the developer. No liability has been recorded for this obligation, but for the year ended June 30, 2011, \$3,261 was paid to the developer under this agreement.

Recovery of alleged overcharges for the sale of power

The City sold energy and ancillary services to the CAL ISO during the period from October 2000 to February 2001 in order to assist the CAL ISO in maintaining reliability in the region, and in response to a federal order by the Department of Energy requiring generators in the region to sell power to the CAL ISO. The CAL ISO, in turn, resold at least some portion of this power to its customers and entities participating in its markets. The three investor-owned utilities in California, each of whom purchased energy and ancillary services from the CAL ISO during this period, are presently pursuing claims in state and federal courts in which they seek to impose refund liability on the City and other similarly-situated publicly-owned utilities for their sales to the CAL ISO. City management believes that the ultimate outcome of these matters will not have a material impact on the financial condition of the City.

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact to the City over and above the amounts recorded as claims liability. City management believes that the claims liability recorded within the self-insurance internal service fund is sufficient to cover any potential losses, should an unfavorable outcome result and that any overage would be covered by the City's excess insurance pool, ACCEL.

Construction commitments

Outstanding construction commitments include \$8,185 for police/fire headquarters water intrusion, \$700 for Verdugo pool renovation \$509 for San Fernando interstate five corridor and \$452 for Johnny Carson Park revitalization.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES

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" and term purchases. Local generation and market purchases supplement firm contracts to meet Burbank's retail load requirements.

B - TAKE OR PAY CONTRACTS

The City of Burbank has entered into "Take or Pay" contracts to provide for future electric generating capacity for Burbank electric utility 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 take or pay contracts refer. The City is, however, obligated to pay its share of the amortized cost of indebtedness and operating and maintenance costs, regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. 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 Southern California Public Power Authority (SCPPA) and the Intermountain Power Agency (IPA) do not depend on revenue from the City to continue in existence. Obligation for this indebtedness is through participation in two joint powers agencies, SCPPA and IPA.

These contracts do not meet the criteria to be recorded as a derivative instrument subject to the requirements of GASB 53. In return for purchased power, the City is obligated under the terms of these contracts to fund a portion of the debt service payments that are associated with the facility providing the power.

Southern California Public Power Authority

SCPPA membership consists of ten Southern California cities and one public district of the State of California, which serves the electric power needs of their 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 powers agreement has a term of fifty years.

Hoover uprating project (HU)

On March 1, 1986, SCPPA and six participants entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to the Authority in return for the Authority's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. The Authority has an 18.68% interest in the contingent capacity of the Hoover uprating project. All seventeen "uprated" generators of the HU have commenced commercial operations. The City has a 16% ownership interest in this project.

Southern Transmission System Project

Pursuant to an agreement dated as of May 1, 1983 with the IPA, the Authority made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the Southern Transmission System project (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 the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP). The City's ownership share of this project is 4.5%.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Mead-Phoenix

The Authority entered into an agreement dated as of December 17, 1991 to acquire an interest in the Mead-Phoenix Project, a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project, a 17.76% interest in the Mead substation project component and a 22.41% interest in the Mead-Marketplace component. The City's ownership share of Mead-Phoenix is 15.4%.

Mead-Adelanto

The Authority also entered into an agreement dated as of December 17, 1991 to acquire a 67.92% interest in the Mead-Adelanto Project, 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 of funds from the multiple project fund and commercial operations commenced in April 1996. LADWP serves as the operations manager of Mead-Adelanto. The City's ownership share of Mead-Adelanto is 11.5%.

Palo Verde

Pursuant to an assignment agreement dated as of August 14, 1981 with the Salt River project, the Authority purchased a 5.91% interest in the Palo Verde Nuclear Generating Station, a 3,810 megawatt nuclear-fueled generating station near Phoenix, Arizona, and a 6.55% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the Palo Verde Project). Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988 respectively. The City's ownership share of this project is 4.4%.

Magnolia Power Project

In March 2003, the City of Burbank entered into a power sales agreement with the Authority for the Magnolia Power Project (MPP). MPP commenced commercial operation in September 2005. MPP is a combined-cycle natural gas fired generation plant with a nominally rate net base capacity of 224 megawatts. The City is obligated for 97.6 megawatts or 30.992% of its output. The City of Burbank is also MPP's operating agent.

Intermountain Power Agency

In 1980, the City of Burbank, along with the cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each California purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the IPP. The City, along with Los Angeles, Glendale and Pasadena, also entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah municipal and cooperative IPP purchasers, which is surplus to such Utah purchasers' needs, and will be made available to the City, Los Angeles, Glendale, and Pasadena. The City's participation interest in the power generated by IPP is 3.371%. The project was completed on May 1, 1987, and is currently generating power.

A summary of the City of Burbank "take or pay" contracts and related projects and its contingent liability at June 30, 2011 is shown on the following page :

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	Bonds and notes outstanding	City of Burbank portion *	City of Burbank share of bonds	City obligation of total debt service
SCPPA				
Hoover	\$ 12,955	15.957%	2,067	2,512
Southern Transmission System	848,105	4.498%	38,165	53,425
Mead-Adelanto	176,950	11.534%	20,349	24,995
Mead-Phoenix	55,745	15.400%	8,585	10,489
Palo Verde	79,440	4.400%	3,495	3,812
Magnolia Power Project (Project A)	357,790	32.350%	115,746	177,652
Natural Gas Pinedale	8,816	100.000%	8,816	13,133
Natural Gas Barnett	27,304	100.000%	27,304	40,678
Natural Gas Prepaid Project #1	333,370	33.099%	110,341	204,813
Milford I Wind Project	237,235	5.000%	11,862	18,590
Tieton Hydropower Project	52,730	50.000%	26,365	52,025
Intermountain Power Project	2,415,133	3.371%	81,414	101,344
Total	<u>\$ 4,605,573</u>	<u>9.869%</u>	<u>454,509</u>	<u>703,468</u>

* Burbank share % and amounts estimated based on weighted average.

The City has the following required debt service payments of principal and interest per the agreements discussed above :

	2011/12		2012/13		2013/14	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ 255	103	266	93	280	79
IPP STS	1,260	805	2,564	1,618	2,243	1,526
Mead-Adelanto	1,645	493	1,751	878	1,870	763
Mead-Phoenix	799	212	852	372	909	315
Palo Verde	455	44	469	76	483	64
Magnolia Pwr. Project	2,958	2,092	3,080	4,061	3,220	3,925
Natural Gas Pinedale	896	231	660	427	570	400
Natural Gas Barnett	2,774	715	2,045	1,323	1,765	1,238
Natural Gas Prepaid Project #1	1,892	919	1,753	5,471	1,590	5,388
Milford I Wind Project	380	282	393	551	407	537
Tieton Hydropower Project	340	649	388	1,292	395	1,284
Intermountain Power	6,478	3,333	5,966	2,912	7,411	2,663
Total	<u>\$ 20,132</u>	<u>9,878</u>	<u>20,187</u>	<u>19,074</u>	<u>21,143</u>	<u>18,182</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	2014/15		2015/16		2016/21	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ 293	66	308	51	665	53
IPP STS	2,302	1,477	2,372	1,419	12,407	5,680
Mead-Adelanto	1,971	639	2,069	539	11,043	1,333
Mead-Phoenix	770	255	835	216	4,420	534
Palo Verde	499	52	514	40	1,075	41
Magnolia Pwr. Project	3,356	3,790	3,510	3,637	13,723	15,861
Natural Gas Pinedale	549	375	549	349	2,228	1,326
Natural Gas Barnett	1,701	1,160	1,701	1,081	6,902	4,106
Natural Gas Prepaid Project #1	1,345	5,314	1,283	5,249	8,204	25,152
Milford I Wind Project	423	521	441	503	2,527	2,191
Tieton Hydropower Project	408	1,273	420	1,259	2,390	6,009
Intermountain Power	7,055	2,328	8,451	2,169	35,125	6,283
Total	\$ 20,672	17,250	22,453	16,512	100,709	68,569

	2021/26		2026/31		2031/36	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ -	-	-	-	-	-
IPP STS	12,041	2,465	2,975	270	-	-
Mead-Adelanto	-	-	-	-	-	-
Mead-Phoenix	-	-	-	-	-	-
Palo Verde	-	-	-	-	-	-
Magnolia Pwr. Project	16,900	12,606	21,714	9,483	26,510	5,801
Natural Gas Pinedale	1,593	795	1,297	373	473	43
Natural Gas Barnett	4,932	2,463	4,018	1,155	1,467	132
Natural Gas Prepaid Project #1	16,705	22,031	29,779	16,063	35,876	6,779
Milford I Wind Project	3,207	1,511	4,085	633	-	-
Tieton Hydropower Project	3,905	5,316	4,210	4,129	5,373	2,967
Intermountain Power Project	10,929	241	-	-	-	-
Total	\$ 70,212	47,428	68,078	32,106	69,699	15,722

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	2036/41		Total	
	Principal	Interest	Principal	Interest
SCPPA				
Hoover	\$ -	-	2,067	445
IPP STS	-	-	38,164	15,260
Mead-Adelanto	-	-	20,349	4,645
Mead-Phoenix	-	-	8,585	1,904
Palo Verde	-	-	3,495	317
Magnolia Pwr. Project	20,775	650	115,746	61,906
Natural Gas Pinedale			8,815	4,319
Natural Gas Bamett			27,305	13,373
Natural Gas Prepaid Project #1	11,916	2,105	110,343	94,471
Milford I Wind Project			11,863	6,729
Tieton Hydropower Project	8,537	1,482	26,366	25,660
Intermountain Power Project	-	-	81,415	19,929
Total	<u>\$ 41,228</u>	<u>4,237</u>	<u>454,513</u>	<u>248,958</u>

(12) ACCRUED LIABILITIES

Accrued liabilities for the General Fund and the Governmental Activities June 30, 2011, consist of the following:

Accrued expenditures	\$ 218
Accrued payroll	4,867
Other liabilities	5,018
Total	<u>\$ 10,103</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(13) DEFERRED COMPENSATION PLANS

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 and 457p for its eligible full-time and part-time employees respectively.

Pursuant to changes in August, 1966 of IRC section 457, the City formally established a trust in which all assets and income of the 457 plans were placed. The assets, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such are not subject to the claims of the City's general creditors, thus the assets of these plans are not reflected in the accompanying basic financial statements.

As of June 30, 2011, the City's deferred compensation plan had accumulated assets of \$104,505 under the 457 plan, and \$615 under the 457p plan.

(14) BOND DEFEASANCES

In prior years, various bonds were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for these defeased bonds are not reflected in the City's basic financial statements. At June 30, 2011, the following represents the amounts still outstanding on bonds considered defeased :

\$ 25,000 2003 Golden State Subordinated Tax Allocation Bonds, 2003 Series A

(15) PREPAID ITEMS AND DEPOSITS

The City shows a total of \$22,456 in prepaid items and deposits. \$21,403 of the prepaid items are in the Electric Utility and \$177 in the general fund and Governmental entity-wide statements (\$54 in the general fund statements), with incidental amounts in other funds. The composition of these prepaid items include \$17,005 in prepaid fuel held by SCPPA and the Tieton Hydro Power Plant Project, \$788 related to the Warner Brothers lease, as fully described in note 17.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(16) SELF-INSURANCE

The City is self-insured for the first \$1,000 on each general liability claim against the City. The City also self-insures for the first \$2,000 for each workers compensation claim. At June 30, 2011, \$3,331 was accrued for general liability claims, and \$26,079 accrued for workers compensation claims. These amounts were determined by an actuarial study of our liability, performed biannually. These accruals represent estimates of amounts to be paid for incurred and reported claims as well as incurred but unreported claims based upon past experience and modified for current trends and information. See the end of this note for a table showing changes in the aggregate liabilities for the past two years.

While the ultimate amounts of losses incurred through June 30, 2011, are dependent on future developments, based upon information provided from the City Attorney, outside legal counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. The City is insured with outside insurance carriers for certain amounts in excess of self-insurance limits. There have been no reductions during the fiscal year in insurance coverage, nor have there been any settlements in excess of insurance coverage for the past three years.

The City participated in California Authority for Municipal Excess Liability (CAMEL), which is a joint insurance purchasing arrangement, from July 1998 to June 2004. The City rejoined ACCEL on July 1, 2004.

Authority for California Cities Excess Liability (ACCEL)

As of July 1, 2004, the City once again became a member in ACCEL, 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.

Changes in the self-insurance liability for the last two fiscal years were as follows :

	Fiscal year	
	2009/10	2010/11
Beginning liability, July 1	\$ 16,401	24,625
Claims and changes in estimates	12,846	13,387
Claims payments during the year	(4,622)	(6,735)
Ending liability, June 30	<u>\$ 24,625</u>	<u>31,277</u>

The claims liability is reported as a long-term liability in the self-insurance internal service funds and in long term liabilities in the Governmental Activities.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(17) LEASE OBLIGATIONS

OPERATING LEASES

The City is lessee under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as liabilities in the City's statement of net assets.

Golf Carts

The City has agreed to enter into an agreement for a four year lease of 80 golf carts and one beverage cart for the period through May 2011 to May 2015. The cost for this lease is \$82 per year.

The following is a schedule by year of estimated future minimum rental payments required under the operating lease as of June 30 :

Year ended June 30 :	Golf Fund
2012	\$ 82
2013	82
2014	82
2015	75
	<hr/>
Total minimum lease payments	<u>\$ 321</u>

The lease expense for the year ended June 30, 2011 was \$67.

Prepaid Leases

Warner Brothers

In June 2000, the City of Burbank made a prepaid lease payment of \$1,500 to Warner Brothers Studios for the use of land to locate a new switching station. The terms of the agreement was an advance payment of \$1,500 for a twenty-year lease term, with the City's right to renew for ten years at an annual base payment of \$50 in year 21, with a 3% increase in years 22-30. The lease began in January 2002. For the fiscal Year Ended June 30, 2010, the electric fund amortized \$75 on this prepaid lease, leaving a balance of \$788.

City of Burbank

Year Ended June 30, 2011

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City contributes to three retiree healthcare benefit plans. The first is the Burbank Employees Retiree Medical Trust (BERMT). This single employer, defined benefit plan, 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 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 given is up to \$300 in reimbursements per month, for eligible medical expenses.

The second plan is the CalPERS Healthcare (PEMHCA) plan, established by CalPERS under the authority of section 22750 to 22948 of the state of California's government code, a single employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The City pays \$108 per month for all miscellaneous and safety employees. In addition, the City pays \$171 per month for 24 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$171 but is paid in addition to the \$188. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

The third plan is the Utility Retiree Medical Trust, a single employer plan, established during the 2008/09 fiscal year for IBEW members and 7 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for the first 2 years, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2010/11, the City contributed \$190. The City's ARC was \$175 (in thousands) for the fiscal year 2010/11

The City pre-funds the BERMT with both member and City contributions. The BERMT members are required to contribute fifty dollars per pay period and the City contributes the same amount. For the fiscal year 2010/11, the City contributed \$1,371 (in thousands) to BERMT. The City's ARC was \$1,196 (in thousands) for BERMT in the fiscal year 2010/11.

The City has pre-funded the PEMHCA Plan through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the City's Annual Required Contribution (ARC) each year. For the fiscal year 2010/11, the City contributed \$1,856 (in thousands), including \$622 (in thousands) in benefit payments and \$1,234 (in thousands) deposit to CERBT. The City's ARC was \$1,281 (in thousands) for the fiscal year 2010/11.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the City, not individualized, but in aggregate with the other CERBT participating agencies. BERMT also issues publicly available financial statements. These reports may be obtained by writing or calling the plans at the following addresses:

PEMHCA CERBT - State of California PERS - 400 Q St - Sacramento, CA 95811

BERMT Delta Health Systems - Attn: Cindi Forbes - 555 W Benjamin Holt Drive, Stockton, CA 95207. (800) - 700-6762

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

The City's annual other post-employment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table, based on the City's actuarial valuation as of June 30, 2010, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's Net OPEB obligation:

	<u>BERMT</u>	<u>PEMHCA</u>	<u>URMT</u>
Annual required contribution	\$ 1,196	1,281	175
Interest on net OPEB obligation/(asset)	(104)	(527)	(282)
Adjustment to annual required contribution	213	431	231
Annual OPEB cost	1,305	1,185	124
Contributions made	(1,371)	(1,856)	(190)
Decrease in net OPEB obligation	(66)	(671)	(66)
Net OPEB obligation/(asset) - beginning of year	(1,817)	(6,801)	(3,642)
Net OPEB asset - end of year	<u>\$ (1,883)</u>	<u>(7,472)</u>	<u>(3,708)</u>

The OPEB funding excess is recorded as part of Net pension/OPEB Assets on the Statement of Net Assets. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the plans were as follows :

	Year Ended	Annual OPEB Cost	Pct of OPEB cost Contributed	Net OPEB Obligation
BERMT	6/30/2009	\$ 983	112.6%	\$ (1,565)
PEMHCA	6/30/2009	1,565	104.6%	(5,892)
URMT	6/30/2009	510	0.0%	510
BERMT	6/30/2010	\$ 890	128.3%	\$ (1,817)
PEMHCA	6/30/2010	1,162	178.3%	(6,801)
URMT	6/30/2010	510	914.1%	(3,642)
BERMT	6/30/2011	\$ 1,305	105.1%	\$ (1,883)
PEMHCA	6/30/2011	1,185	156.6%	(7,472)
URMT	6/30/2011	124	153.2%	(3,708)

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Funded status and funding progress

The funded status of the plans as of June 30, 2011 was:

	BERMT	PEMHCA	URMT
Actuarial accrued liability (a)	\$ 37,067	18,706	4,912
Actuarial value of plan assets (b)	13,892	11,449	5,401
Unfunded actuarial accrued liability (funding excess) (a)-(b)	23,175	7,257	(489)
Funded ratio (b) / (a)	37.5%	61.2%	110.0%
Covered payroll (c)	80,511	108,908	15,704
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a)-(b)]/(c)$	28.8%	6.7%	-3.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows :

	BERMT	PEMHCA	URMT
Actuarial valuation date	6/30/2010	6/30/2010	6/30/2010
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar for 30 years	Level % of pay for 28 years	Level % of pay for 28 years
Amortization period	Closed	Closed	Closed

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

	BERMT	PEMHCA	URMT	
Actuarial assumptions :				
Discount rate	5.75%	7.75%	7.75%	
General inflation	3.00%	3.00%	3.00%	
Aggregate payroll increases	3.25%	3.25%	3.25%	
COLA	0.00%	N/A	4.50%	
Healthcare trend (HMO)	N/A	10.1% initial, 4.5% ultimate	N/A	
Healthcare trend (PPO)	N/A	10.8% initial, 4.5% ultimate	N/A	
PEMHCA minimum increases				
2008	N/A	\$ 97	\$ 97	
2009	N/A	101	101	
2010	N/A	105	105	
2011	N/A			
2012+	N/A	4.50% Increase Per Year	4.50% Increase Per Year	
Mortality, withdrawal, disability	CalPERS 1997-2007	CalPERS 1997-2007	CalPERS 1997-2007	
Retirement	CalPERS 1997-2007	CalPERS 1997-2007	CalPERS 1997-2007	
	Actuarial Valuation Date	Actuarial Value of Assets (b)	Actuarial Accrued Liability (a)	Unfunded Actuarial Accrued Liability (a-b)
BERMT	6/30/2010	\$ 13,892	\$ 37,067	\$ 23,175
PEMHCA	6/30/2010	11,449	18,706	7,257
URMT	6/30/2010	5,401	4,912	(489)
				Funded Ratio (a/b)
				Covered Payroll (c)
				UAAL as a Percentage of Covered Payroll ((b-a)/c)
				37.5%
				\$ 80,511
				28.8%
				61.2%
				108,908
				6.7%
				110.0%
				15,704
				-3.1%

(19) PENSION/OPEB ASSET

	Governmental Activities	Business-Type Activities	Total
Net OPEB asset - end of year BERMT	\$ 1,883		1,883
Net OPEB asset - end of year PEMHCA		7,472	7,472
Net OPEB asset - end of year URMT		3,708	3,708
Net Pension Asset (amortized over the life of the asset) (Original amount \$30,121)	25,354		25,354
	\$ 34,709	\$ 3,708	38,417

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(20) ADDITIONAL INFORMATION

Burbank Operable Unit (BOU)

Pursuant to a consent decree of March 25, 1992, Lockheed Martin Corporation (Lockheed) constructed a groundwater treatment system, now known as the BOU, on property within and owned by the City, designed to treat volatile organic compounds contaminating groundwater in parts of the San Fernando Groundwater Basin. A second consent decree, dated May 28, 1997, provided that Lockheed was responsible for the cost of operation and maintenance of the BOU, through at least December 11, 2018. The City recognized ownership of the BOU on December 1, 1998. However, due to the major uncertainties that existed concerning the realizability within reasonable limits of a fair value of the BOU, the City did not recognize any value associated with the BOU in the accompanying basic financial statements. On December 12, 2000, the commencement date, the City became responsible for oversight of the BOU. The BOU represents an ongoing obligation of Lockheed to mitigate damages to the aforementioned basin groundwater. In the fiscal year 2018-19, the United States Environmental Protection Agency (EPA) will determine the disposition of the BOU.

Deferred Revenue

The General fund records deferred revenue of \$1,951 for sales taxes related to the "Triple Flip" and sales tax true up as of June 30, 2011. This amount is a component of net assets in the government-wide financial statements.

Deficit fund balances

The Merged capital projects fund has a deficit fund balance of \$32,987, which is expected to be offset by future tax increment revenues to the extent that they are received. Magnolia Power Plant also had a deficit fund balance of \$267,

New pronouncements

On July 1, 2010, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement improves the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed the standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

Fund type reclassifications

One result of the GASB 54 implementation was for the City to reclassify several funds from one type to another. The Low / Moderate income housing fund was reclassified from capital projects funds to special revenue funds; the public improvement fund was reclassified from special revenue funds to capital projects funds; the magnolia power project fund was reclassified from enterprise funds to special revenue funds; and the public financing authority fund was reclassified from capital projects to debt service. The effect on beginning fund balances by the implementation of GASB 54 is as follows:

	Low/Mod Housing Special Revenue Fund	Low/Mod Housing Capital Projects Fund	Public Improvements Special Revenue Fund	Public Improvements Capital Projects Fund
Balance 6/30/10, as previously reported	-	71,897	19,797	-
Change in fund type classification	71,897	(71,897)	(19,797)	19,797
Balance 7/1/10, as restated	71,897	-	-	19,797

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(20) ADDITIONAL INFORMATION, (continued)

	Magnolia Power Project Enterprise Fund	Magnolia Power Project Special Revenue Fund	Public Financing Authority Capital Projects	Public Financing Authority Debt Service
Balance 6/30/10, as previously reported	(74)	-	92,971	-
Change in fund type classification	74	(74)	(92,971)	92,971
Balance 7/1/10, as restated	-	(74)	-	92,971

(21) PRIOR PERIOD ADJUSTMENTS

In 2003, the City issued \$22,015 in tax allocation bonds to refund \$21,885 of tax allocation bonds that were issued in 1993. The City deposited funds in an investment account to fund the eventual payoff of the 1993 bonds, but the amount deposited in the investment account did not qualify for a defeasance. However, for the City's June 30, 2004 financial report, while the City reported the cash in the investment account to pay off the 1993 bonds, it had not recognized the outstanding principal on the 1993 bonds payable. Excluding the principal balance on the 1993 Series A from the City's financial statements was not in accordance with generally accepted accounting principles.

During the year ended June 30, 2011, the City realized that the outstanding bond principal on the 1993 Series A bonds was incorrectly excluded from the City's long-term liabilities and retroactively included the liability in the governmental activities opinion unit on the statement of net assets.

The governmental activities' financial statements for the year ended June 30, 2010, have been retroactively restated for this change. This change had the effect of increasing the change in nets assets by \$815 for the year ended June 30, 2010, as compared to the amounts previously reported.

	Governmental
Net assets, beginning of year, as previously reported	\$ 987,858
Report outstanding balance of 1993 City Centre Series A bond issue as of June 30, 2010	(16,950)
Net assets, beginning of year, as restated	\$ 970,908

(22) SUBSEQUENT EVENTS

The State of California included two legislative bills in its fiscal year 2011-2012 adopted budget that affect the future of redevelopment agencies. ABX1 26 dissolves redevelopment agencies and ABX1 27 allows them to make required continuation payments to keep the agency alive. The California Redevelopment Association (CRA) and League of California Cities have filed a lawsuit challenging the legality of these bills but there is no outcome as of December 19, 2011. The Burbank Redevelopment Agency's adopted budget for fiscal year 2011-2012 may need to be amended depending on the outcome of the lawsuit. The estimated continuation payments are \$18.4 million for fiscal year 2011-2012 and \$4.4 million each year thereafter. The annual estimated continuation payments will be due in two installments on January 15th and May 15th of each year and will be expensed as incurred.

Liabilities are owed from the merged redevelopment fund to the general fund of \$39,650. The repayment of these funds is uncertain due to this recent legislation. If ABX1 26 is upheld the City expects these repayments not to be made. See note 7 for additional details on these interfund liabilities.

City of Burbank

Year Ended June 30, 2011

(in thousands)

REQUIRED SUPPLEMENTARY INFORMATION

(A) SCHEDULE OF PENSION FUNDING PROGRESS (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	(Excess) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll {(B-A)/C}
6/30/08:						
Misc.	488,223	510,149	21,926	95.7%	72,154	30.4%
Fire	151,119	151,785	666	99.6%	12,530	5.3%
Police	175,373	187,862	12,489	93.4%	14,950	83.5%
Total	814,715	849,796	35,081	95.9%	99,634	35.2%
6/30/09:						
Misc.	510,113	604,602	94,489	84.4%	80,524	117.3%
Fire	155,355	166,406	11,051	93.4%	14,262	77.5%
Police	180,464	208,521	28,057	86.5%	17,588	159.5%
Total	845,932	979,529	133,597	86.4%	112,374	118.9%
6/30/10:						
Misc.	530,031	632,197	102,166	83.8%	81,705	125.0%
Fire	160,138	170,747	10,609	93.8%	14,077	75.4%
Police	186,124	214,781	28,657	86.7%	16,635	172.3%
Total	876,293	1,017,725	141,432	86.1%	112,417	125.8%

(B) SCHEDULE OF OPEB FUNDING PROGRESS (Unaudited)

Burbank Employees Retiree Medical Trust (BERMT)

6/30/2010	13,892	37,067	23,175	37.5%	80,511	28.8%
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CalPERS Healthcare (PEMHCA)

6/30/2010	11,449	18,706	7,257	61.2%	108,908	6.7%
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Utility Retiree Medical Trust (URMT)

6/30/2010	5,401	4,912	(489)	110.0%	15,704	-3.1%
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See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL LOW/MODERATE INCOME HOUSING SPECIAL REVENUE

**Year ended June 30, 2011
(in thousands)**

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ -	-	10,069	10,069
Use of money and property	230	230	548	318
Charges for services	78	78	227	149.
Total revenues	308	308	10,844	10,536
Expenditures :				
Administrative services	6,839	6,842	3,123	3,719
General capital improvements	14,746	16,283	4,991	11,292
Total expenditures	21,585	23,125	8,114	15,011
Excess (deficiency) of revenues over expenditures	(21,277)	(22,817)	2,730	25,547
Other financing sources :				
Transfers in	12,603	12,603	2,578	(10,025)
Net change in fund balance	(8,674)	(10,214)	5,308	15,522
Fund balance, July 1, 2010 (as restated) (Note 22)	63,604	63,604	71,894	8,290
Fund balance, June 30, 2011	\$ 54,930	53,390	77,202	23,812

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

This section of the CAFR provides information on each individual fund not already provided in the basic financial statements. This section includes the:

- **Major Capital Projects Funds:**
 - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

- **Nonmajor Governmental Funds:**
 - Combining Balance Sheet
 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

- **Internal Service Funds:**
 - Combining Statement of Net Assets
 - Combining Statement of Revenues, Expenses and Changes in Net Assets

- **Nonmajor Enterprise Funds:**
 - Combining Balance Sheet
 - Combining Statement of Revenues, Expenditures and Changes in Net Assets

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL GOLDEN STATE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 26,553	26,553	20,689	(5,864)
Use of money and property	217	217	2,306	2,089
Total revenues	<u>26,770</u>	<u>26,770</u>	<u>22,995</u>	<u>(3,775)</u>
Expenditures :				
Principal retirement	3,815	3,815	3,815	-
Interest and finance charges	<u>7,576</u>	<u>7,576</u>	<u>7,556</u>	<u>20</u>
Total expenditures	<u>11,391</u>	<u>11,391</u>	<u>11,371</u>	<u>20</u>
Excess of revenues over expenditures	<u>15,379</u>	<u>15,379</u>	<u>11,624</u>	<u>(3,755)</u>
Other financing sources (uses) :				
Transfers out	<u>(14,274)</u>	<u>(14,274)</u>	<u>(10,449)</u>	<u>3,825</u>
Total other financing sources (uses)	<u>(14,274)</u>	<u>(14,274)</u>	<u>(10,449)</u>	<u>3,825</u>
Net change in fund balance	1,105	1,105	1,175	70
Fund balance, July 1, 2010	<u>13,375</u>	<u>13,375</u>	<u>12,561</u>	<u>(814)</u>
Fund balance, June 30, 2011	<u>\$ 14,480</u>	<u>14,480</u>	<u>13,736</u>	<u>(744)</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC FINANCING AUTHORITY DEBT SERVICE

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 3,605	3,605	3,884	279
Total revenues	<u>3,605</u>	<u>3,605</u>	<u>3,884</u>	<u>279</u>
Expenditures :				
Principal retirement	3,410	3,410	3,410	-
Interest and finance charges	<u>3,108</u>	<u>3,108</u>	<u>3,108</u>	<u>-</u>
Total expenditures	<u>6,518</u>	<u>6,518</u>	<u>6,518</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,913)	(2,913)	(2,634)	279
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,913)	(2,913)	(2,634)	279
Fund balance, July 1, 2010	<u>94,237</u>	<u>94,237</u>	<u>92,971</u>	<u>(1,266)</u>
Fund balance, June 30, 2011	<u>\$ 91,324</u>	<u>91,324</u>	<u>90,337</u>	<u>(987)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL MERGED PROJECT AREA CAPITAL PROJECTS

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 173	173	563	390
Charges for services	239	239	351	112
Total revenues	<u>412</u>	<u>412</u>	<u>914</u>	<u>502</u>
Expenditures :				
Administrative services	9,290	7,404	5,561	1,843
General capital improvements	14,575	87	25	62
Total expenditures	<u>23,865</u>	<u>7,491</u>	<u>5,586</u>	<u>1,905</u>
Deficiency of revenues over expenditures	(23,453)	(7,079)	(4,672)	2,407
Other financing sources (uses) :				
Transfers in	11,249	11,249	12,691	1,442
Transfers out	-	(17,378)	(19,878)	(2,500)
Total other financing sources (uses)	<u>11,249</u>	<u>(6,129)</u>	<u>(7,187)</u>	<u>(1,058)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,204)	(13,208)	(11,859)	1,349
Fund deficit, July 1, 2010	<u>92,971</u>	<u>92,971</u>	<u>(21,128)</u>	<u>-</u>
Fund deficit, June 30, 2011	<u>\$ 80,767</u>	<u>79,763</u>	<u>(32,987)</u>	<u>1,349</u>

See accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

This section of the CAFR provides information on each individual governmental fund, except for those major governmental funds reported in the basic financial statements: the General Capital Projects Fund, the Merged Capital Projects Fund and the Public Financing Authority Capital Projects Fund. This section includes the following special revenue, debt service, and capital projects funds:

SPECIAL REVENUE FUNDS

Transportation Fund - Prop A - To account for monies received from a portion of sales tax revenue restricted to fund transportation related activities.

Transportation Fund - Prop C - To account for monies received from a portion of sales tax revenue restricted to fund transportation related activities.

AQMD Fund - To account for monies received and expended on the City's ride share program. Monies received include participant fees and funds received from the Southern California Air Quality Management District Fund.

Home Program Investment Partnership Program (HOME) - To account for HUD funding to increase the supply of affordable housing to the City.

Community Development Block Grants Fund - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant Programs.

Housing Authority Fund - To account for monies received and expended in housing assistance to low and moderate income families. Funds are provided by receipts from the Federal Section 8 Voucher Program.

State Gas Tax Fund - To account for monies received and expended from state gas tax allocation.

Disaster Relief Fund - To account for monies received and expended from federal and state grants for extraordinary costs resulting from natural disasters.

Public Improvements Fund - To account for monies received through developer fees and grants, used for infrastructure improvements throughout the City.

Street Lighting Fund - To account for monies received from a portion of the in-lieu tax on electricity, used for maintenance, repairs and conversion of the City's mercury and low pressure sodium street lights to high pressure sodium lights.

Supplemental Law Enforcement Services Fund - To account for grant monies received and spent from federal programs used to supplement the City's law enforcement program.

Drug Asset Forfeiture Fund - To account for monies and property seized as a result of judicial forfeitures.

Measure R Fund - To account for monies received and expended from L.A. County sales tax increase.

Burbank Community Services Fund - A charitable organization set up to accept donations for the purpose of promoting and assisting with the supportive activities and services related to the development and maintenance of public facilities and city services.

DEBT SERVICE FUNDS

City Centre Debt Service Fund – To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

West Olive Debt Service Fund – To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

South San Fernando Debt Service Fund – To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

Community Facilities District 2005 Debt Service Fund – To accumulate “Special Tax” revenues received from the property owners in the district. The amount of the special tax is the amount necessary to pay the debt service for the bonds.

Parking Authority Fund – To accumulate “Special Tax” revenues received from the property owners in the district. The amount of the special tax is the amount necessary to pay the debt service for the bonds.

CAPITAL PROJECTS FUNDS

West Olive Capital Projects Fund – To account for the acquisition, demolition and sale of land for those areas in Burbank designated as in need of redevelopment related activities. Primary sources of funding have been bond proceeds and property tax increments transferred from the West Olive Debt Service Funds.

Parking Authority Fund – To account for financial resources to be used for the acquisition or construction of public parking facilities on a citywide basis. The primary source of funds has been contributions from other funds.

Burbank Youth Endowment Services Fund (YES) – To account for financial resources used for new capital facilities for youth oriented programs to benefit the youth of Burbank. The YES Fund is funded by a pledge from the Burbank Redevelopment Agency of 5% of the new tax increment in each of the Golden State, City Centre, and West Olive Project areas.

City Of Burbank
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Special Revenue Funds					
	Transp. Prop. A	Transp. Prop. C	AQMD	Home Program	Commun. Dev Block Grants	Housing Authority
Assets :						
Pooled cash and investments	\$ 1,396	1,627	174	130	610	3,044
Restricted non-pooled investments	-	-	-	-	-	-
Accounts receivable	-	121	-	45	494	-
Interest receivable	7	7	-	-	3	-
Taxes receivable	-	-	-	-	-	-
Interfund receivables	-	-	-	-	-	-
Intergovernmental receivables	-	-	26	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items and deposits	-	10	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,403	1,765	200	175	1,107	3,044
Liabilities :						
Accounts payable	\$ 38	206	-	-	161	9
Interfund payable	-	-	-	-	-	304
Deposits	-	-	13	-	-	1
Advances payable	-	-	-	-	-	-
Total liabilities	38	206	13	-	161	314
Fund balances :						
Nonspendable:						
Prepaid items	-	10	-	-	-	-
Inventory	-	-	-	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted :						
Transportation	1,365	1,549	-	-	-	-
Federal and state grants	-	-	187	175	946	2,730
Public safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Committed :						
Transportation	-	-	-	-	-	-
Unassigned						
Total fund balances	1,365	1,559	187	175	946	2,730
Total liabilities and fund balances	\$ 1,403	1,765	200	175	1,107	3,044

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Special Revenue Funds					
	State Gas Tax	Disaster Relief	Street Lighting	Sup Law Enforce Service	Comm. Services	Drug Asset Forfeiture
Assets :						
Pooled cash and investments	\$ 1,744	72	236	213	23	\$ 1,290
Restricted non-pooled investments	-	-	-	-	-	-
Accounts receivable	-	-	23	-	-	-
Interest receivable	6	-	2	-	-	5
Taxes receivable	-	-	-	-	-	-
Interfund receivable	-	-	103	-	-	-
Intergovernmental receivable	-	-	-	47	-	-
Inventories	-	-	294	-	-	-
Prepaid items and deposits	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,750	72	658	260	23	\$ 1,295
Liabilities :						
Accounts payable	\$ 676	-	41	-	-	\$ 3
Interfund payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total liabilities	676	-	41	-	-	3
Fund balances :						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Inventory	-	-	294	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted						
Transportation	1,074	-	-	-	-	-
Federal and state grants	-	72	-	260	23	-
Public safety	-	-	-	-	-	1,292
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Committed :						
Transportation	-	-	323	-	-	-
Unassigned						
Total fund balances	1,074	72	617	260	23	1,292
Total liabilities and fund balances	\$ 1,750	72	658	260	23	\$ 1,295

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Special Revenue Funds		Debt Service Funds			
	Measure R	Magnolia Power Plant	City Centre	West Olive	South San Fernando	CFD 2005
Assets :						
Pooled cash and investments	\$ 1,336	1,281	1,685	582	276	\$ 192
Restricted non-pooled investments	-	-	1,885	6,497	350	595
Accounts receivable	-	996	-	-	-	-
Interest receivable	5	8	19	-	8	-
Taxes receivable	-	-	814	224	80	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items and deposits	-	28	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,341	2,313	4,403	7,303	714	\$ 787
Liabilities :						
Accounts payable	\$ -	2,580	1,684	581	276	\$ -
Interfund payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total liabilities	-	2,580	1,684	581	276	-
Fund balances :						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted						
Transportation	1,341	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Debt service	-	-	2,719	6,722	438	787
Capital projects	-	-	-	-	-	-
Committed						
Transportation	-	-	-	-	-	-
Unassigned						
	-	(267)	-	-	-	-
Total fund balances	1,341	(267)	2,719	6,722	438	787
Total liabilities and fund balances	\$ 1,341	2,313	4,403	7,303	714	\$ 787

See accompanying independent auditors' report.

City Of Burbank
COMBINING BALANCE SHEET, CONCLUDED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Capital Projects Fund				Total Nonmajor Govern- mental Funds
	Public Improve.	West Olive	Parking Authority	Youth Endowment	
Assets :					
Pooled cash and investments	\$ 21,031	\$ 740	1,300	142	39,124
Restricted non-pooled investments	-	-	-	-	9,327
Accounts receivable	90	-	19	-	1,788
Interest receivable	-	26	5	7	108
Taxes receivable	-	-	-	-	1,118
Interfund receivable	-	-	-	-	103
Intergovernmental receivable	-	-	-	-	73
Inventories	-	-	-	-	294
Prepaid items and deposits	-	-	-	-	38
Advances to other funds	-	1,530	-	-	1,530
Total assets	\$ 21,121	\$ 2,296	1,324	149	53,503
Liabilities :					
Accounts payable	633	\$ 14	42	-	6,944
Interfund payable	-	-	-	-	304
Deposits	1	-	-	-	15
Advances payable	413	975	-	-	1,388
Total liabilities	1,047	989	42	-	8,651
Fund balances :					
Nonspendable:					
Prepaid items	-	-	-	-	10
Inventory	-	-	-	-	294
Intercity advances	-	1,530	-	-	1,530
Restricted					
Transportation	-	-	-	-	5,329
Federal and state grants	-	-	-	-	4,393
Public safety	-	-	-	-	1,292
Debt service	-	-	-	-	10,666
Capital projects	-	112	1,282	149	1,543
Committed					
Transportation	20,074	-	-	-	20,397
Unassigned					
	-	(335)	-	-	(602)
Total fund balances	20,074	1,307	1,282	149	44,852
Total liabilities and fund balances	\$ 21,121	\$ 2,296	1,324	149	53,503

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011

(in thousands)

	Special Revenue Funds					
	Transp. Prop. A	Transp. Prop. C	AQMD	Home Program	Commun. Dev Block Grants	Housing Authority
Revenues :						
Taxes	\$ 1,472	1,213	-	-	-	-
Use of money or property	46	34	2	-	13	9
Intergovernmental	-	56	119	2,656	1,508	8,940
Charges for services	58	269	-	-	90	-
Total revenues	<u>1,576</u>	<u>1,572</u>	<u>121</u>	<u>2,656</u>	<u>1,611</u>	<u>8,949</u>
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	-	-	-
Environmental :						
Community development	2,435	1,714	118	78	1,511	9,776
Culture and recreation :						
Special community activities	5	110	-	-	-	-
Capital outlay :						
Street improvements	-	-	-	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service :						
Principal retirement	-	-	-	-	-	-
Interest and finance charges	-	-	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,440</u>	<u>1,824</u>	<u>118</u>	<u>78</u>	<u>1,511</u>	<u>9,776</u>
Excess (deficiency) of revenues over expenditures	<u>(864)</u>	<u>(252)</u>	<u>3</u>	<u>2,578</u>	<u>100</u>	<u>(827)</u>
Other financing sources (uses) :						
Transfers in (note 7)	10	-	-	-	-	1,327
Transfers out (note 7)	-	(10)	-	(2,578)	-	-
Total other financing sources (uses)	<u>10</u>	<u>(10)</u>	<u>-</u>	<u>(2,578)</u>	<u>-</u>	<u>1,327</u>
Net change in fund balance	(854)	(262)	3	-	100	500
Fund balance, July 1, 2010	2,219	1,821	184	175	846	2,230
Fund balance, June 30, 2011	<u>\$ 1,365</u>	<u>1,559</u>	<u>187</u>	<u>175</u>	<u>946</u>	<u>2,730</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011

(in thousands)

	Special Revenue Funds					
	State Gas Tax	Disaster Relief	Street Lighting	Sup Law Enforce Service	Comm. Services	Drug Asset Forfeiture
Revenues :						
Taxes	\$ -	-	-	-	-	-
Use of money or property	10	-	85	5	6	20
Intergovernmental	2,510	-	-	201	-	94
Charges for services	-	-	72	-	-	-
Total revenues	2,520	-	157	206	6	114
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	163	-	117
Environmental :						
Community development	-	-	-	-	-	-
Culture and recreation :						
Special community activities	-	-	-	-	-	-
Capital outlay :						
Street improvements	999	-	2,526	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	999	-	2,526	-	-	-
Debt service :						
Principal retirement	-	-	-	-	-	-
Interest and finance charges	-	-	-	-	-	-
Total debt service	-	-	-	-	-	-
Total expenditures	999	-	2,526	163	-	117
Excess (deficiency) of revenues over expenditures	1,521	-	(2,369)	43	6	(3)
Other financing sources (uses) :						
Transfers in (note 7)	-	-	2,291	-	-	-
Transfers out (note 7)	(1,643)	-	-	(35)	-	-
Total other financing sources (uses)	(1,643)	-	2,291	(35)	-	-
Net change in fund balance	(122)	-	(78)	8	6	(3)
Fund balance, July 1, 2010	1,196	72	695	252	17	1,295
Fund balance, June 30, 2011	\$ 1,074	72	617	260	23	1,292

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011
(in thousands)

	Special Revenue Funds		Debt Service Funds			
	Measure R	Magnolia	City Centre	West Olive	South	CFD 2005
		Power Plant			San Fernando	
Revenues :						
Taxes	\$ 906	-	8,115	9,018	2,452	-
Use of money or property	9	38	(16)	47	7	4
Intergovernmental	-	-	-	-	-	-
Charges for services	-	15,400	-	-	-	-
Total revenues	915	15,438	8,099	9,065	2,459	4
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	-	-	-
Environmental :						
Community development	-	15,631	-	-	-	-
Culture and recreation :						
Special community activities	-	-	-	-	-	-
Capital outlay :						
Street improvements	-	-	-	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	-	-	-	-	-	-
Debt service :						
Principal retirement	-	-	855	470	105	305
Interest and finance charges	-	-	4,848	5,452	758	285
Total debt service	-	-	5,703	5,922	863	590
Total expenditures	-	15,631	5,703	5,922	863	590
Excess (deficiency) of revenues over expenditures	915	(193)	2,396	3,143	1,596	(586)
Other financing sources (uses) :						
Transfers in (note 7)	-	-	-	3,152	-	586
Transfers out (note 7)	(257)	-	(2,739)	(657)	(1,597)	-
Total other financing sources (uses)	(257)	-	(2,739)	2,495	(1,597)	586
Net change in fund balance	658	(193)	(343)	5,638	(1)	-
Fund balance, July 1, 2010	683	(74)	3,062	1,084	439	787
Fund balance, June 30, 2011	\$ 1,341	(267)	2,719	6,722	438	787

See accompanying independent auditors' report.

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011
(in thousands)**

	<u>Capital Projects Funds</u>				Total Nonmajor Govern- mental Funds
	Public Improve.	West Olive	Parking Authority	Youth Endowment	
Revenues :					
Taxes	\$ -	-	-	-	23,176
Use of money or property	335	165	701	80	1,600
Intergovernmental	1,149	-	-	-	17,233
Charges for services	513	-	-	-	16,402
Total revenues	<u>1,997</u>	<u>165</u>	<u>701</u>	<u>80</u>	<u>58,411</u>
Expenditures :					
General government :					
Administrative services	-	3,246	671	14	3,931
Public safety :					
Police	-	-	-	-	280
Environmental :					
Community development	4,634	-	-	-	35,897
Culture and recreation :					
Special community activities	-	-	-	-	115
Capital outlay :					
Street improvements	-	-	-	-	3,525
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,525</u>
Debt service :					
Principal retirement	-	-	-	-	1,735
Interest and finance charges	-	-	-	-	11,343
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,078</u>
Total expenditures	<u>4,634</u>	<u>3,246</u>	<u>671</u>	<u>14</u>	<u>56,826</u>
Excess (deficiency) of revenues over expenditures	<u>(2,637)</u>	<u>(3,081)</u>	<u>30</u>	<u>66</u>	<u>1,585</u>
Other financing sources (uses) :					
Transfers in (note 7)	2,916	-	-	1,713	11,995
Transfers out (note 7)	(2)	(5,641)	-	(5,800)	(20,959)
Total other financing sources (uses)	<u>2,914</u>	<u>(5,641)</u>	<u>-</u>	<u>(4,087)</u>	<u>(8,964)</u>
Net change in fund balance	277	(8,722)	30	(4,021)	(7,379)
Fund balance, July 1, 2010	19,797	10,029	1,252	4,170	52,231
Fund balance, June 30, 2011	<u>\$ 20,074</u>	<u>1,307</u>	<u>1,282</u>	<u>149</u>	<u>44,852</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP A

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Other local taxes	\$ 1,587	1,587	1,472	(115)
Use of money and property	50	50	46	(4)
Charges for services	67	67	58	(9)
Total revenues	1,704	1,704	1,576	(128)
Expenditures :				
Community Development	2,914	3,080	2,435	645
Parks and recreation :				
Special community services	187	41	5	36
Total expenditures	3,101	3,121	2,440	681
Excess (deficiency) of revenues over expenditures	(1,397)	(1,417)	(864)	553
Other financing sources :				
Transfers in	-	10	10	-
Total other financing sources	-	10	10	-
Net change in fund balance	(1,397)	(1,407)	(854)	553
Fund balance, July 1, 2010	2,912	2,912	2,219	(693)
Fund balance, June 30, 2011	\$ 1,515	\$ 1,505	\$ 1,365	\$ (140)

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP C

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Other local taxes	\$ 1,316	1,316	1,213	(103)
Use of money and property	47	47	34	(13)
Intergovernmental	-	-	56	56
Charges for services	85	85	269	184
Total revenues	<u>1,448</u>	<u>1,448</u>	<u>1,572</u>	<u>124</u>
Expenditures :				
Community Development	2,769	3,319	1,714	1,605
Parks and recreation :				
Special community services	<u>777</u>	<u>217</u>	<u>110</u>	<u>107</u>
Total expenditures	<u>3,546</u>	<u>3,536</u>	<u>1,824</u>	<u>1,712</u>
Excess (deficiency) of revenues over expenditures	(2,098)	(2,088)	(252)	1,836
Other financing sources :				
Transfers out	<u>-</u>	<u>(10)</u>	<u>(10)</u>	<u>-</u>
Total other financing sources	-	(10)	(10)	-
Net change in fund balance	(2,098)	(2,098)	(262)	1,836
Fund balance, July 1, 2010	<u>2,755</u>	<u>2,755</u>	<u>1,821</u>	<u>(934)</u>
Fund balance, June 30, 2011	<u>\$ 657</u>	<u>\$ 657</u>	<u>\$ 1,559</u>	<u>\$ 902</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL AQMD

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ 3	3	2	(1)
Intergovernmental	133	133	119	(14)
Total revenues	136	136	121	(15)
Expenditures :				
Community development	162	162	118	44
Excess (deficiency) of revenues over expenditures	(26)	(26)	3	29
Fund balance, July 1, 2010	145	145	184	39
Fund balance, June 30, 2011	<u>\$ 119</u>	<u>119</u>	<u>187</u>	<u>68</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOME PROGRAM

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 2	2	-	(2)
Intergovernmental	775	775	2,656	1,881
Total revenues	777	777	2,656	1,879
Expenditures :				
Community development	1,302	78	78	-
Excess (deficiency) of revenues over expenditures	(525)	699	2,578	1,879
Fund balance, July 1, 2010	175	175	175	-
Fund balance, June 30, 2011	<u>\$ 691</u>	<u>3,452</u>	<u>175</u>	<u>(3,277)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL COMMUNITY DEVELOPMENT BLOCK GRANTS

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 14	14	13	(1)
Intergovernmental	1,266	1,266	1,508	242
Charges for services	-	-	90	90
Total revenues	1,280	1,280	1,611	331
Expenditures :				
Community development	3,017	3,017	1,511	1,506
Excess (deficiency) of revenues over expenditures	(1,737)	(1,737)	100	1,837
Fund balance, July 1, 2010	801	801	846	45
Fund balance, June 30, 2011	<u>\$ (936)</u>	<u>(936)</u>	<u>946</u>	<u>1,882</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOUSING AUTHORITY

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 23	23	9	(14)
Intergovernmental	7,560	7,560	8,940	1,380
Total revenues	7,583	7,583	8,949	1,366
Expenditures :				
Community development	9,088	9,863	9,776	87
Total expenditures	9,088	9,863	9,776	87
Excess (deficiency) of revenues over expenditures	(1,505)	(2,280)	(827)	1,453
Other financing uses :				
Transfers in	-	-	1,327	1,327
Excess (deficiency) of revenues over expenditures and other uses	(1,505)	(2,280)	500	2,780
Fund balance, July 1, 2010	2,495	2,495	2,230	(265)
Fund balance, June 30, 2011	\$ 990	215	2,730	2,515

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE GAS TAX

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 23	23	10	(13)
Intergovernmental	<u>2,871</u>	<u>2,871</u>	<u>2,510</u>	<u>(361)</u>
Total revenues	<u>2,894</u>	<u>2,894</u>	<u>2,520</u>	<u>(374)</u>
Expenditures :				
Capital outlay :				
Street improvements	<u>1,044</u>	<u>1,213</u>	<u>999</u>	<u>214</u>
Total expenditures	<u>1,044</u>	<u>1,213</u>	<u>999</u>	<u>214</u>
Excess (deficiency) of revenues over expenditures	1,850	1,681	1,521	(160)
Other financing uses :				
Transfers out	<u>(1,643)</u>	<u>(1,643)</u>	<u>(1,643)</u>	<u>-</u>
Net change in fund balance	207	38	(122)	(160)
Fund balance, July 1, 2010	<u>1,448</u>	<u>1,448</u>	<u>1,196</u>	<u>(252)</u>
Fund balance, June 30, 2011	<u>\$ 1,655</u>	<u>1,486</u>	<u>1,074</u>	<u>(412)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL STREET LIGHTING

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 45	45	85	40
Charges for services	116	116	72	(44)
Total revenues	161	161	157	(4)
Expenditures :				
Capital outlay :				
Street improvements	2,779	2,779	2,526	253
Deficiency of revenues over expenditures	(2,618)	(2,618)	(2,369)	249
Other financing sources :				
Transfers in	2,291	2,291	2,291	-
Net change in fund balance	(327)	(327)	(78)	249
Fund balance, July 1, 2010	990	990	695	(295)
Fund balance, June 30, 2011	<u>\$ 663</u>	<u>663</u>	<u>617</u>	<u>(46)</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SERVICES

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 4	4	5	1
Intergovernmental	160	160	201	41
Total revenues	164	164	206	42
Expenditures :				
Police	172	340	163	177
Excess (deficiency) of revenues over expenditures	(8)	(176)	43	219
Other financing uses :				
Transfers out	-	-	(35)	(35)
Net change in fund balance	(8)	(176)	8	184
Fund balance, July 1, 2010	96	96	252	156
Fund balance, June 30, 2011	<u>\$ 88</u>	<u>(80)</u>	<u>260</u>	<u>340</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL COMMUNITY SERVICES

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 6	6	6	-
Fund balance, July 1, 2010	<u>16</u>	<u>16</u>	<u>17</u>	<u>1</u>
Fund balance, June 30, 2011	<u>\$ 22</u>	<u>22</u>	<u>23</u>	<u>1</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Measure R

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ -	-	9	9
Other local taxes	-	-	906	906
Total revenues	-	-	915	915
Expenditures :				
Community development	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	915	915
Other financing sources :				
Transfers out	(257)	(257)	(257)	-
Net change in fund balance	(257)	(257)	658	915
Fund balance, July 1, 2010	-	-	683	683
Fund balance, June 30, 2011	<u>\$ (257)</u>	<u>(257)</u>	<u>1,341</u>	<u>1,598</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Magnolia Power Plant

**Year ended June 30, 2011
(in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ -	-	38	38
Charges for Services	-	-	15,400	15,400
Total revenues	-	-	15,438	15,438
Expenditures :				
Community development	27,144	27,144	15,631	11,513
Total expenditures	27,144	27,144	15,631	11,513
Excess (deficiency) of revenues over expenditures	(27,144)	(27,144)	(193)	26,951
Fund balance, July 1, 2010	(74)	(74)	(74)	-
Fund balance, June 30, 2011	<u>\$ (27,218)</u>	<u>(27,218)</u>	<u>(267)</u>	<u>26,951</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL CITY CENTRE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 10,652	10,652	8,115	(2,537)
Use of money and property	50	50	(16)	(66)
Total revenues	<u>10,702</u>	<u>10,702</u>	<u>8,099</u>	<u>(2,603)</u>
Expenditures :				
Principal retirement	855	855	855	-
Interest and finance charges	<u>4,493</u>	<u>4,493</u>	<u>4,848</u>	<u>(355)</u>
Total expenditures	<u>5,348</u>	<u>5,348</u>	<u>5,703</u>	<u>(355)</u>
Excess of revenues over expenditures	<u>5,354</u>	<u>5,354</u>	<u>2,396</u>	<u>(2,958)</u>
Other financing sources (uses) :				
Transfers out	<u>(5,359)</u>	<u>(5,359)</u>	<u>(2,739)</u>	<u>2,620</u>
Net change in fund balance	(5)	(5)	(343)	(338)
Fund balance, July 1, 2010	<u>4,158</u>	<u>4,158</u>	<u>3,062</u>	<u>(1,096)</u>
Fund balance, June 30, 2011	<u>\$ 4,153</u>	<u>4,153</u>	<u>2,719</u>	<u>(1,434)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL WEST OLIVE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 10,169	10,169	9,018	(1,151)
Use of money and property	25	25	47	22
Total revenues	10,194	10,194	9,065	(1,129)
Expenditures :				
Principal retirement	470	470	470	-
Interest and finance charges	4,524	4,524	5,452	(928)
Total expenditures	4,994	4,994	5,922	(928)
Excess of revenues over expenditures	5,200	5,200	3,143	(2,057)
Other financing uses :				
Operating transfers in	3,152	3,152	3,152	-
Transfers out	(2,562)	(2,562)	(657)	1,905
Total other financing sources (uses)	590	590	2,495	1,905
Net change in fund balance	5,790	5,790	5,638	(152)
Fund balance, July 1, 2010	1,094	1,094	1,084	(10)
Fund balance, June 30, 2011	\$ 6,884	6,884	6,722	(162)

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOUTH SAN FERNANDO DEBT SERVICE

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Property tax allocation	\$ 2,754	2,754	2,452	(302)
Use of money and property	7	7	7	-
Total revenues	<u>2,761</u>	<u>2,761</u>	<u>2,459</u>	<u>(302)</u>
Expenditures :				
Principal retirement	105	105	105	-
Interest and finance charges	1,139	1,139	758	381
Total expenditures	<u>1,244</u>	<u>1,244</u>	<u>863</u>	<u>381</u>
Excess of revenues over expenditures	<u>1,517</u>	<u>1,517</u>	<u>1,596</u>	<u>79</u>
Other financing sources (uses) :				
Transfers out	(1,958)	(1,958)	(1,597)	361
Total other financing sources (uses)	<u>(1,958)</u>	<u>(1,958)</u>	<u>(1,597)</u>	<u>361</u>
Net change in fund balance	<u>(441)</u>	<u>(441)</u>	<u>(1)</u>	<u>440</u>
Fund balance, July 1, 2010	<u>343</u>	<u>343</u>	<u>439</u>	<u>96</u>
Fund balance, June 30, 2011	<u>\$ (98)</u>	<u>(98)</u>	<u>438</u>	<u>536</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL CFD 2005 DEBT SERVICE

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	<u>\$ -</u>	<u>-</u>	<u>4</u>	<u>4</u>
Expenditures :				
Principal retirement	<u>-</u>	<u>305</u>	<u>305</u>	<u>-</u>
Interest and finance charges	<u>590</u>	<u>285</u>	<u>285</u>	<u>-</u>
Total Expenditures	<u>590</u>	<u>590</u>	<u>590</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(590)</u>	<u>(590)</u>	<u>(586)</u>	<u>4</u>
Other financing sources :				
Transfers in	<u>586</u>	<u>586</u>	<u>586</u>	<u>-</u>
Net change in fund balance	<u>(4)</u>	<u>(4)</u>	<u>-</u>	<u>4</u>
Fund balance, July 1, 2010	<u>787</u>	<u>787</u>	<u>787</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 783</u>	<u>783</u>	<u>787</u>	<u>4</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL WEST OLIVE CAPITAL PROJECTS

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	<u>\$ 2</u>	<u>2</u>	<u>165</u>	<u>163</u>
Total revenues	<u>2</u>	<u>2</u>	<u>165</u>	<u>163</u>
Expenditures :				
Administrative services	365	3,365	3,246	119
General capital improvements	<u>2,183</u>	<u>245</u>	<u>-</u>	<u>245</u>
Total expenditures	<u>2,548</u>	<u>3,610</u>	<u>3,246</u>	<u>364</u>
Deficiency of revenues over expenditures	(2,546)	(3,608)	(3,081)	527
Other financing sources (uses) :				
Transfers out	<u>(5,641)</u>	<u>(5,641)</u>	<u>(5,641)</u>	<u>-</u>
Net change in fund balance	(8,187)	(9,249)	(8,722)	527
Fund balance, July 1, 2010	<u>10,937</u>	<u>10,937</u>	<u>10,029</u>	<u>(908)</u>
Fund balance, June 30, 2011	<u>\$ 2,750</u>	<u>1,688</u>	<u>1,307</u>	<u>(381)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL PARKING AUTHORITY CAPITAL PROJECTS

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	<u>\$ 753</u>	<u>753</u>	<u>701</u>	<u>(52)</u>
Total revenues	<u>753</u>	<u>753</u>	<u>701</u>	<u>(52)</u>
Expenditures :				
Administrative services	<u>1,579</u>	<u>1,555</u>	<u>671</u>	<u>884</u>
General capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,579</u>	<u>1,555</u>	<u>671</u>	<u>884</u>
Net change in fund balance	<u>(826)</u>	<u>(802)</u>	<u>30</u>	<u>832</u>
Fund balance, July 1, 2010	<u>1,020</u>	<u>1,020</u>	<u>1,252</u>	<u>232</u>
Fund balance, June 30, 2011	<u>\$ 194</u>	<u>218</u>	<u>1,282</u>	<u>1,064</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL YOUTH ENDOWMENT SERVICES

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	<u>\$ -</u>	<u>50</u>	<u>80</u>	<u>30</u>
Expenditures :				
Administrative services	<u>13</u>	<u>14</u>	<u>14</u>	<u>-</u>
General capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>13</u>	<u>14</u>	<u>14</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(13)</u>	<u>36</u>	<u>66</u>	<u>30</u>
Other financing sources :				
Transfers in	<u>1,666</u>	<u>1,666</u>	<u>1,713</u>	<u>47</u>
Transfers out	<u>-</u>	<u>(5,800)</u>	<u>(5,800)</u>	<u>-</u>
Total other financing sources	<u>1,666</u>	<u>(4,134)</u>	<u>(4,087)</u>	<u>47</u>
Net change in fund balance	<u>1,653</u>	<u>(4,098)</u>	<u>(4,021)</u>	<u>77</u>
Fund balance, July 1, 2010	<u>2,441</u>	<u>2,441</u>	<u>4,170</u>	<u>1,729</u>
Fund balance, June 30, 2011	<u>\$ 4,094</u>	<u>(1,657)</u>	<u>149</u>	<u>1,806</u>

See accompanying independent auditors' report.

NONMAJOR ENTERPRISE FUNDS

This section of the CAFR provides information on both non-major enterprise funds.

Golf Fund – To account for the operations of the City's Golf Course.

Magnolia Power Plant – To account for the operation of Southern California Public Power Authority's (SCPPA) joint power plant located at the City's electric utility.

City Of Burbank
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUND
June 30, 2011
(in thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Assets :		
Current assets :		
Pooled cash and investments	\$ 253	253
Accounts receivable	31	31
Interest receivable	-	-
Prepaid expenses	10	10
Total current assets	294	294
Capital assets :		
Land	11	11
Land improvements	1,036	1,036
Buildings and improvements	8,958	8,958
Machinery and equipment	398	398
Construction in progress	50	50
Less accumulated depreciation	(2,195)	(2,195)
Total capital assets, net of accumulated depreciation	8,258	8,258
Total assets	8,552	8,552
Liabilities :		
Accounts payable	65	65
Accrued expenses	25	25
Total current liabilities	90	90
Long-term liabilities (net of current portion) (note 7) :		
Advances Payable	3,125	3,125
Total long-term liabilities	3,125	3,125
Total liabilities	3,215	3,215
Net assets :		
Invested in capital assets	8,258	8,258
Unrestricted	(2,921)	(2,921)
Total net assets	\$ 5,337	5,337

See accompanying independent auditors' report.

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(in thousands)**

	Golf Fund	Total Nonmajor Enterprise Fund
Operating revenues :		
Sales of water and power	\$ -	-
Charges for services	1,769	1,769
Total operating revenues	<u>1,769</u>	<u>1,769</u>
Operating expenses :		
Operations and maintenance	2,071	2,071
Depreciation	575	575
Total operating expenses	<u>2,646</u>	<u>2,646</u>
Operating income (loss)	<u>(877)</u>	<u>(877)</u>
Nonoperating income (expense) :		
Interest income	-	-
Gain (loss) on disposal of capital assets	-	-
Interest expense	(23)	(23)
Other income - net	<u>(4)</u>	<u>(4)</u>
Total nonoperating income (expense)	<u>(27)</u>	<u>(27)</u>
Income (loss) before capital contributions and transfers	(904)	(904)
Transfers out (note 6)	<u>-</u>	<u>-</u>
Change in net assets	(904)	(904)
Net assets, July 1, 2010	<u>6,241</u>	<u>6,241</u>
Net assets, June 30, 2011	<u>\$ 5,337</u>	<u>5,337</u>

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(in thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Cash flows from operating activities :		
Cash received from customers	\$ 1,766	1,766
Cash paid to suppliers	(2,354)	(2,354)
Net cash provided by (used in) operating activities	<u>(588)</u>	<u>(588)</u>
Cash flows from noncapital financing activities :		
Paid to City of Burbank	(125)	(125)
Received from City of Burbank	1,000	1,000
Other income/expense	(4)	(4)
Net cash provided by (used in) noncapital financing activities	<u>871</u>	<u>871</u>
Cash flows from capital and related financing activities :		
Acquisition and construction of assets	(7)	(7)
Interest paid	(23)	(23)
Net cash used in capital and related financing activities	<u>(30)</u>	<u>(30)</u>
Net increase (decrease) in cash and cash equivalents	253	253
Cash and cash equivalents, July 1, 2010	<u>-</u>	<u>-</u>
Cash and cash equivalents, June 30, 2011	<u>\$ 253</u>	<u>253</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(in thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :		
Operating income (loss)	<u>\$ (877)</u>	<u>(877)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities :		
Depreciation	575	575
(Increase) decrease in accounts receivable	(3)	(3)
(Increase) decrease in prepaid items	1	1
Increase (decrease) in accrued expense	<u>(284)</u>	<u>(284)</u>
Total adjustments	<u>289</u>	<u>289</u>
Net cash provided by (used in) operating activities	<u>\$ (588)</u>	<u>(588)</u>
Noncash investing, capital, and financing activities :		
Increase (decrease) in fair value of investments	<u>\$ (5)</u>	<u>(5)</u>

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

This section of the CAFR provides information on each individual internal service fund. Internal service funds are used by the City to centralize certain services and then allocate the cost of those services to the user departments on a cost reimbursement basis. User fund charges from internal service funds with capital assets typically consist of two components: a maintenance/service component and a capital replacement component. User fund charges from self-insurance internal service funds generally are based on claims experience of the user department.

Risk Management Self-Insurance Fund - To finance and account for the City's general liability claims program.

Worker's Compensation Self-Insurance Fund - To finance and account for the City's workers' compensation claims program.

Vehicle Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of vehicular fleet and equipment utilized by general government departments on a rental fee basis.

Office Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of office equipment utilized by general government departments on a rental fee basis.

Municipal Building Replacement Fund - To account for the operation, maintenance, and replacement of municipal buildings occupied by City departments on a rental fee basis.

Communication Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of the electronic communication equipment utilized by City departments on a rental basis.

Computer Equipment Replacement Fund - To account for the operation and maintenance of the City's new networked based software and hardware computer system.

City Of Burbank
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2011
(in thousands)

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Current assets :					
Pooled cash and investments	\$ 19,067	20,191	16,729	9,830	4,252
Accounts receivable	-	-	94	-	206
Interest receivable	81	84	69	41	18
Interfund receivable	-	-	2	-	-
Inventories	-	-	392	-	-
Prepaid expenses	3	-	22	-	-
Total current assets	<u>19,151</u>	<u>20,275</u>	<u>17,308</u>	<u>9,871</u>	<u>4,476</u>
Capital assets :					
Buildings and improvements	-	-	2,777	-	7,578
Accumulated depreciation	-	-	(388)	-	(1,915)
Machinery and equipment	-	-	32,632	4,175	1,314
Accumulated depreciation	-	-	(20,098)	(3,555)	(888)
Construction in progress	-	-	355	-	1,718
Total capital assets	<u>-</u>	<u>-</u>	<u>15,278</u>	<u>620</u>	<u>7,807</u>
Total assets	<u>\$ 19,151</u>	<u>20,275</u>	<u>32,586</u>	<u>10,491</u>	<u>12,283</u>
Liabilities :					
Current liabilities					
Accounts payable	\$ 621	107	777	19	198
Compensated absences	-	-	-	-	-
Deposits	-	-	-	-	88
Outstanding claims - self insurance	1,689	7,017	-	-	-
Total current liabilities	<u>2,310</u>	<u>7,124</u>	<u>777</u>	<u>19</u>	<u>286</u>
Long-term liabilities (net of current portion)					
Compensated absences	-	-	138	-	2
Outstanding claims - self insurance	1,908	20,663	-	-	-
Advances payable	-	-	-	-	-
Total long-term liabilities	<u>1,908</u>	<u>20,663</u>	<u>138</u>	<u>-</u>	<u>2</u>
Total liabilities	<u>4,218</u>	<u>27,787</u>	<u>915</u>	<u>19</u>	<u>288</u>
Net assets :					
Invested in capital assets	-	-	15,278	620	7,807
Unrestricted	14,933	(7,512)	16,393	9,852	4,188
Total net assets	<u>\$ 14,933</u>	<u>(7,512)</u>	<u>31,671</u>	<u>10,472</u>	<u>11,995</u>

(Continued)

City Of Burbank
COMBINING STATEMENT OF NET ASSETS, (concluded)
INTERNAL SERVICE FUNDS

June 30, 2011
(in thousands)

	<u>Commun. Equip. Rental</u>	<u>Comp. Equip. Replace.</u>	<u>Total</u>
Current assets :			
Cash and investments	\$ 3,667	6,164	79,900
Accounts receivable	6	-	306
Interest receivable	14	24	331
Interfund receivable	2	7	11
Inventories	125	-	517
Prepaid expenses	-	32	57
Total current assets	<u>3,814</u>	<u>6,227</u>	<u>81,122</u>
Capital assets :			
Buildings and improvements	1,447	-	11,802
Accumulated depreciation	(482)	-	(2,785)
Machinery and equipment	11,025	14,325	63,471
Accumulated depreciation	(6,455)	(8,175)	(39,171)
Construction in progress	-	311	2,384
Total capital assets	<u>5,535</u>	<u>6,461</u>	<u>35,701</u>
 Total assets	 <u>\$ 9,349</u>	 <u>12,688</u>	 <u>116,823</u>
Liabilities :			
Current liabilities			
Accounts payable	\$ 134	189	2,045
Compensated absences	-	-	-
Deposits	-	-	88
Outstanding claims - self insurance	-	-	8,706
Total current liabilities	<u>134</u>	<u>189</u>	<u>10,839</u>
 Long-term liabilities (net of current portion)			
Compensated absences	99	-	239
Outstanding claims - self insurance	-	-	22,571
Advances payable	-	1,364	1,364
Total long-term liabilities	<u>99</u>	<u>1,364</u>	<u>24,174</u>
Total liabilities	<u>233</u>	<u>1,553</u>	<u>35,013</u>
Net Assets :			
Invested in capital assets	5,535	6,461	35,701
Unrestricted	3,581	4,674	46,109
 Total net assets	 <u>\$ 9,116</u>	 <u>11,135</u>	 <u>81,810</u>

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

**Year ended June 30, 2011
(in thousands)**

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Operating revenues :					
Charges for services	\$ 4,667	8,634	7,778	150	950
Total operating revenues	<u>4,667</u>	<u>8,634</u>	<u>7,778</u>	<u>150</u>	<u>950</u>
Operating expenses :					
Operations and maintenance	5,965	16,076	5,467	57	1,424
Depreciation	-	-	2,571	328	711
Total operating expenses	<u>5,965</u>	<u>16,076</u>	<u>8,038</u>	<u>385</u>	<u>2,135</u>
Operating income (loss)	<u>(1,298)</u>	<u>(7,442)</u>	<u>(260)</u>	<u>(235)</u>	<u>(1,185)</u>
Nonoperating income (expense) :					
Interest income	304	326	250	152	70
Other local taxes	-	-	-	-	1,532
Gain (loss) on disposal of fixed assets	-	-	272	76	(7)
Other income (expense)	-	-	224	-	-
Total nonoperating income (expense)	<u>304</u>	<u>326</u>	<u>746</u>	<u>228</u>	<u>1,595</u>
Income (loss) before transfers	(994)	(7,116)	486	(7)	410
Transfers out	-	-	(194)	(306)	-
Change in net assets	(994)	(7,116)	292	(313)	410
Net assets, July 1, 2010	<u>15,927</u>	<u>(396)</u>	<u>31,379</u>	<u>10,785</u>	<u>11,585</u>
Net assets, June 30, 2011	<u>\$ 14,933</u>	<u>(7,512)</u>	<u>31,671</u>	<u>10,472</u>	<u>11,995</u>

(Continued)

City Of Burbank
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
ASSETS, (concluded)
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)

	<u>Commun. Equip. Rental</u>	<u>Comp. Equip. Replace.</u>	<u>Total</u>
Operating revenues :			
Charges for services	\$ 2,542	2,554	27,275
Total operating revenues	<u>2,542</u>	<u>2,554</u>	<u>27,275</u>
Operating expenses :			
Operations and maintenance	1,647	1,553	32,189
Depreciation	1,361	6,542	11,513
Total operating expenses	<u>3,008</u>	<u>8,095</u>	<u>43,702</u>
Operating income (loss)	<u>(466)</u>	<u>(5,541)</u>	<u>(16,427)</u>
Nonoperating income (expense) :			
Interest income	39	106	1,247
Other local taxes	-	-	1,532
Gain (loss) on disposal of fixed assets	-	(9)	332
Other income (expense)	27	123	374
Total nonoperating income (expense)	<u>66</u>	<u>220</u>	<u>3,485</u>
Income (loss) before transfers	(400)	(5,321)	(12,942)
Transfer out	<u>-</u>	<u>-</u>	<u>(500)</u>
Change in net assets	(400)	(5,321)	(13,442)
Net assets, July 1, 2010	<u>9,516</u>	<u>16,456</u>	<u>95,252</u>
Net assets, June 30, 2011	<u>\$ 9,116</u>	<u>11,135</u>	<u>81,810</u>

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Cash flows from operating activities :					
Cash received from customers	\$ 4,667	8,634	7,830	150	906
Cash paid to suppliers	(6,103)	(9,325)	(3,483)	(43)	(1,480)
Cash received for misc purposes	-	-	-	-	-
Cash paid to employees	-	-	(1,860)	-	(57)
Net cash provided by (used in) operating activities	<u>(1,436)</u>	<u>(691)</u>	<u>2,487</u>	<u>107</u>	<u>(631)</u>
Cash flows from noncapital financing activities :					
Other income	-	-	224	-	-
Transfers from other funds	-	-	-	-	1,532
Transfers to other funds	-	-	(194)	(306)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>30</u>	<u>(306)</u>	<u>1,532</u>
Cash flows from capital and related financing activities :					
Proceeds from sales of capital assets	-	-	272	76	(7)
Acquisition and construction of assets	-	-	(1,994)	(74)	(1,230)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,722)</u>	<u>2</u>	<u>(1,237)</u>
Cash flows from investing activities :					
Interest received	<u>338</u>	<u>362</u>	<u>267</u>	<u>167</u>	<u>79</u>
Net cash provided by investing activities	<u>338</u>	<u>362</u>	<u>267</u>	<u>167</u>	<u>79</u>
Net increase (decrease) in cash and cash equivalents	(1,098)	(329)	1,062	(30)	(257)
Cash and cash equivalents, July 1, 2010	20,165	20,520	15,667	9,860	4,509
Cash and cash equivalents, June 30, 2011	<u>\$ 19,067</u>	<u>20,191</u>	<u>16,729</u>	<u>9,830</u>	<u>4,252</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)

	Commun. Equip. Rental	Comp. Equip. Replace.	Total
Cash flows from operating activities :			
Cash received from customers	\$ 2,542	2,554	27,283
Cash paid to suppliers	(826)	(2,868)	(24,128)
Cash received for misc purposes	-	-	-
Cash paid to employees	(914)	-	(2,831)
Net cash provided by (used in) operating activities	802	(314)	324
Cash flows from noncapital financing activities :			
Interfund receivable/payable	27	123	374
Transfers from other funds	-	-	1,532
Transfers to other funds	-	-	(500)
Net cash provided by (used in) noncapital financing activities	27	123	1,406
Cash flows from capital and related financing activities :			
Proceeds from sales of capital assets	-	(9)	332
Acquisition and construction of assets	(69)	(817)	(4,184)
Net cash used in capital and related financing activities	(69)	(826)	(3,852)
Cash flows from investing activities :			
Interest received	40	120	1,373
Net cash provided by investing activities	40	120	1,373
Net increase (decrease) in cash and cash equivalents	800	(897)	(749)
Cash and cash equivalents, July 1, 2010	2,867	7,061	80,649
Cash and cash equivalents, June 30, 2011	\$ 3,667	6,164	79,900

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year ended June 30, 2011
(in thousands)

	<u>Risk Mgmt. Self-Ins.</u>	<u>Workers Comp. Self-Ins.</u>	<u>Vehicle Equip. Rental</u>	<u>Office Equip. Rental</u>	<u>Muni. Bldg. Replace.</u>
Reconciliation of operating income (loss) to net cash provided by operating activities :					
Operating loss	<u>\$ (1,298)</u>	<u>(7,442)</u>	<u>(260)</u>	<u>(235)</u>	<u>(1,185)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities :					
Depreciation	-	-	2,571	328	707
(Increase) decrease in accounts receivable	-	-	52	-	(44)
(Increase) decrease in inventories	-	-	(116)	-	-
(Increase) decrease in prepaid items	(3)	-	-	-	-
Increase (decrease) in outstanding claims payable	(69)	6,721	-	-	-
Increase (decrease) in accounts payable	(66)	30	275	14	(31)
Increase (decrease) in compensated absences	-	-	(35)	-	2
Increase (decrease) in deferred revenue	-	-	-	-	(80)
Total adjustments	<u>(138)</u>	<u>6,751</u>	<u>2,747</u>	<u>342</u>	<u>554</u>
Net cash provided by (used in) operating activities	<u>\$ (1,436)</u>	<u>(691)</u>	<u>2,487</u>	<u>107</u>	<u>(631)</u>
Noncash investing, capital, and financing activities :					
Increase (decrease) in fair value of investments	<u>\$ (6)</u>	<u>(2)</u>	<u>(30)</u>	<u>(7)</u>	<u>(1)</u>

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
INTERNAL SERVICE FUNDS

Year ended June 30, 2011
(in thousands)

	Commun. Equip. Rental	Comp. Equip. Replace.	Total
Reconciliation of operating income (loss) to net cash provided by operating activities :			
Operating loss	(466)	(5,541)	(16,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities :			
Depreciation	1,361	6,542	11,509
(Increase) decrease in accounts receivable	-	-	8
(Increase) decrease in inventories	(4)	-	(120)
(Increase) decrease in prepaid items	-	(18)	(21)
Increase (decrease) in outstanding claims payable	-	-	6,652
Increase (decrease) in accounts payable	(16)	(1,297)	(1,091)
Increase (decrease) in compensated absences	(73)	-	(106)
Increase (decrease) in deferred revenue	-	-	(80)
Total adjustments	1,268	5,227	16,751
Net cash provided by (used in) operating activities	802	(314)	324
Noncash investing, capital, and financing activities :			
Increase (decrease) in fair value of investments	28	4	(14)

See accompanying independent auditors' report.

STATISTICAL SECTION (UNAUDITED)

The statistical section provides mostly trend data and nonfinancial information useful in assessing the City's financial condition. Because of the special character of the data presented in the statistical section (i.e., data of prior years, nonfinancial data), the section does not fall within the scope of the independent audit.

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, electric utility fees.

Debt Capacity - These schedules present information to help the reader assess the affordability

Demographic - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City Of Burbank

Table 1 - Net Assets by Component
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

Governmental Activities :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	601,172	89,084	94,512	784,768
2002-03	593,916	113,460	91,251	798,627
2003-04	538,261	171,317	79,963	789,541
2004-05	588,803	74,140	176,562	839,505
2005-06	614,550	85,220	186,441	886,211
2006-07	652,200	95,958	187,313	935,471
2007-08	679,945	89,024	201,906	970,875
2008-09	688,056	113,038	195,574	996,668
2009-10	690,072	114,205	184,720	988,997
2010-11	666,460	71,363	214,362	952,185

Business-type Activities :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	103,113	-	102,409	205,522
2002-03	118,841	-	112,529	231,370
2003-04	147,388	-	117,454	264,842
2004-05	179,582	-	112,505	292,087
2005-06	191,069	-	118,241	309,310
2006-07	206,962	-	126,564	333,526
2007-08	247,383	-	101,024	348,407
2008-09	272,665	-	93,546	366,211
2009-10	260,770	-	121,593	382,363
2010-11	247,901	12,413	133,194	393,508

Primary Government :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	704,285	89,084	196,921	990,290
2002-03	712,757	113,460	203,780	1,029,997
2003-04	685,649	171,317	197,417	1,054,383
2004-05	768,385	74,140	289,067	1,131,592
2005-06	805,619	85,220	304,682	1,195,521
2006-07	859,162	95,958	313,877	1,268,997
2007-08	927,328	89,024	302,930	1,319,282
2008-09	960,721	113,038	289,120	1,362,879
2009-10	950,842	114,205	306,313	1,371,360
2010-11	914,361	83,776	347,556	1,345,693

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities :					
General government	\$ 5,254	6,535	7,731	-	2,649
Police	41,345	43,759	46,718	45,118	43,161
Fire	29,955	33,262	34,426	32,169	31,648
Public works	26,163	25,977	27,365	47,947	55,625
Community development	26,953	37,322	25,917	46,785	70,264
Parks & recreation	19,533	20,945	21,983	30,113	20,363
Library	6,256	6,764	6,968	7,370	7,014
Interest on long-term debt	19,027	19,673	28,087	21,781	21,970
Total governmental activities expenses	174,486	194,237	199,195	231,283	252,694
Business-type activities :					
Water reclamation & sewer	14,573	13,680	13,639	12,714	13,577
Golf course	17,814	19,762	21,208	20,290	2,669
Electric utility	347,122	370,144	270,341	218,051	214,840
Water utility	17,064	20,657	19,831	19,777	22,453
Refuse collection & disposal	12,452	12,461	12,768	13,796	14,117
Total business-type activities expenses	409,025	436,704	337,787	284,628	267,656
Total primary government expenses	\$ 583,511	630,941	536,982	515,911	520,350
Program Revenues					
Governmental activities :					
Charges for services					
General government	\$ 737	917	1,369	850	101
Police	4,771	4,364	4,483	4,207	3,956
Fire	2,915	3,111	3,208	3,170	3,522
Public works	2,664	2,427	2,142	1,728	1,426
Community development	15,436	10,990	9,152	7,833	16,828
Parks and recreation	3,434	3,606	3,774	3,725	3,918
Library	190	189	193	183	184
Operating grants and contributions	20,238	19,859	19,046	18,404	19,238
Total governmental activities program revenues	50,385	45,463	43,367	40,100	49,173

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
Business-type activities :					
Charges for services :					
Water reclamation & sewer	13,406	13,819	14,171	14,459	14,941
Golf course	17,821	19,316	20,307	19,303	1,769
Electric utility	368,760	382,167	287,589	235,020	225,901
Water utility	19,618	23,224	21,372	22,118	23,281
Refuse collection & disposal	11,075	11,827	13,142	14,332	15,016
Operating grants and contributions	-	191	475	530	20
Capital grants and contributions	3,181	2,635	2,749	2,659	4,120
Total business-type activities					
program revenues	<u>433,861</u>	<u>453,179</u>	<u>359,805</u>	<u>308,421</u>	<u>285,048</u>
Total primary government					
program revenues	<u>\$ 484,246</u>	<u>498,642</u>	<u>403,172</u>	<u>348,521</u>	<u>334,221</u>
Net (expense) / revenue					
Governmental activities	\$ (124,101)	(148,774)	(155,828)	(191,183)	(203,521)
Business-type activities	<u>24,836</u>	<u>16,475</u>	<u>22,018</u>	<u>23,793</u>	<u>17,392</u>
Total primary government net expense	<u>\$ (99,265)</u>	<u>(132,299)</u>	<u>(133,810)</u>	<u>(167,390)</u>	<u>(186,129)</u>

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets					
Governmental activities :					
Property tax	\$ 65,559	69,483	80,079	79,803	66,240
Sales tax	31,904	33,419	30,249	24,948	29,907
Utility users tax	19,505	20,310	20,236	19,908	18,524
Motor-vehicle in-lieu tax	7,801	8,419	8,596	4,212	4,559
Franchise tax	5,073	5,130	5,283	8,760	8,938
Transient occupancy tax	5,691	5,981	5,941	5,273	5,686
Transient parking tax	3,526	3,651	2,978	2,759	2,886
Unrestricted investment earnings	21,283	19,627	10,995	17,631	14,315
Other	2,300	3,522	7,654	7,412	22,389
Transfers	10,721	10,728	11,103	11,667	11,354
Total governmental activities	173,363	180,270	183,114	182,373	184,798
Business-type activities :					
Unrestricted investment earnings	8,479	8,210	3,119	3,771	3,327
Other	1,622	924	201	255	1,706
Transfers	(10,721)	(10,728)	(11,103)	(11,667)	(11,354)
Total business-type activities	(620)	(1,594)	(7,783)	(7,641)	(6,321)
Total primary government	\$ 172,743	178,676	175,331	174,732	178,477
Change in Net Assets					
Governmental activities	\$ 49,262	31,496	27,286	(8,810)	(18,723)
Business-type activities	24,216	14,881	14,235	16,152	11,071
Total primary government	\$ 73,478	46,377	41,521	7,342	(7,652)

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities :					
General government	\$ 2,169	6,782	5,082	6,091	8,097
Police	33,242	32,422	33,102	34,363	38,925
Fire	23,546	21,652	25,306	26,129	26,993
Public works	21,807	23,041	33,354	15,136	22,048
Community development	27,480	16,873	32,125	25,746	22,796
Parks & recreation	18,022	16,025	18,616	17,040	19,583
Library	4,632	4,882	5,337	5,635	6,200
Interest on long-term debt	5,963	14,928	16,357	20,789	21,997
Total governmental activities expenses	136,861	136,605	169,279	150,929	166,639
Business-type activities :					
Water reclamation & sewer	12,048	13,155	13,174	13,154	12,249
Golf course	1,462	1,453	1,500	1,627	13,676
Electric utility	183,526	195,757	242,208	224,091	328,832
Water utility	13,775	14,034	15,060	15,332	15,708
Refuse collection & disposal	8,797	10,019	11,356	10,733	11,282
Total business-type activities expenses	219,608	234,418	283,298	264,937	381,747
Total primary government expenses	\$ 356,469	371,023	452,577	415,866	548,386
Program Revenues					
Governmental activities :					
Charges for services					
General government	\$ 121	97	20	219	179
Police	5,074	3,632	3,769	4,087	4,717
Fire	2,340	2,286	2,170	2,348	2,586
Public works	2,267	2,230	1,785	1,800	2,468
Community development	8,582	12,079	10,596	11,094	13,684
Parks and recreation	2,880	2,986	3,031	2,857	3,335
Library	102	127	185	202	205
Operating grants and contributions	15,753	13,850	13,985	17,833	23,306
Capital grants and contributions	919	281	178	672	-
Total governmental activities program revenues	38,038	37,568	35,719	41,112	50,480

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

**Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)**

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
Business-type activities :					
Charges for services :					
Water reclamation & sewer	9,800	10,128	11,316	11,927	12,861
Golf course	2,007	2,010	1,962	1,815	13,591
Electric utility	178,715	215,582	271,175	251,835	345,158
Water utility	15,130	16,946	17,261	17,239	18,936
Refuse collection & disposal	9,478	9,714	9,858	9,899	10,469
Capital grants and contributions	4,063	5,104	5,264	3,971	2,414
 Total business-type activities program revenues	219,193	259,484	316,836	296,686	403,429
 Total primary government program revenues	\$ 257,231	297,052	352,555	337,798	453,909
 Net (expense) / revenue					
Governmental activities	\$ (98,823)	(99,037)	(133,560)	(109,817)	(116,159)
Business-type activities	(415)	25,066	33,538	31,749	21,682
 Total primary government net expense	\$ (99,238)	(73,971)	(100,022)	(78,068)	(94,477)

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets					
Governmental activities :					
Property tax	\$ 41,886	45,108	49,122	51,301	55,947
Sales tax	20,210	23,027	26,222	19,883	29,509
Utility users tax	15,339	15,987	17,323	17,862	18,787
Motor-vehicle in-lieu tax	5,722	5,934	6,501	6,279	7,610
Franchise tax	1,981	1,780	2,276	3,776	4,798
Transient occupancy tax	2,893	3,417	4,238	4,606	5,632
Transient parking tax	1,868	1,827	1,765	2,515	3,238
Unrestricted investment earnings	7,713	4,873	1,566	3,788	3,966
Other	9,666	7,359	11,920	19,395	8,217
Transfers	3,029	3,584	3,541	9,363	9,870
Total governmental activities	110,307	112,896	124,474	138,768	147,574
Business-type activities :					
Unrestricted investment earnings	6,741	4,092	1,619	3,919	4,691
Other	1,110	274	1,856	940	720
Transfers	(3,029)	(3,584)	(3,541)	(9,363)	(9,870)
Total business-type activities	4,822	782	(66)	(4,504)	(4,459)
Total primary government	\$ 115,129	113,678	124,408	134,264	172,743
Change in Net Assets					
Governmental activities	\$ 11,484	13,859	(9,086)	28,951	31,415
Business-type activities	4,407	25,848	33,472	27,245	17,223
Total primary government	\$ 15,891	39,707	24,386	56,196	48,638

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

**Table 3 - Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)**

Fiscal Year	General Fund Reserved	General Fund Unreserved	Total General Fund	All Other Governmental Reserved	Special Revenue Unreserved	Capital Projects Unreserved	Total All Other Governmental Funds
2001-02	79,493	38,312	117,805	54,307	30,915	(40,616)	44,606
2002-03	79,958	39,384	119,342	121,217	29,463	(3,267)	147,413
2003-04	56,978	49,527	106,505	130,993	21,744	42,761	195,498
2004-05	56,931	53,852	110,783	113,122	20,653	64,747	198,522
2005-06	54,190	57,681	111,871	133,387	25,034	59,517	217,938
2006-07	53,469	68,066	121,535	177,775	30,208	46,172	254,155
2007-08	52,837	66,847	119,684	177,011	30,417	38,315	245,743
2008-09	55,422	59,885	115,307	175,959	29,891	60,331	266,181
2009-10	64,841	43,679	108,520	182,572	28,896	59,907	271,375

GASB 54 Fund Balance

Fiscal Year	General Fund Reserved	General Fund Unreserved	Total General Fund	All Other Governmental Reserved	Special Revenue Unreserved	Capital Projects Unreserved	Total All Other Governmental Funds
2010-11	63,113	42,968	106,081	270,658	-	-	270,658

SOURCE : City Financial Services Department

City Of Burbank

Table 4 - Changes in Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Sales tax	31,904	33,419	30,249	24,948	29,789
Property tax	65,559	69,483	80,079	79,803	76,308
Utility Users tax	19,505	20,310	20,236	19,908	18,524
Other	13,614	14,124	14,102	13,279	12,230
Total Taxes	<u>130,582</u>	<u>137,336</u>	<u>144,666</u>	<u>137,938</u>	<u>136,851</u>
Special Assessments	234	-	-	-	-
Licenses & Permits	4,802	4,646	4,115	3,680	3,798
Fines, forfeitures, and penalties	3,222	2,617	2,974	2,597	2,340
Use of money or property	18,923	18,220	12,476	16,281	11,232
Intergovernmental	27,467	29,418	28,298	29,056	29,604
Charges for services	33,844	28,356	34,555	29,032	46,766
Total revenues	<u>219,074</u>	<u>220,593</u>	<u>227,084</u>	<u>218,584</u>	<u>230,591</u>
Expenditures					
General government	27,949	33,797	28,172	48,736	40,537
Public Safety	68,758	73,740	76,616	75,205	72,832
Environmental	35,099	35,999	37,573	37,856	60,374
Culture and recreation	25,172	27,349	29,391	30,527	25,213
Capital outlay	23,863	43,602	19,702	18,330	22,552
Debt service :					
Principal	8,456	8,440	8,330	9,115	9,590
Other	592	-	-	-	-
Interest	19,163	19,625	23,035	21,841	22,007
Total expenditures	<u>209,052</u>	<u>242,552</u>	<u>222,819</u>	<u>241,610</u>	<u>253,105</u>
Excess of revenues over (under) expenditures	<u>10,022</u>	<u>(21,959)</u>	<u>4,265</u>	<u>(23,026)</u>	<u>(22,514)</u>
Other financing sources (uses)					
Transfers in	77,806	69,514	48,877	53,290	69,253
Transfers out	(69,850)	(60,369)	(35,729)	(41,276)	(57,399)
Bond proceeds	52,325	-	-	-	-
Total other financing sources (uses)	<u>60,281</u>	<u>9,145</u>	<u>13,148</u>	<u>12,014</u>	<u>11,854</u>
Net change in fund balances	<u>70,303</u>	<u>(12,814)</u>	<u>17,413</u>	<u>(11,012)</u>	<u>(10,660)</u>
Debt service as a percentage of noncapital expenditures	15.2%	14.1%	15.4%	13.9%	13.7%

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 4 - Changes in Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Sales tax	20,210	23,027	26,222	19,883	29,509
Property tax	41,886	45,108	49,122	51,301	55,947
Utility Users tax	15,339	15,987	17,323	17,862	18,787
Other	10,018	10,188	10,477	18,216	14,266
Total Taxes	<u>87,453</u>	<u>94,310</u>	<u>103,144</u>	<u>107,262</u>	<u>118,509</u>
Special Assessments	241	243	237	236	236
Licenses & Permits	3,148	3,099	3,690	4,446	5,738
Fines, forfeitures, and penalties	2,766	2,768	2,849	2,995	3,287
Use of money or property	12,343	8,630	5,983	11,879	13,717
Intergovernmental	25,576	19,883	19,213	25,438	31,759
Charges for services	25,855	24,267	26,221	26,687	32,962
Total revenues	<u>157,382</u>	<u>153,200</u>	<u>161,337</u>	<u>178,943</u>	<u>206,208</u>
Expenditures					
General government	23,672	25,412	23,549	25,571	28,900
Public Safety	50,020	51,787	56,477	57,734	63,295
Environmental	30,084	29,375	34,422	35,157	39,359
Culture and recreation	19,516	21,355	22,282	21,331	23,602
Capital outlay	19,757	17,944	20,172	8,677	15,308
Debt service :					
Principal	4,509	2,398	8,146	6,945	12,535
Other	-	1,464	3,337	-	28
Interest	10,774	14,565	16,318	20,520	22,019
Total expenditures	<u>158,332</u>	<u>164,300</u>	<u>184,703</u>	<u>175,935</u>	<u>205,046</u>
Excess of revenues over (under) expenditures	<u>(950)</u>	<u>(11,100)</u>	<u>(23,366)</u>	<u>3,008</u>	<u>1,162</u>
Other financing sources (uses)					
Transfers in	34,953	60,646	99,382	33,314	32,830
Transfers out	(32,340)	(56,932)	(96,751)	(25,086)	(24,748)
Advances from City	-	-	-	-	-
Payment of unfunded actuarial liability	-	-	(24,947)	-	-
Bond proceeds	-	111,730	80,930	-	6,155
Total other financing sources (uses)	<u>2,613</u>	<u>115,444</u>	<u>58,614</u>	<u>8,228</u>	<u>14,237</u>
Net change in fund balances	<u>1,663</u>	<u>104,344</u>	<u>35,248</u>	<u>11,236</u>	<u>15,399</u>
Debt service as a percentage of noncapital expenditures	11.0%	12.6%	16.9%	16.4%	18.2%

SOURCE : City Financial Services Department

City Of Burbank

**Table 5 - Electricity Sold by Type of Customer
Last ten fiscal years
(In thousands)
(Unaudited)**

Fiscal Year	Residential	Commercial	Large Commercial	Industrial	Street Lights/ Traffic	Wholesale	Other
2001-02	29,688	34,878		62,546	996	46,501	4,106
2002-03	30,740	35,078		59,592	1,008	85,680	3,484
2003-04	34,598	49,091		52,072	1,028	131,044	3,342
2004-05	33,997	69,635		31,506	1,166	110,037	5,494
2005-06	35,113	46,259		60,966	1,149	195,512	6,159
2006-07	36,157	51,897		63,163	2,699	207,259	7,585
2007-08	37,755	79,376		35,142	3,238	220,177	6,479
2008-09	37,726	48,556		68,965	2,791	120,716	3,966
2009-10	37,147	40,797	68,984	-	2,605	75,946	4,641
2010-11	37,326	42,948	68,851	-	2,294	59,200	8,640

Source Burbank Water and Power

City Of Burbank

**Table 6 - Electricity Rates
Last ten fiscal years
(Unaudited)**

Fiscal Year	Residential	Commercial	Large Commercial	Street Lights/ Traffic	Other
2001-02	0.12500	0.12300	0.11700	0.13309	0.11437
2002-03	0.12800	0.13300	0.12300	0.14530	0.12658
2003-04	0.12868	0.17061	0.10259	0.14530	0.12658
2004-05	0.12870	0.13732	0.12228	0.14530	0.12658
2005-06	0.12908	0.13227	0.12049	0.14530	0.12658
2006-07	0.12782	0.13110	0.12035	0.12386	0.19469
2007-08	0.13068	0.13452	0.12019	0.12207	0.15756
2008-09	0.13267	0.13928	0.11912	0.12106	0.12299
2009-10	0.13506	0.14169	0.12191	0.12353	0.12533
2010-11	0.14097	0.14920	0.12927	0.12996	0.10749

Source : Burbank Water and Power

City Of Burbank

**Table 7 - Largest Electrical Customers
Current Year and Ten Years Ago
(in thousands)
(Unaudited)**

Taxpayer	2011		2001	
	Electricity charges	Percent of electric retail revenues	Electricity charges	Percent of electric retail revenues
Customer 1	\$ 9,228	5.7%	\$ 6,367	6.0%
Customer 2	4,238	2.6%	3,558	3.4%
Customer 3	3,988	2.4%	2,735	2.6%
Customer 4	4,273	2.6%	-	0.0%
Customer 5	2,613	1.6%	1,074	1.0%
Customer 6	2,200	1.4%	-	0.0%
Customer 7	2,077	1.3%	-	0.0%
Customer 8	2,073	1.3%	1,636	1.5%
Customer 9	2,016	1.2%	-	0.0%
Customer 10	1,675	1.0%	-	0.0%
Customer 11	-	0.0%	7,046	6.3%
Customer 12	-	0.0%	-	0.0%
Customer 13	-	0.0%	-	0.0%
Customer 14	-	0.0%	-	0.0%
Customer 15	-	0.0%	-	0.0%
Subtotal	34,381	21.1%	22,416	20.8%
Other users	128,815	78.9%	88,458	79.2%
Total for entire City	\$ 163,196	100.0%	110,874	100.0%

Source Burbank Water and Power

City Of Burbank

**Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)**

Fiscal Year	Governmental Activities			
	Community Facilities District Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Total Gov't'l Activities
2001-02	960	-	82,620	83,580
2002-03	795	-	192,385	193,180
2003-04	620	25,120	221,804	247,544
2004-05	430	25,120	215,474	241,024
2005-06	6,380	19,100	208,953	234,433
2006-07	6,155	18,840	229,503	254,498
2007-08	6,155	18,500	221,747	246,402
2008-09	6,155	18,070	214,257	238,482
2009-10	5,860	17,545	206,579	229,984
2010-11	5,555	16,915	198,581	221,051

Source : Financial Services Department

City Of Burbank

Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	<u>Business-Type Activities</u>		Total Bus. Type Activities	Total Primary Govt.	Pct (1) Personal Income	Per Capita (1)
	Revenue Bonds	Loans				
2001-02	142,369	2,166	144,535	289,070	9.22%	2.81
2002-03	158,626	2,014	160,640	321,280	9.97%	3.07
2003-04	149,357	1,857	151,214	302,428	9.12%	2.87
2004-05	144,839	1,696	146,535	387,559	10.94%	3.63
2005-06	133,856	1,531	135,387	369,820	9.37%	3.46
2006-07	122,613	1,361	123,974	378,472	10.19%	3.51
2007-08	111,902	1,186	113,088	359,490	8.91%	3.33
2008-09	100,808	1,007	101,815	340,297	7.91%	3.15
2009-10	137,762	823	138,585	368,569	8.04%	3.40
2010-11	166,075	634	166,709	387,760	9.10%	3.72

(1) This ratio is calculated using personal income for two prior calendar years for the prior calendar year.

(2) This ratio is calculated using population for the prior calendar year.

Source : Financial Services Department

City Of Burbank

**Table 9 - Ratio of General Bonded Debt Outstanding
Last ten fiscal years
(in thousands)
(Unaudited)**

Outstanding General Bonded Debt

Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Total General Debt	Pct. of Assessed Value (1)	Per Capita (2)
2001-02	82,620	-	82,620	0.77%	0.80
2002-03	192,385	-	192,385	1.66%	1.84
2003-04	221,804	25,120	246,924	2.02%	2.34
2004-05	215,474	25,120	240,594	1.85%	2.25
2005-06	208,953	19,100	228,053	1.62%	2.13
2006-07	229,503	18,830	248,333	1.60%	2.30
2007-08	221,747	18,500	240,247	1.42%	2.22
2008-09	214,257	18,070	232,327	1.28%	2.15
2009-10	206,579	17,545	224,124	1.23%	2.07
2010-11	198,581	16,915	215,496	1.18%	2.07

- (1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
- (2) This ratio is calculated using the prior year's population.

Source : Financial Services Department

City Of Burbank

**Table 10 - Schedule of Direct and Overlapping Debt
June 30, 2011
(in thousands)
(Unaudited)**

City Assessed Valuation		\$ 18,285,662	
Redevelopment Agency Incremental Valuation		<u>5,808,813</u>	
Total Assessed Valuation		<u><u>\$ 24,094,475</u></u>	
	Percentage Applicable (1)	Outstanding Debt 09/10	Estimated Share of Overlapping Debt
Burbank Unified School District	100.000%	65,741	65,741
Los Angeles County	1.559%	107,260	1,672
Los Angeles Community College District	3.180%	<u>3,536,745</u>	<u>112,468</u>
Total overlapping debt		<u><u>3,709,746</u></u>	<u>179,881</u>
City direct debt :			
Community Facilities District		5,555	
Burbank Redevelopment Tax Allocation		198,581	
Pension obligation bonds		<u>16,915</u>	
Total City direct debt			<u>221,051</u>
Total direct and overlapping debt			<u><u>\$ 400,932</u></u>

Note : (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within City boundaries and dividing it by each unit's total taxable assessed value.

Sources : City Financial Services Department
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City Of Burbank

Table 11 - Legal Debt Margin Information
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Debt Limit	Total Net Debt	Legal Debt Margin	Pct (1)
2001-02	1,607,230	76,034	1,531,196	4.73%
2002-03	1,740,010	180,103	1,559,907	10.35%
2003-04	1,833,605	206,401	1,627,204	11.26%
2004-05	1,946,507	199,743	1,746,764	10.26%
2005-06	2,118,116	198,543	1,919,573	9.37%
2006-07	2,333,694	218,975	2,114,719	9.38%
2007-08	2,533,836	224,041	2,309,795	8.84%
2008-09	2,719,939	214,817	2,505,122	7.90%
2009-10	2,511,195	208,744	2,302,451	8.31%
2010-11	2,743,065	190,789	2,552,276	6.96%

(1) Full title : Total net debt applicable to the limit as a percentage of the debt limit

Net assessed value	<u>\$ 18,287,099</u>
Debt limit - 15% of assessed value	2,743,065
Amount of debt applicable to debt limit :	
Community facilities district bonds	5,555
Redevelopment debt - tax allocation bonds	<u>213,539</u>
Total	<u>219,094</u>
Less :	
Reserves in Debt Service funds available for payment of principal :	
Redevelopment debt	<u>13,347</u>
Total	<u>13,347</u>
Total amount of debt applicable to debt limit	<u>205,747</u>
Legal debt margin	<u><u>\$ 2,537,318</u></u>

Source : City Financial Services Department

City Of Burbank

Table 12 - Pledged Revenue Coverage
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Gross Revenues (3)	Operations & maintenance expenses (1)	Net revenues	Debt service requirement (2)	Times coverage
ELECTRIC UTILITY FUND					
2001-02 (4)	179,419	175,003	4,416	8,474	0.52
2002-03	215,435	185,468	29,967	10,841	2.76
2003-04	273,867	229,234	44,633	10,889	4.10
2004-05	253,683	208,616	45,067	11,363	3.97
2005-06	347,514	312,728	34,786	10,228	3.40
2006-07	374,340	330,977	43,363	9,304	4.66
2007-08	387,358	354,041	33,317	12,413	2.69
2008-09	289,780	254,484	35,296	8,890	3.97
2009-10	239,870	207,144	32,726	6,418	5.10
2010-11	229,981	201,254	28,727	10,643	2.70
WATER UTILITY FUND					
2001-02 (4)	15,171	11,530	3,641	1,126	3.23
2002-03	16,839	11,706	5,133	1,117	4.60
2003-04	17,346	12,758	4,588	1,112	4.13
2004-05	17,484	12,643	4,841	1,103	4.39
2005-06	19,162	13,224	5,938	1,093	5.43
2006-07	20,385	14,456	5,929	1,098	5.40
2007-08	24,476	17,958	6,518	1,102	5.91
2008-09	21,724	17,047	4,677	1,103	4.24
2009-10	22,913	16,705	6,208	1,102	5.63
2010-11	23,925	19,845	4,080	1,704	2.39
WATER RECLAMATION AND SEWER FUND					
2001-02	12,726	7,544	5,182	2,370	2.19
2002-03	13,340	9,250	4,090	2,365	1.73
2003-04	13,124	8,993	4,131	2,366	1.75
2004-05	13,169	8,692	4,477	2,438	1.84
2005-06	13,922	7,955	5,967	2,554	2.34
2006-07	14,876	10,273	4,603	2,640	1.75
2007-08	14,984	9,253	5,731	1,421	4.04
2008-09	14,791	9,094	5,697	1,418	4.02
2009-10	15,816	8,630	7,186	1,421	5.06
2010-11	15,342	9,743	5,599	1,414	3.96

City Of Burbank

Table 12 - Pledged Revenue Coverage
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Gross Revenues (3)	Operations & maintenance expenses (1)	Net revenues	Debt service requirement (2)	Times coverage
REFUSE COLLECTION AND DISPOSAL FUND					
2001-02	11,054	7,036	4,018	1,306	3.08
2002-03	10,828	7,763	3,065	1,411	2.17
2003-04	10,500	9,613	887	1,294	0.69
2004-05	11,122	8,848	2,274	1,289	1.77
2005-06	11,530	9,553	1,977	1,289	1.54
2006-07	12,579	10,820	1,759	1,304	1.35
2007-08	13,194	10,781	2,413	1,302	1.86
2008-09	14,342	11,260	3,082	1,299	2.37
2009-10	15,474	12,359	3,115	964	3.23
2010-11	15,760	13,099	2,661	949	2.80

Fiscal Year	Tax Increment	Debt Service		Times coverage
		Principal	Interest	
2001-02	24,402	4,105	5,876	2.44
2002-03	26,364	1,965	5,714	3.43
2003-04	29,071	3,540	5,615	3.18
2004-05	31,003	3,920	8,208	2.56
2005-06	33,709	4,025	8,054	2.79
2006-07	42,003	4,408	7,034	3.67
2007-08	44,043	5,050	8,671	3.21
2008-09	53,099	6,215	10,921	3.10
2009-10	53,171	5,280	9,700	3.55
2010-11	50,343	5,550	9,432	3.36

- Notes :
- (1) Total operating expenses exclude depreciated cost
 - (2) Debt service represents cash requirements during the year.
 - (3) Gross revenues are total operating revenues, interest income, intergovernmental revenues, gain on disposal of fixed assets, and other income.
 - (4) The water and electric fund's debt service was split in FY 99/00 to coincide with the fact that there are two separate funds in that fiscal year.

Source: City Financial Services Department

City Of Burbank

Table 13 - Demographic and Economic Statistics
Last ten fiscal years

(Unaudited)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2001-02	102,745	3,134,031	30,503	5.4%
2002-03	104,497	3,221,434	30,828	4.8%
2003-04	105,437	3,316,205	31,452	4.7%
2004-05	106,739	3,541,493	33,179	4.3%
2005-06	106,879	3,945,652	36,917	3.5%
2006-07	107,921	3,715,288	34,426	3.9%
2007-08	108,029	4,036,179	37,362	5.9%
2008-09	108,082	4,301,015	39,794	9.2%
2009-10	108,469	4,584,442	42,265	10.0%
2010-11	104,304	4,262,592	40,867	9.7%

- Note:
- (1) State of California Department of Finance
 - (2) (3) X (1); In Thousands
 - (3) Bureau Economic Analysis, Dept. of Commerce. For Los Angeles County. CA1-3 per capital personal income (Metropolitan divisions)
 - (4) State of California Economic Development Department.

City Of Burbank
Table 14 - Principal Employers
Current Year and Nine Years Ago *

(Unaudited)

	2011		2002	
	Number of Employees	%	Number of Employees	%
1. The Walt Disney Company	7,900	13.8%	6,700	12.1%
2. Warner Bros. Entertainment	7,400	12.9%	5,000	9.0%
3. Providence St. Joseph's Hospital	2,850	5.0%	1,800	3.3%
4. Bob Hope Airport	2,400	4.2%	1,500	2.7%
5. ABC Inc.	2,300	4.0%	-	-
6. Burbank Unified School District	1,800	3.1%	1,600	2.9%
7. City of Burbank	1,624	2.8%	1,300	2.4%
8. NBC / Universal	1,300	2.3%	1,700	3.1%
9. Foto-Kem Industries	600	1.0%	550	1.0%
10. Crane Hydro-Aire	600	1.0%	500	0.9%
Other employers	28,452	49.7%	34,630	62.6%
(1)	57,226	99.8%	55,280	100.0%

Source : City of Burbank Economic Development Department.

* This schedule, required as a part of GASB 44, is intended to provide data from nine years prior. 2002 is the earliest available year.

(1) The total employees includes all employees in agencies which are required to report their employee counts to the City. Non-profit agencies are not required to report this information.

City Of Burbank

**Table 15 - Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
General government	166	166	169	165	164
Police	268	271	279	273	270
Fire	139	139	143	141	137
Public works	136	144	146	144	144
Community development	93	82	86	84	83
Parks and recreation	158	178	179	174	174
Library	64	67	69	69	67
Water Reclamation and Sewer	12	12	12	11	11
Electric Utility	288	278	275	275	273
Water Utility	51	50	50	50	48
Refuse Collection & Disposal	49	48	46	46	46
	1,424	1,435	1,454	1,432	1,417

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
General government	164	166	145	152	147
Police	274	272	278	281	279
Fire	146	146	144	145	144
Public works	144	144	145	153	152
Community development	80	80	80	86	86
Parks and recreation	179	178	189	179	174
Library	67	66	67	71	61
Water Reclamation and Sewer	10	10	10	10	10
Electric Utility	263	263	271	277	261
Water Utility	52	52	51	46	59
Refuse Collection & Disposal	45	45	44	44	44
	1,424	1,422	1,424	1,444	1,417

(1) For years prior to 2008, only full-time employees are shown.

Source : City Financial Services Department

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
Police :					
Arrests	5,492	7,417	8,674	9,076	8,879
Reports taken	11,953	12,209	13,559	13,667	13,667
Service calls	42,566	39,966	44,621	46,809	47,003
Animals entering shelter (1)	2,879	3,068	3,081	2,605	2,870
Moving violations issued	13,127	17,450	14,800	13,856	15,875
Fire :					
Safety employees	125	125	123	125	121
Fire incidents	1,243	1,293	1,348	1,554	1,447
Medical incidents	7,568	7,418	7,136	7,146	7,076
Community Development :					
Building permits	3,978	3,601	3,958	4,713	4,864
Business licenses/business permits (3)	799	2,000	2,000	700	790
Business tax registrations	11,757	14,000	15,000	16,534	16,311
Parks and Recreation :					
Number of street trees	28,656	28,643	28,670	29,000	28,489
Sports participants	17,619	16,489	16,326	15,837	16,214
Afterschool and daycamp participants	11,640	11,892	11,008	17,005	5,740
Special interest participants	7,871	8,718	10,362	10,545	10,500
Burbank bus ridership (2)	392,637	520,372	611,184	529,813	459,626
RSVP volunteer hours served	189,000	187,875	221,926	136,674	180,402
Library :					
Number of books	482,490	433,975	432,817	456,553	440,232
Number of audiovisual recordings	71,148	69,802	64,288	56,555	42,566
Water Reclamation & Sewer :					
Customer accounts (4)	47,690	47,413	57,526	56,499	56,335
Electric Utility :					
Number of meters	52,627	51,796	51,384	51,338	51,310
Generating capacity (KW)	225,000	225,000	225,000	225,000	225,000
Peak demand (KW)	322,000	286,000	289,000	308,000	285,000
Water Utility :					
Number of meters	26,792	26,506	26,486	26,455	26,391
Average daily gallons used (millions)	21,980	18,854	23,367	22,410	20,470
Refuse collection & Disposal :					
Customer accounts	51,650	50,307	50,132	47,212	29,000
Golf Course :					
Rounds of full golf	52,185	56,397	60,933	59,605	65,472
Rounds of 3 par golf	17,108	21,462	21,775	22,311	24,296

(continued)

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
Police :					
Arrests	8,284	7,255	6,551	6,410	5,927
Reports taken	13,809	13,976	13,911	13,545	13,006
Service calls	49,667	50,580	51,025	50,972	50,813
Animals entering shelter (1)	3,069	1,294	1,377	1,499	1,656
Moving violations issued	15,474	14,642	16,970	15,732	16,546
Fire :					
Safety employees	119	121	121	124	124
Fire incidents	1,532	1,349	1,326	1,371	1,399
Medical incidents	6,612	6,576	6,715	6,513	6,366
Community Development :					
Building permits (3)	6,970	2,757	2,686	2,776	2,627
Business licenses	534	617	614	613	640
Business tax registrations	15,991	15,579	15,446	14,439	15,063
Parks and Recreation :					
Number of street trees	25,422	25,418	25,365	25,308	25,265
Sports participants	15,760	15,922	16,112	15,764	14,975
Afterschool and daycamp participants	5,942	5,955	5,940	5,425	5,183
Special interest participants	10,750	10,549	10,400	10,350	10,270
Burbank bus ridership (2)	410,730	329,325	308,705	275,487	272,953
RSVP volunteer hours served	132,470	128,744	126,778	131,617	132,941
Library :					
Number of books	440,232	393,755	389,294	354,836	314,259
Number of audiovisual recordings	42,566	37,332	16,502	12,485	22,339
Water Reclamation & Sewer :					
Customer accounts (4)	45,451	45,409	45,181	45,976	46,064
Electric Utility :					
Number of meters	51,310	51,310	51,310	51,310	51,310
Generating capacity (KW)	225,000	225,000	201,000	201,000	201,000
Peak demand (KW)	285,000	285,000	284,000	284,000	284,000
Water Utility :					
Number of meters	26,351	26,346	26,325	26,240	26,440
Average daily gallons used (millions)	19,500	19,270	20,900	19,600	20,377
Refuse collection & Disposal :					
Customer accounts	30,659	30,576	30,849	31,145	31,202
Golf Course :					
Rounds of full golf	61,020	65,493	N/A	N/A	N/A
Rounds of 3 par golf	23,980	24,220	N/A	N/A	N/A

(1) For years 2006 and after, includes dogs and cats. For 2005 and before, includes only dogs.

(2) For years 2000 and after, includes Got Wheels program.

(3) For years 2009 and after, includes business licenses and business permits. For years 2008 and before, includes only business licenses.

(4) For years 2007, 2008 and 2009 the figure shows how many distinct customers were billed at one time for sewer during the year.

City Of Burbank
Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
Police :					
Stations	1	1	1	1	1
Fire :					
Stations	6	6	6	6	6
Public works :					
Miles of streets	228	228	228	228	228
Miles of alleys	49	49	49	49	49
Miles of sidewalks	367	367	367	367	367
Street lights	8,979	9,419	9,383	9,238	9,184
Miles of storm drains	61	61	61	61	61
Signalized intersections	196	194	190	183	183
Parks and Recreation :					
Number of parks	28	27	26	25	25
Swimming pools	2	2	2	2	2
Tennis courts	24	24	24	24	24
Ballfields	16	16	16	16	16
Community gymnasiums	3	3	3	3	3
Library :					
Main and branch libraries	3	3	3	3	3
Water Reclamation & Sewer .					
Miles of sewers	223	223	223	223	223
Electric Utility :					
Transmission & distribution lines (miles)	423	356	356	410	410
Water Utility :					
Miles of water mains	280	280	278	278	278

(continued)

City Of Burbank
Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
Police :					
Stations	1	1	1	1	1
Fire :					
Stations	6	6	6	6	6
Public works :					
Miles of streets	228	228	228	228	228
Miles of alleys	49	49	49	49	49
Miles of sidewalks	366	366	366	365	365
Street lights	9,184	9,184	9,100	9,100	8,430
Miles of storm drains	61	61	61	61	61
Signalized intersections	183	183	182	182	182
Parks and Recreation .					
Number of parks	25	25	25	25	25
Swimming pools	2	2	2	2	2
Tennis courts	24	24	24	24	24
Ballfields	16	16	16	16	16
Community gymnasiums	3	3	3	3	3
Library :					
Main and branch libraries	3	3	3	3	3
Water Reclamation & Sewer :					
Miles of sewers	223	223	240	240	240
Electric Utility :					
Transmission & distribution lines (miles)	410	410	410	410	410
Water Utility :					
Miles of water mains	277	276	274	272	266

City of Burbank

**Table 18 - City Employees with Earnings over \$200 Thousand
For Fiscal Year 2010-2011
(Unaudited)**

<u>Employee Position</u>	<u>Gross Earnings</u>
City Manager	\$ 243
General Manager BWP	242
Police Chief	218
City Attorney	212
Fire Captain	209
Chief Assistant to the City Attorney	209
Police Lieutenant	207
Line Mechanic Supervisor	207
Fire Battallion Chief	202

Source : City Financial Services Department

City Of Burbank

Table 19 - Schedule of Credits

June 30, 2011

(Unaudited)

Cindy Giraldo Financial Services Director	General Overview
Dino Balos, CPA Accounting and Auditing Manager	General Overview Management's discussion & analysis Letter of Transmittal Audit Coordination Burbank Water and Power Refuse Collection & Disposal Water Reclamation & Sewer; Golf Course
Craig Wood, Financial Systems Manager	General Overview Systems Programming Grant Activity Report (Single Audit) Combined Statements Overview Fixed Assets Accounting
Heidi Okimoto, Principal Accountant	Governmental Funds : General Fund Special Revenue Funds (except grant funds) Inventory
Angela O'Connor, Accountant	Redevelopment Capital Projects & Debt Service Funds Public Financing Authority Internal Service Funds Notes to Financial Statements
Eva Felipe Accountant	Projects Burbank Water and Power Refuse Collection & Disposal Water Reclamation & Sewer; Golf Course
Harry Wong Accountant	Fixed Assets Accounting
Kassandra Wildermuth Administrative Analyst I	Statistical Section Cover Photos / Design
Mike McDaniel, Reprographics Supervisor	Reprographic Services
Cassidy Allen, Graphic Illustrator	Cover design



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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CITY OF BURBANK (the "City") in connection with the issuance by the City of its \$6,485,000* City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012. (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee. The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean NBS Government Finance Group, DBA NBS, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2013, file with EMMA, in a

* Preliminary, subject to change.

readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (1) Any rate changes adopted in the recently completed fiscal year in the form of Table 1.
- (2) Number of accounts for recently completed fiscal year in the form of Table 3.
- (3) Annual amount of solid waste collected by the Enterprise in the recently completed fiscal year in the form of Table 4.
- (4) Historical operating results and debt service coverage for the recently completed fiscal year in the form of Table 6.
- (5) Balance in reserves as of June 30 of the recently completed fiscal year in the form of Table 7.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the City or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the City shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

CITY OF BURBANK

By _____
Name _____
Title _____

ACKNOWLEDGED:

NBS GOVERNMENT FINANCE GROUP, DBA
NBS, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Burbank

Name of Issue: City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

NBS GOVERNMENT FINANCE GROUP, DBA
NBS, as Dissemination Agent

By _____
Name _____
Title _____

cc: Trustee

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APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

The information in this section of the Official Statement is presented as general background data. The Bonds are payable solely from the Net Revenues and other sources as described in the Official Statement.

General Information

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27 percent of the total county. Approximately 16% of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

The City of Burbank. On July 8, 1911, Burbank was incorporated as a city. Today, Burbank ranks as the fifteenth-largest city in Los Angeles County, with a population of over 104,000 residents. Presently, Burbank maintains its long standing relationship with Warner Bros. and Disney and is now home to hundreds of media and related support companies such as ABC, Cartoon-Network Studios, Nickelodeon Animation, Yahoo!, Clear Channel, and other post production, film processing, special effects, equipment rental and related businesses. As such, Burbank is happily referred to as the "Media Capital of the World."

Employee Benefits

The following summary is based on audited information set forth in the City's fiscal year 2010-11 audited financial statements and unaudited information provided by the City's Financial Services Department.

Defined Benefit Plan. The City contributes to the California Public Employees Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

During the year ended June 30, 2012 participants were required to contribute 8% of their annual covered salary. Safety employees contributed 9%. The City makes the following partial contributions required of City employees on their behalf and for their account: Burbank City Employees Association 6.9%, Burbank Management Association 7.0%, unrepresented managers 7.0%, executives 6.0%, Burbank Police Officers' Association 7.0%, Burbank Fire Fighters-Chief Officers' Unit 9% and International Brotherhood of Electrical Workers 0%.

Recent actual, actual future and projected future contributions at an actuarially determined rate are as follows:

Miscellaneous Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	15.778%
2012-13	16.334
2013-14	16.527
2014-15	17.9 (projected)
2015-16	18.4 (projected)

Fire Safety Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	19.313
2012-13	19.070
2013-14	20.008
2014-15	22.8 (projected)
2015-16	23.6 (projected)

Police Safety Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	28.214%
2012-13	29.112
2013-14	33.031
2014-15	35.7 (projected)
2015-16	36.5 (projected)

All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year closed period. In addition, all gains or losses are tracked, and 10% of the net unamortized accumulated gain or loss is amortized each year. Finally, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	(Excess) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll {(B-A)/C}
6/30/08:						
Misc.	\$488,223	\$510,149	\$21,926	95.7%	\$72,154	30.4%
Fire	151,119	151,785	666	99.6	12,530	5.3
Police	<u>175,373</u>	<u>187,862</u>	<u>12,489</u>	93.4	<u>14,950</u>	83.5
Total	<u>814,715</u>	<u>849,796</u>	<u>35,081</u>	95.9	<u>99,634</u>	35.2
6/30/09:						
Misc.	510,113	604,602	94,489	84.4	80,524	117.3
Fire	155,355	166,406	11,051	93.4	14,262	77.5
Police	<u>180,464</u>	<u>208,521</u>	<u>28,057</u>	86.5	<u>17,588</u>	159.5
Total	<u>845,932</u>	<u>979,529</u>	<u>133,597</u>	86.4	<u>112,374</u>	118.9
6/30/10:						
Misc.	530,031	632,197	102,166	83.8	81,705	125.0
Fire	160,138	170,747	10,609	93.8	14,077	75.4
Police	<u>186,124</u>	<u>214,781</u>	<u>28,657</u>	86.7	<u>16,635</u>	172.3
Total	<u>876,293</u>	<u>1,017,725</u>	<u>141,432</u>	86.1	<u>112,417</u>	125.8
6/30/11:						
Misc.	563,862	665,537	101,675	84.7	81,584	124.6
Fire	165,685	178,800	13,115	92.7	13,375	98.1
Police	<u>192,000</u>	<u>225,519</u>	<u>33,519</u>	85.1	<u>15,931</u>	210.4
Total	<u>921,547</u>	<u>1,069,856</u>	<u>148,309</u>	86.1	<u>110,891</u>	133.7

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2012 is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	24 years (nonsafety), 32 years (safety) from the valuation date
Asset Valuation Method	15 year smoothed market
Actuarial Assumptions :	
Investment rate of return	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment.
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of .25%.

The market value of the assets in the City's pension plans as of June 30, 2011 is set forth below:

Plan	Market Value as of 6/30/11
Miscellaneous	\$501,538,196
Fire	146,489,416
Police	169,987,554

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with CalPERS.)

The provisions of AB 340 will go into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

CalPERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST. *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current or accurate, has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of CalPERS liabilities will be in the future or the amount of the CalPERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

Post Employment Benefits Other than Pensions ("OPEB"). The City contributes to three retiree healthcare benefit plans. The first is the Burbank Employees Retiree Medical Trust ("BERMT"). This single employer, defined benefit plan, 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 \$50 per bi-weekly pay period, which the City matches. Plan provisions and contribution requirements are established by and may be amended by 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 given is up to \$300 in reimbursements per month, for eligible medical expenses.

The second plan is the CalPERS Healthcare ("**PEMHCA**") plan, established by PERS under the authority of section 22750 to 22948 of the California Government Code, a single employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The City pays \$110 per month for all miscellaneous and safety employees. In addition, the City pays \$175 per month for 23 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$175 but is paid in addition to the \$188. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

The third plan is the Utility Retiree Medical Trust ("**URMT**"), a single employer plan, established during the 2008/09 fiscal year for IBEW members and 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for fiscal year 2011-12, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2011-12, the City contributed \$190 (in thousands). The City's ARC was \$175 (in thousands) for the fiscal year 2011-12.

The City pre-funds the BERMT with both member and City contributions. The BERMT members are required to contribute \$50 per pay period and the City contributes the same amount. For the fiscal year 2011-12, the City contributed \$1,367 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2011-12.

The City has pre-funded the PEMHCA Plan through CalPERS OPEB Trust ("**CERBT**") and has a policy of contributing 100% of the City's Annual Required Contribution (ARC) each year. For fiscal year 2011-12, the City contributed \$1,898 (in thousands), including \$652 (in thousands) in benefit payments and \$1,246 (in thousands) deposit to CERBT. The City's ARC was \$1,114 (in thousands) for the fiscal year 2011-12. The market value of the City's CERBT assets as of August 27, 2012 was \$21,087 (in thousands); current market value information for the PEMHCA and BERMT plans is not available.

The City's OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table, based on the City's actuarial valuation as of June 30, 2011, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's Net OPEB obligation:

	BERMT	PEMHCA	URMT
Annual required contribution	\$1,545	\$1,114	\$179
Interest on net OPEB obligation/(asset)	(108)	(579)	(287)
Adjustment to annual required contribution	140	489	243
Annual OPEB cost	1,577	1,024	135
Contributions made	(1,367)	(1,898)	(84)
Decrease in net OPEB obligation	210	(874)	51
Net OPEB obligation/(asset) - beginning of year	(1,883)	(7,472)	(3,708)
Net OPEB asset - end of year	\$(1,673)	\$(8,346)	\$(3,657)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the plans were as follows :

	Year Ended	Annual OPEB Cost	Pct of OPEB cost Contributed	Net OPEB Obligation
BERMT	6/30/2010	\$890	128.3%	\$(1,817)
PEMHCA	6/30/2010	1,162	178.3	(6,801)
URMT	6/30/2010	510	914.1	(3,642)
BERMT	6/30/2011	1,305	105.1	(1,883)
PEMHCA	6/30/2011	1,185	156.6	(7,472)
URMT	6/30/2011	124	153.2	(3,708)
BERMT	6/30/2012	1,577	86.7	(1,673)
PEMHCA	6/30/2012	1,024	185.4	(8,346)
URMT	6/30/2012	135	62.2	(3,657)

The funded status of the plans as of June 30, 2012 was:

	<u>BERMT</u>	<u>PEMHCA</u>	<u>URMT</u>
Actuarial accrued liability (a)	\$42,891	\$21,953	\$5,677
Actuarial value of plan assets (b)	16,782	13,390	5,866
Unfunded actuarial accrued liability (funding excess) (a)-(b)	26,109	8,563	(189)
Funded ratio (b) / (a)	39.1%	61.0%	103.3%
Covered payroll (c)	89,772	117,001	17,345
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (((a)-(b))/(c))	29.1%	7.3%	(1.1)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

The following table shows the City's actuarial accrued liability and unfunded actuarial accrued liability for OPEB based on the June 30, 2010 actuarial valuation:

Actuarial Valuation Date	Actuarial Value of Assets (B)	Actuarial Accrued Liability (AAL) (A)	(Excess) Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll {(B-A)/C}
Burbank Employees Retiree Medical Trust (BERMT)						
6/30/2011	\$16,782	\$42,891	\$26,109	39.1%	\$89,772	29.1%
CalPERS Healthcare (PEMHCA)						
6/30/2011	13,390	21,953	8,563	61.0	117,001	7.3
Utility Retiree Medical Trust (URMT)						
6/30/2011	5,866	5,677	(189)	103.3	17,345	(1.1)

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions include the following:

	BERMT	PEMHCA	URMT
Actuarial valuation date	6/30/2011	6/30/2011	6/30/2011
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Normal Level Dollar for 30 years	Normal Level % of pay for 28 years	Normal Level % of pay for 28 years
Amortization period	Closed	Closed	Closed
Actuarial assumptions :			
Discount rate	5.75%	7.75%	7.75%
General inflation	3.00	3.00	3.00
Aggregate payroll increases	3.25	3.25	3.25
COLA	0.00	N/A	4.50

Defined Contribution Plans. The City also participates in two defined contribution plans for post-retirement medical benefits, primarily for members of the Burbank Police Officer's Association, the Burbank Fire Fighter's Association and the Burbank Fire Fighter's Chief Officers' Unit. See Appendix B for more information.

Investment Portfolio

The City administers a pooled investment program, except for those funds that are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. The most recently revised Investment Policy for the City was adopted in June, 2012 by the City Council.

Under the Investment Policy, the City Treasurer submits a monthly report to the Mayor, the Council liaisons to the Treasurer's office, the City Manager, the Treasurer's Oversight Review Committee, and other department heads of the City.

The City's pooled investment portfolio as of June 30, 2012, had a market value of \$340,069,342.33. The following table illustrates the investments as of June 30, 2012:

Type	Par Value	Book Value	Market Value
Agency-US Federal Agency	\$178,200,000.00	\$178,114,493.38	\$178,732,406.25
Corporates-Medium Term Notes	42,500,000.00	42,948,385.56	37,126,093.75
Local Agency Investment Fund	115,600,000.00	115,600,000.00	115,740,990.38
Municipal Bonds	6,705,000.00	6,802,351.95	6,754,851.95
Negotiable Certif of Deposit	1,715,000.00	1,715,000.00	1,715,000.00
Total	344,720,000.00	345,180,230.89	340,069,342.33

Source: City of Burbank

The maturity schedule of the City's pooled investment portfolio as of June 30, 2012 is set forth below:

<u>Maturity</u>	<u>Percentage</u>
Due in 1st year	42%
Due in 2nd year	5
Due in 3rd year	10
Due in 4th year	21
Due in 5 th year	20
Due over 5 years	2
Cumulative	100

Source: City of Burbank.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years as of January 1.

CITY OF BURBANK, LOS ANGELES COUNTY Population Estimates

<u>Area</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Burbank	103,098	103,116	103,363	104,193	104,427
Los Angeles County	9,785,474	9,801,096	9,822,121	9,847,712	9,884,632
State of California	36,704,375	36,966,713	37,223,900	37,427,946	37,678,563

Source: State of California, Department of Finance

The table below lists employment by industry group for Los Angeles County for the years 2007 through 2011.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	2007	2008	2009	2010	2011
Civilian Labor Force	4,872,500	4,934,800	4,904,300	4,910,500	4,924,400
Employment	4,625,600	4,565,500	4,335,200	4,291,400	4,318,900
Unemployment	246,900	369,300	569,000	619,100	605,500
Unemployment Rate	5.1%	7.5%	11.6%	12.6%	12.3%
Wage and Salary Employment: ⁽¹⁾					
Agriculture	7,500	6,900	6,200	6,200	5,500
Natural Resources and Mining	4,400	4,400	4,100	4,100	4,000
Construction	157,600	145,200	117,300	104,500	103,500
Manufacturing	449,200	434,500	389,200	373,200	365,400
Wholesale Trade	227,000	223,700	204,500	203,300	207,200
Retail Trade	426,000	416,500	387,000	386,000	390,900
Trans., Warehousing, Utilities	165,600	163,100	151,200	150,600	149,900
Information	209,800	210,300	191,200	191,500	195,600
Financial and Insurance	163,600	153,900	142,300	137,800	137,500
Real Estate, Rental & Leasing	80,300	79,400	73,800	71,700	71,900
Professional and Business Services	605,400	582,600	529,800	527,500	540,400
Educational and Health Services	492,700	505,800	514,600	522,000	534,800
Leisure and Hospitality	397,900	401,600	385,600	384,800	392,800
Other Services	147,100	146,100	137,900	136,700	135,000
Federal Government	51,100	51,100	48,700	51,600	49,000
State Government	81,000	82,400	82,000	80,700	82,700
Local Government	463,700	470,300	465,200	447,300	433,500
Total All Industries ⁽²⁾	4,129,600	4,077,600	3,830,300	3,779,300	3,799,600

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) May not add due to rounding.

Source: State of California, Employment Development Department.

The tables below lists the larger employers in the Los Angeles County area, and the Burbank area Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

**LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
2012**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AHMC Healthcare Inc	Alhambra	Hospitals
All Nations Church	Lake View Terrace	Churches
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
Calif Institute of Technology	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Contractor State License Ctr	Burbank	Schools-Business & Vocational
FX Networks LLC	Los Angeles	Television-Cable & CATV
Kaiser Foundation Hospital	Los Angeles	Hospitals
LAC & USC Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Memorial Med Ctr	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA	Glendale	Food Products & Manufacturers
Pomona Valley Hospital Med Ctr	Pomona	Hospitals
Pro Parts	Canoga Park	Automobile Parts & Supplies-Retail-New
Providence Health-San Fernando	Burbank	Health Services
Providence Health-Southern Ca	Burbank	Health Services
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2012 2nd Edition

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2011 in the City were reported to be \$635,092,000, an 8.46% increase over the total taxable sales of \$585,531,000 reported during the first quarter of calendar year 2010.

CITY OF BURBANK Taxable Transactions (Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	1,885	\$1,944,379	4,042	\$2,737,374
2007	1,838	2,079,143	3,985	2,931,259
2008	1,932	2,071,076	3,995	2,856,024
2009 ⁽¹⁾	2,134	1,859,733	3,708	2,438,623
2010 ⁽¹⁾	2,247	1,931,854	3,832	2,529,221

(1) Data not comparable to prior years. "Retail" category now includes "Food Services"
Source: State of California, Board of Equalization

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2011 in the County were reported to be \$29,260,271,000, a 7.97% increase over the total taxable sales of \$27,101,568,000 reported during the first quarter of calendar year 2010.

LOS ANGELES COUNTY Taxable Transactions (Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	142,512	\$95,554,193	295,701	\$136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 ⁽¹⁾	175,461	78,444,115	264,928	112,744,727
2010 ⁽¹⁾	177,900	82,175,416	264,818	116,942,334

(1) Data not comparable to prior years "Retail" category now includes "Food Services"
Source: State of California, Board of Equalization.

Provided below are the building permits and valuations for the City and the County for calendar years 2006 through 2010

**CITY OF BURBANK
New Construction
(dollars in thousands)**

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	\$21,576.9	\$13,744.7	\$8,615.3	\$3,306.3	\$6,854.6
New Multi-family	60,458.3	30,394.4	30,348.0	1,196.5	555.2
Res. Alterations/Additions	48,533.8	31,993.9	21,509.4	15,751.2	13,461.1
Total Residential	130,569.0	76,133.1	60,472.7	20,254.0	20,870.9
New Commercial	65,264.4	188,154.3	44,786.7	15,076.2	631.0
New Industrial	4,058.2	0.0	0.0	0.0	0.0
New Other	11,384.7	9,018.1	19,812.5	5,573.5	1,533.5
Com. Alterations/Additions	42,789.5	29,626.4	38,572.5	48,569.0	22,045.7
Total Nonresidential	123,496.8	226,798.8	103,171.7	69,218.7	24,210.2
New Dwelling Units					
Single Family	66	40	47	9	15
Multiple Family	248	144	272	6	3
TOTAL	314	184	319	15	18

Source: Construction Industry Research Board, Building Permit Summary

**LOS ANGELES COUNTY
New Construction
(dollars in thousands)**

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	\$2,560,588.5	\$2,047,773.3	\$1,134,121.1	\$798,305.0	\$922,092.0
New Multi-family	2,205,262.8	2,010,560.8	1,409,062.3	521,793.7	810,621.4
Res. Alterations/Additions	1,981,614.8	1,898,228.2	1,411,332.6	1,073,157.9	1,109,768.6
Total Residential⁽¹⁾	6,747,466.2	5,956,562.3	3,954,515.9	2,393,256.6	2,842,482.0
New Commercial	1,251,955.0	1,858,923.4	1,517,965.4	513,381.3	521,995.6
New Industrial	181,821.1	108,827.3	134,587.0	40,084.0	55,772.9
New Other	767,924.9	766,205.8	680,228.1	462,139.0	436,807.8
Com. Alterations/Additions	1,693,835.1	2,005,199.0	2,157,857.2	1,657,939.6	1,662,362.9
Total Nonresidential⁽¹⁾	3,895,536.1	4,739,155.4	4,490,637.8	2,673,543.9	2,676,939.1
New Dwelling Units					
Single Family	10,097	7,509	3,539	2,131	2,439
Multiple Family	16,251	12,854	10,165	3,522	5,029
TOTAL	26,348	20,363	13,704	5,653	7,468

Source: Construction Industry Research Board, Building Permit Summary

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2007 through 2011.

**COUNTY OF LOS ANGELES
Effective Buying Income
2007 through 2011**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of Burbank	\$2,750,185	\$48,527
	Los Angeles County	202,646,560	43,710
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Burbank	\$2,790,180	\$49,492
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Burbank	\$2,836,868	\$50,631
	Los Angeles County	207,077,609	45,390
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Burbank	\$2,641,468	\$47,812
	Los Angeles County	196,757,991	43,133
	California	801,393,027	47,177
	United States	6,365,020,076	41,368
2011	City of Burbank	\$2,608,368	\$47,635
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

APPENDIX E
FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

City Council of the
City of Burbank
275 East Olive Avenue
Burbank, California 91502

OPINION: \$6,485,000* City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Burbank (the "City") of its \$6,485,000* Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Law"), an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City on October 30, 2012 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is a duly created and validly existing municipal corporation and chartered city with the power to enter into the Indenture and to perform the agreements on its part contained therein.
2. The Indenture has been duly authorized, executed and delivered by the City and is valid, binding and enforceable against the City in accordance with its terms.
3. The Bonds constitute valid and binding special obligations of the City payable solely from Net Revenues of the Enterprise (as such terms are defined in the Indenture) and certain other amounts held under the Indenture, as described in the Indenture.
4. Subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

* Preliminary, subject to change.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

With respect to the opinions expressed herein, the enforceability of the Indenture is subject to the limitations on the imposition of certain fees and charges by the City related to its municipal wastewater system under Articles XIII C and XIII D of the California Constitution. In addition, the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of principal of or interest on the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (as used in this Appendix F, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting

on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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10:38:50 a.m PDST [Upcoming Calendar](#) [Overview](#) [Compare](#) [Summary](#)

Bid Results

**Burbank
\$6,485,000 Waste Disposal Refunding Revenue Bonds,
Series 2012**

The following bids were submitted using **PARITY®** and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Mitsubishi UFJ Securities (USA), Inc.	1.054714
<input type="checkbox"/>	UBS Financial Services Inc.	1.189895
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	1.205771
<input type="checkbox"/>	Citigroup Global Markets Inc.	1.220514
<input type="checkbox"/>	Morgan Stanley & Co. LLC	1.244672

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF AWARD

I, Cindy Giraldo, Financial Services Director, of the City of Burbank (the "City"), solely in my official and not in my personal capacity, hereby certify with respect to the award \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds") as follows:

1. On November 15, 2012, the proposals for purchase of the Bonds, summarized on Exhibit A attached hereto, were received in accordance with the Official Notice of Sale for the Bonds (the "Official Notice of Sale"), conducted electronically through the I-Deal LLC BiDCOMP/PARITY© system.

2. The Bonds are hereby awarded to Mitsubishi UFJ Securities (USA), Inc. (the "Purchaser") for a purchase price computed as follows:

\$6,315,000.00	Principal Amount of Bonds
(12,960.00)	Less: Purchaser's Discount
628,563.75	Plus: Original Issue Premium
<u>\$6,930,603.75</u>	PURCHASE PRICE

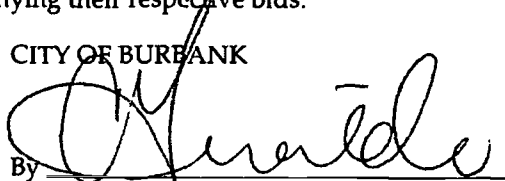
The Purchaser's proposal is the best bid as determined by the method of calculation for such bids in compliance with the Official Notice of Sale.

3. The proposal submitted by the Purchaser was in compliance with all of the terms and conditions set forth in the Official Notice of Sale.

4. All proposals set forth in Exhibit A other than said accepted bid of the Purchaser are hereby rejected and the undersigned has authorized and directed the return to the unsuccessful bidders of the good faith deposits, if any, accompanying their respective bids.

Dated: November 15, 2012

CITY OF BURBANK

By 

Cindy Giraldo
Financial Services Director

10:38:50 a.m. PDST Upcoming Calendar Overview Compare Summary

Bid Results

**Burbank
\$6,485,000 Waste Disposal Refunding Revenue Bonds,
Series 2012**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Mitsubishi UFJ Securities (USA), Inc.	1.054714
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<input type="checkbox"/>	Citigroup Global Markets Inc.	1.220514
<input type="checkbox"/>	Morgan Stanley & Co. LLC	1 244672

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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CITY OF BURBANK
275 EAST OLIVE AVENUE, P.O BOX 6459, BURBANK, CALIFORNIA 91510-6459
www.ci.burbank.ca.us

Quint & Thimmig LLP

08/28/12
09/26/12
10/01/12

REDEMPTION INSTRUCTIONS AND REQUEST TO TRUSTEE

November 15, 2012

Corporate Trust Department
Wells Fargo Bank, National Association
707 Wilshire Boulevard 17th Floor
Los Angeles, CA 90071
Attention: Ms. Aimee Tabòr

Re: City of Burbank Waste Disposal Revenue Bonds, 2002 Series B

Ladies and Gentlemen:

As trustee (the "Trustee") with respect to the City of Burbank Waste Disposal Revenue Bonds, 2002 Series B, dated February 20, 2002 (the "2002 Bonds"), you are hereby notified of the election of the City of Burbank (the "City") to redeem on December 17, 2012, pursuant to that certain Indenture of Trust, dated as of May 15, 1989, as amended, by and between the City and the Trustee, all outstanding 2002 Bonds at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption. The City intends to fund the redemption of the 2002 Bonds from the proceeds of its City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "2012 Refunding Bonds"), which were sold to Mitsubishi UFJ Securities (USA), Inc. on November 15, 2012. The 2012 Refunding Bonds are scheduled to close on December 4, 2012.

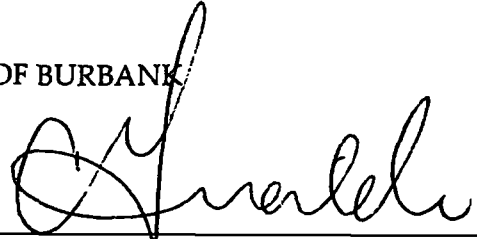
You are hereby instructed to provide, no later than November 16, 2012, conditional notice of redemption of the 2002 Bonds to occur on December 17, 2012, substantially in the form attached hereto as Exhibit A. Please note that the redemption of the 2002 Bonds is conditional upon the receipt of the proceeds of the 2012 Refunding Bonds.

In connection with your acting on the instructions of the City to provide a rescindable notice to redeem the 2002 Bonds, the City agrees to reimburse the Trustee for all out-of-pocket costs and expenses incurred by the Trustee related to or arising from any rescission of the notice or redemption and further agrees to indemnify and hold harmless the Trustee, its officers,

directors, employees and agents from and against any claims, losses, damages, costs, liabilities, expenses or attorney's fees resulting from the fact that the notice of redemption of the 2002 Bonds states that the redemption date is conditional upon receipt of the proceeds of the 2012 Refunding Bonds, or the rescinding of the notice of redemption of the 2002 Bonds by the Trustee upon instruction from the City.

CITY OF BURBANK

By

A handwritten signature in black ink, appearing to read 'Cindy Giraldo', written over a horizontal line.

Cindy Giraldo

Financial Services Director

EXHIBIT A

CONDITIONAL NOTICE OF FULL/FINAL REDEMPTION OF

**City of Burbank
Waste Disposal Revenue Bonds, 2002 Series B**

<u>Maturity Date</u>	<u>Amount Called</u>	<u>Premium</u>	<u>Redemption Price (1)</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
5/1/2013	\$ 575,000	—	\$ 575,000	5.25%	12082M EA1
5/1/2014	600,000	—	600,000	4.25	12082M EB9
5/1/2015	625,000	—	625,000	4.40	12082M EC7
5/1/2016	655,000	—	655,000	4.50	12082M ED5
5/1/2017	685,000	—	685,000	4.60	12082M EE3
5/1/2019	1,465,000	—	1,465,000	5.25	12082M EF0
5/1/2024	3,155,000	—	3,155,000	5.25	12082M EG8

(1) Accrued interest to be added.

CONDITIONAL NOTICE is hereby given that the City of Burbank (the "City") has conditionally called for redemption on December 17, 2012 (the "Redemption Date"), the outstanding City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (the "Bonds"), as described above, at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price"). The Bonds are being conditionally called for redemption on the Redemption Date subject to the provisions of the succeeding paragraph of this notice, and pursuant to the provisions of the governing documents of the Bonds.

The Conditional Notice of Redemption, and the payment of the principal of and interest on the Bonds on the Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified redemption price of all of the Bonds on or before the Redemption Date, resulting from a negotiated sale of refunding bonds, expected to be funded on or about December 4, 2012.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Bonds delivered for redemption shall be returned to the respective owners thereof, and said Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered holders of the Bonds.

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal will be made upon presentation on and after December 17, 2012, at the following addresses:

By First Class/Registered/
Certified Mail:

Wells Fargo Bank, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

Express Delivery Only:

Wells Fargo Bank, N.A.
Corporate Trust Operations
N9303-121
6th & Marquette Avenue
Minneapolis, MN 55479

By Hand Only:

Wells Fargo Bank, N.A.
Northstar East Building
608 2nd Avenue South, 12th Floor
Minneapolis, MN 55479

Owners of Bonds presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2002 (the "Act") 28% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: November __, 2012

Wells Fargo Bank, National Association,
as Trustee

CTO Notification

Home

- Home
- New Transaction
- Search Transaction

Status: **Submitted**

Transaction Type: **Redemption**

Loan Information

BM/CM Key: BURB202BWDR Short Name: CITY BURBANK CA WDR B (TAX) 02-02 FAST
 Long Name: CITY OF BURBANK CALIFORNIA WASTE DISPOSAL REVENUE
 Relationship Manager: KATHRYN VALDIVIA (TTEE) 213-614-3350 Deal Key: SEI ACCT#:

Transaction Information

Call Date: 12/17/2012 Call Price: 100 000000 Principal:
 Publication Date: 11/16/2012 # of Intra Period Days: 46 Intra Period Interest: \$49,414 54
 Mail Type: 1st Class Mail Premium:
 Called Bond Reason: Conditional Redemption Total:
 Comments:

CUSIP	Maturity Date	Rate	As of Date	OS Balance	Called Amount
12082MDV6	05/01/2008	3 250	04/25/2008	\$0.00	\$0 00
12082MDW4	05/01/2009	5 000	04/22/2009	\$0 00	\$0 00
12082MDX2	05/01/2010	5 000	05/03/2010	\$0.00	\$0 00
12082MDY0	05/01/2011	3 800	05/02/2011	\$0.00	\$0.00
12082MDZ7	05/01/2012	5 000	05/01/2012	\$0 00	\$0.00
12082MEA1	05/01/2013	5 250	05/23/2011	\$575,000.00	<input type="text" value="\$575,000 00"/>
12082MEB9	05/01/2014	4.250	05/23/2011	\$600,000 00	<input type="text" value="\$600,000 00"/>
12082MEC7	05/01/2015	4 400	05/23/2011	\$625,000.00	<input type="text" value="\$625,000 00"/>
12082MED5	05/01/2016	4 500	05/23/2011	\$655,000 00	<input type="text" value="\$655,000 00"/>
12082MEE3	05/01/2017	4 600	05/23/2011	\$685,000.00	<input type="text" value="\$685,000 00"/>
12082MEF0	05/01/2019	5.250	05/23/2011	\$1,465,000 00	<input type="text" value="\$1,465,000 00"/>
12082MEG8	05/01/2024	5.250	05/23/2011	\$3,155,000.00	<input type="text" value="\$3,155,000 00"/>

Document Location	Uploaded By	Date
file:\\ent.wfb.bank.com\cts_dfs\Data_Prod\CTO_NOTIFICATION\CALL_NOTICES\2012\12_DEC\BURB202BWDR20121217_RED001.pdf	Valdivia, Kathryn M	11/15/2012

Show/Hide Audit Data

CONDITIONAL NOTICE OF FULL/FINAL REDEMPTION OF

City of Burbank Waste Disposal Revenue Bonds, 2002 Series B

<u>Maturity Date</u>	<u>Amount Called</u>	<u>Premium</u>	<u>Redemption Price (1)</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
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(1) Accrued interest to be added.

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The Conditional Notice of Redemption, and the payment of the principal of and interest on the Bonds on the Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified redemption price of all of the Bonds on or before the Redemption Date, resulting from a negotiated sale of refunding bonds, expected to be funded on or about December 4, 2012.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Bonds delivered for redemption shall be returned to the respective owners thereof, and said Bonds shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered holders of the Bonds.

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6th & Marquette Avenue
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By Hand Only:

Wells Fargo Bank, N.A.
Northstar East Building
608 2nd Avenue South, 12th Floor
Minneapolis, MN 55479

Owners of Bonds presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2002 (the "Act") 28% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: November 16, 2012

Wells Fargo Bank, National Association,
as Trustee

INDENTURE OF TRUST

by and between the

CITY OF BURBANK

and

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

Dated as of December 1, 2012

**Relating to the
\$6,315,000
City of Burbank
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012**

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EXHIBIT A—FORM OF BOND

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, is dated as of December 1, 2012, by and between the CITY OF BURBANK, a municipal corporation and chartered city organized and existing under the constitution and laws of the State of California (the "City"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the "Trustee");

WITNESSETH:

WHEREAS, the City has heretofore caused the execution and delivery of its \$10,290,000 City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (Tax-Exempt), of which \$7,760,000 remains outstanding (the "2002 Bonds") for the purpose of financing and refinancing the improvement, betterment, renovation and expansion of certain facilities within the City's municipal refuse collection and disposal enterprise (the "Enterprise");

WHEREAS, Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Refunding Bond Law") authorizes the City to issue its refunding bonds for the purpose of refunding obligations of the City;

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of bonds under the Refunding Bond Law to provide for the refunding of the 2002 Bonds;

WHEREAS, to that end, the City has determined to issue its \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "2012 Bonds"), pursuant to this Indenture;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and premium (if any) and of the interest thereon, the City Council of the City has authorized the execution of this Indenture;

WHEREAS, all Bonds issued under this Indenture will be secured by a pledge of the Net Revenues, as defined herein, and certain other moneys and securities held by the Trustee hereunder; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the City, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and premium (if any) and interest on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable

consideration the receipt and sufficiency of which is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Authorized Representative" means, with respect to the City, the Mayor, the Vice Mayor, the City Manager, the Financial Services Director or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by the City Manager or the Financial Services Director and filed with the Trustee.

"Bond Fund" means the fund by that name established pursuant to Section 5.01.

"Bond Registration Books" means the books maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Bonds" means the City's Waste Disposal Refunding Revenue Bonds, Series 2012, issued and at any time Outstanding hereunder.

"Bond Year" means any twelve-month period commencing on May 2 in a year and ending on the next succeeding May 1, both dates inclusive; provided, however, that the first Bond Year shall commence on the Closing Date relating to the Bonds and shall end on May 1, 2013.

"Business Day" means a day of the year on which banks in Los Angeles, California, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by an Authorized Representative of the City. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"City" means the City of Burbank, a municipal corporation and chartered city organized and existing under the constitution and laws of the State, and any successor thereto.

"City Council" means the City Council of the City.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date, or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund so designated and established pursuant to Section 3.03.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

(a) The principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and

(b) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"Enterprise" means any and all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment, disposal or recycling of refuse or solid waste, including disposal facilities, landfills, monitoring, collection and recovery systems and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or recycling of refuse or solid waste, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Event of Default" means any of the events of default described in Section 8.01.

"Federal Securities" means direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the same.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

"Gross Revenues" means all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all fees and charges received by the City in connection with its operation of the Enterprise, (b) amounts received by the City from the levy of an excise tax upon property owners within the geographic boundaries of the City that are not utilizing the services of the Enterprise, (c) fees received by the City from agencies of the City and other governmental entities in connection with the use of the Enterprise, and (d) all receipts derived from the investment of such income or revenues; but excluding the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the City and excluding the proceeds of any special assessments or special

taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

"Independent Accountant" means any certified public accountant or firm of such accountants appointed and paid by the City, and who, or each of whom:

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial interest, direct or indirect, with the City; and

(c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the City may designate in a Certificate of the City delivered to the Trustee.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to Section 7.06.

"Insurance Consultant" means a person (which may be the City's insurance agent or broker) having experience and a favorable reputation in consulting on the insurance requirements of water utilities in the State of the general size and character of the Enterprise, selected by the City.

"Interest Account" means the account by that name in the Bond Fund established pursuant to Section 5.01.

"Interest Payment Date" means May 1 and November 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

"Net Proceeds" means the par amount of the Bonds plus accrued interest and premium, if any, less the amount of any underwriter's and original issue discount, less the proceeds applied to pay Costs of Issuance.

"Net Revenues" means, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on generally accepted accounting principles, including (among other things) the reasonable expenses of management, personnel, services, equipment, repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases

depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Original Purchaser" means the first purchaser of the Bonds from the City.

"Outstanding," when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the City under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 11.01; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant to this Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner", when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA—guaranteed mortgage-backed bonds
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Agency Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and 2010 Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System

Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)

Participation Certificate

Senior debt obligations

3. Federal National Mortgage Association (FNMA or Fannie Mae)

Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or Sallie Mae)

Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System

Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating at the time of investment of AAAM-G; and if rated by Moody's having a rating at the time of investment of Aaa, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries provide investment advisory or other management services.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC and, to the extent such deposits are in excess of the amounts protected by FDIC insurance, secured at all times by collateral described in (a) and/or (b) above.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating at the time of investment of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State, created pursuant to 16429.1 of the California Government Code.

(j) The County pooled investment fund.

(k) Municipal obligations rated "A" or higher by S&P.

(l) Other forms of investments that satisfy the City's Statement of Investment Policy as of the time of investment.

"Principal Account" means the account by that name in the Bond Fund established pursuant to Section 5.01.

"Principal Payment Date" means May 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Rating Category" means, with respect to any Permitted Investment, one or more of the generic categories of rating by Moody's and/or S&P applicable to such Investment Security, without regard to any refinement or gradation of such rating category by a plus or minus sign.

"Record Date" means the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date.

"Refunding Bond Law" means Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Refuse Collection and Disposal Enterprise Fund" means the fund by that name established and held by the City for purposes of accounting for the revenues and expenditures of the Enterprise.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Certificate of the City delivered to the Trustee.

"Special Record Date" means the date established by the Trustee pursuant to Section 2.02 as a record date for the payment of defaulted interest on Bonds.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the City and the Trustee, amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Trust Office" means the principal corporate trust office of the Trustee in Los Angeles, California; provided, however, that the Trustee may from time to time designate other offices for purposes of payment, transfer, exchange or registration of Bonds.

"Trustee" means Wells Fargo Bank, National Association, appointed by the City to act as trustee hereunder pursuant to Section 9.01, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in Section 10.01.

"2002 Bonds" means the \$10,290,000 City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (Tax-Exempt), of which \$7,760,000 remains outstanding as of the Closing Date.

"2002 Indenture" means that certain Indenture of Trust, dated as of May 15, 1989, as amended and supplemented, by and between the City and the 2002 Trustee, relating to the 2002 Bonds.

"2002 Trustee" means Wells Fargo Bank, National Association, as trustee for the 2002 Bonds.

Section 1.02. Rules of Construction. All references in this Indenture to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of the Bonds. At any time after the adoption, execution and delivery of this Indenture, the City may execute and the Trustee, upon Request of the City, shall authenticate and deliver Bonds in the aggregate principal amount of six million three hundred fifteen thousand dollars (\$6,315,000).

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall be dated as of their date of delivery, shall mature on May 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

<u>Maturity Date (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$480,000	3.000%
2014	575,000	3.000
2015	590,000	3.000
2016	610,000	3.000
2017	630,000	3.000
2018	645,000	3.000
2019	665,000	3.000
2020	685,000	3.000
2021	710,000	3.000
2022	725,000	3.000

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on the Bond Registration Books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer. Interest on the Bonds shall be computed on the basis of a year consisting of 360 days and twelve 30-day months. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof at the Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before April 15, 2013, in which event it shall bear interest from its date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Record Date and shall be paid to the person in whose name

the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten (10) days prior to such Special Record Date.

Section 2.03. Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the City with the facsimile signature of its Mayor, City Manager or Financial Services Director and attested by the facsimile signature of its City Clerk. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer of the City.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Bond Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, endorsed or accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Every Bond so surrendered to the Trustee shall be canceled by it and destroyed. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee shall require the Owner requesting such transfer to pay any tax or other charge required to be paid with respect to such transfer.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Trustee shall require the Owner requesting such exchange to pay any tax or other charge required to be paid with respect to such exchange.

Section 2.07. Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the City and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single registered bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the City and authenticated by the Trustee upon the same conditions and in the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be

surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bond Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times during regular business hours be open to inspection by the City upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed and the Trustee shall provide evidence of such destruction to the City. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the City and the Trustee satisfactory to the Trustee shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The City may require payment of a reasonable fee for each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the City and the Trustee in connection therewith. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10. Book-Entry System. Notwithstanding any provision of this Indenture to the contrary:

(a) At the request of the Original Purchaser, the Bonds shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one certificate maturing on each of the maturity dates set forth in Section 2.02 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the City, upon (i) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (ii) a determination by the City that The Depository Trust Company or its successor is no

longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the City that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the City and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.10, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of an Authorized Representative of the City to the Trustee, a single new Bond shall be issued, authenticated and delivered for each maturity of such Bond then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of an Authorized Representative of the City. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.10, upon receipt of all Outstanding Bonds by the Trustee together with a written request of an Authorized Representative of the City, new Bonds shall be issued, authenticated and delivered in such denominations and registered in the names of such persons as are requested in a written request of the City provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a written request of an Authorized Representative of the City.

(c) The City and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Bonds. Neither the City nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(d) So long as all outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the City and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and interest due with respect to the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(e) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of blank issuer letter of representations (prepared by The Depository Trust Company) executed by the City and received and accepted by The Depository Trust Company.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

Section 3.01. Issuance of Bonds. At any time after the adoption, execution and delivery of this Indenture, the City may execute and the Trustee, upon Request of the City, shall authenticate and deliver Bonds in the aggregate principal amount of six million three hundred fifteen thousand dollars (\$6,315,000).

Section 3.02. Application of Proceeds of Bonds. Upon the receipt of payment for the Bonds on the Closing Date of \$6,930,603.75, being the principal amount of the Bonds of \$6,315,000, less an underwriter's discount of \$12,960.00, plus an original issue premium of \$628,563.75, the Trustee shall apply the proceeds of sale thereof as follows:

(a) The Trustee shall deposit to the Costs of Issuance Fund the sum of \$138,592.54; and

(b) The Trustee shall transfer to the 2002 Trustee the sum of \$6,792,011.21 which, together with released moneys relating to the 2002 Bonds, will be applied to the defeasance of the 2002 Bonds on the Closing Date.

The Trustee may establish temporary funds or accounts on its records to facilitate such transfers.

Section 3.03. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance shall be used and withdrawn by the Trustee to pay Costs of Issuance upon receipt by the Trustee of a Requisition of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account.

(b) At the end of six months from the Closing Date, or upon earlier receipt of a Certificate of the City stating that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund shall be closed and any amounts then remaining in said account shall be transferred to the Bond Fund.

Section 3.04. Validity of Bonds.

(a) The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized, pursuant to each and every requirement of the Bond Law to issue the Bonds in the form and manner provided in this Indenture and the Bonds shall be entitled to the benefit, protection and security of the provisions of this Indenture.

(b) From and after the issuance of the Bonds, the findings and determinations of the City respecting the Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds is at issue, and no bona fide purchaser of any of the Bonds shall be required to see to the existence

of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the proceeds of sale of the Bonds. The recital contained in the Bonds that the same are issued pursuant to the Bond Law and this Indenture shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning of this Indenture, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE IV

NO REDEMPTION OF BONDS

Section 4.01. No Redemption. The Bonds are not subject to redemption prior to their respective stated maturities.

ARTICLE V

GROSS REVENUES; NET REVENUES

Section 5.01. Pledge of Net Revenues. Subject to the provisions of Section 9.06, the Bonds shall be secured by a first pledge of all of the Net Revenues. In addition, the Bonds shall be secured by a pledge of all of the moneys in all funds and accounts held by the Trustee hereunder, including all amounts derived from the investment of such moneys. Such pledge shall constitute a lien on the Net Revenues and such other moneys for the payment of the principal of and interest and premium (if any) on the Bonds in accordance with the terms hereof. The Bonds shall be equally secured by a pledge, charge and lien upon the Net Revenues, without priority for number or date, shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys, except as set forth in this Section 5.01. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys shall not be used for any other purpose, except as set forth in this Section 5.01 except, that out of the Net Revenues, there may be apportioned such sums, for such purposes, as are expressly permitted by Section 5.02.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

The Trustee shall establish and maintain the Bond Fund and, within the Bond Fund, the Interest Account and the Principal Account.

Section 5.02. Receipt, Deposit and Application of Gross Revenues and Net Revenues.

(a) *Application of Gross Revenues.* All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Sewer Enterprise Fund. All Gross Revenues shall be held in trust by the City in the Sewer Enterprise Fund and shall be applied, transferred, used and withdrawn only for the following purposes:

(i) **Operation and Maintenance Costs.** The City shall first pay from the moneys in the Sewer Enterprise Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

(ii) **Payment of Debt Service.** On or before the 5th Business Day preceding each Interest Payment Date, the City shall withdraw from the Sewer Enterprise Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured but which have not been presented for payment), is equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date.

(iii) **Surplus.** As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the

Sewer Enterprise Fund may at any time be treated as surplus and applied for any lawful purpose.

(b) *Application of Net Revenues.* On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding; and

Second: to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

Section 5.05. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture shall, upon Request of the City provided at least two Business Days prior to the date of investment, be invested by the Trustee, but solely in Permitted Investments. In the absence of such Request of the City, the Trustee shall invest available moneys in investments described in paragraph (d) of the definition of Permitted Investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in the money market fund set forth in the letter of authorization and direction executed by the City and delivered to the Trustee. If no specific money market fund had been specified by the City, the Trustee shall make a request to the City for investment directions and, if no investment directions are provided within 10 days, such amount shall be held in cash, uninvested during such 10 day period and thereafter, until specific investment directions are provided by the City to the Trustee. All Permitted Investments shall be acquired subject to the limitations as to maturities hereinafter set forth in this Section 5.07 and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City.

Moneys in the funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Indenture shall be deposited when received in the Bond Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall

be credited to the fund or account for the credit of which such Permitted Investment was acquired.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 9.03, the Trustee shall not be liable or responsible for any loss resulting from such investment.

The City acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

ARTICLE VI

COVENANTS OF THE CITY; SPECIAL TAX COVENANTS

Section 6.01. Punctual Payment. The City shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Discharge of Claims. The City covenants that in order to fully preserve and protect the priority and security of the Bonds the City shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Enterprise which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The City shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Enterprise or upon any part thereof or upon any of the Net Revenues therefrom.

Section 6.04. Operation of Enterprise in Efficient and Economical Manner. The City covenants and agrees to operate, or cause to be operated, the Enterprise in an efficient and economical manner and to operate, maintain and preserve the Enterprise in good repair and working order.

Section 6.05. Against Encumbrance. Except as provided herein, the City covenants that the property, facilities and improvements of the Enterprise shall not be mortgaged or otherwise encumbered, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless: (a) the City shall cause to be filed with the Trustee written evidence from Moody's, if Moody's is rating the Bonds, and/or S&P, if S&P is rating the Bonds, that such sale or other disposition will not cause a reduction or withdrawal of the uninsured rating then assigned to the Bonds by each such rating agency; and (b) such sale or other disposition shall be so arranged as to provide for a continuance of payments into the Bond Fund sufficient in amount to permit payment therefrom of the principal of and interest on the Outstanding Bonds, and also to provide for such payments into the funds as are required under the terms of this Indenture. Notwithstanding the foregoing, the City may lease real property constituting a portion of the Enterprise; provided that the lease payments shall be considered Gross Revenues hereunder.

The City further covenants that the Net Revenues or any other funds pledged or otherwise made available to secure payment of the principal of and interest on the Outstanding Bonds shall not be mortgaged, encumbered, sold, leased, pledged, any charge

placed thereon, or disposed of or used except as authorized by the terms of this Indenture. The City further covenants that it will not enter into any agreement which impairs the operation of the Enterprise or any part of it necessary to secure adequate Net Revenues to pay the principal and interest of the Bonds or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

Section 6.06. Records and Accounts. The City covenants that it shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Trust Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. Any such audit may be combined with and be a part of the general audit of the City's financial records.

The City covenants that it will cause to be prepared annually, not more than two hundred ten (210) days after the close of each Fiscal Year a summary statement showing the amount of Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Bonds, the disbursements from the Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Enterprise. The City shall furnish a copy of the statement to any Bond Owner upon written request.

Section 6.07. Rates and Charges.

(a) *Covenant Regarding Revenues*. The City covenants to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) Debt Service payments on the Bonds as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the City that have been deposited with the Trustee for purposes prior to the commencement of such Fiscal Year;

(iii) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Revenues during such Fiscal Year.

(b) *Covenant Regarding Net Revenues*. In addition, the City covenants to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year.

Section 6.08. Limitations on Future Obligations Secured by Net Revenues.

(a) *No Obligations on Parity or Superior to Bonds.* In order to protect further the availability of the Net Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a parity or senior basis to the Bonds that are payable out of the Net Revenues in whole or in part.

(b) *Subordinate Obligations.* Additional obligations may be issued on a basis subordinate to the Bonds to the extent required.

Section 6.09. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 6.10. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

Section 6.11. Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code.

Section 6.12. Private Loan Financing Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of Section 141(c) of the Code.

Section 6.13. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.14. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 6.15. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds, to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.16. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 6.17. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any

holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE VII

MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION

Section 7.01. Maintenance and Operation of the Enterprise. The City covenants and agrees that it will operate and maintain the Enterprise in accordance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the City.

Section 7.02. Taxes, Assessments, Other Governmental Charges and Utility Charges. The City covenants and agrees that it will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, and utility charges which may be or have been assessed or which may have become liens upon the Enterprise or the interest therein of the Trustee or of the Owners of the Bonds, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Enterprise or any part thereof, and upon request, will furnish to the Trustee receipts for all such payments, or other evidence satisfactory to the Trustee; provided, however, that the City shall not be required to pay any tax, assessment, rate or charge as herein provided as long as it shall in good faith contest the validity thereof, provided that the City shall have set aside adequate reserves with respect thereto.

Section 7.03. Insurance Required.

(a) The City covenants and agrees that, subject to subsection (b) of this Section 7.03, it will keep the Enterprise and all of the operations of the City adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried and against such risks as are customarily insured against in connection with the ownership and operation of facilities of similar character and size in the State. The City further covenants and agrees that, except as otherwise permitted by subsection (b) of this Section 7.03, it will carry and maintain, or cause to be carried and maintained, and will pay or cause to be paid in timely fashion the premiums for, at least the following insurance with respect to the Enterprise when and as such insurance is available:

(i) Insurance, on all properties constituting the Enterprise, against loss or damage by fire, lightning, vandalism, malicious mischief and all other perils covered by the extended coverage insurance endorsement then in use in the State, subject to a deductible of not more than \$100,000 per loss, with a coverage amount equal to the full replacement value of the property insured or the aggregate principal amount of Outstanding Bonds, whichever is the lower of the two. During the course of construction of any substantial addition, extension, alteration or improvement to the Enterprise, the City may, at its option, require the contractor to obtain builder's risk insurance in the amount of the full completed value of such construction work, subject to deductibles of not more than \$100,000 per loss (except that higher deductibles may apply to earthquake and/or flood insurance), covering loss by fire, lightning and removal from the premises endangered by fire and lightning, and all other risks covered by the extended coverage endorsement then in use in the State.

(ii) Boiler insurance providing coverage of pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, transformers and miscellaneous electrical apparatus in the Enterprise which present significant potential for loss, in an amount not less than \$2,000,000, subject to deductibles not exceeding \$100,000 per occurrence.

(iii) Automobile liability insurance in the minimum amount of \$1,000,000 combined single limit (CSL) for bodily injury and/or property damage arising out of any one accident. This shall include non-owned and hired auto liability.

(iv) Comprehensive general liability and professional errors and omissions liability insurance, in the minimum amount of \$5,000,000 as to any one occurrence.

(v) Crime coverage/fidelity bonds or other insurance guarantees on all City officers and employees who collect or have custody of or access to revenues, receipts or income of the Enterprise, in such amounts as are ordinarily carried by organizations engaged in like activities and with gross revenues comparable to those of the Enterprise.

(b) Notwithstanding anything in this Section 7.03 to the contrary, the City shall have the right, without giving rise to an Event of Default solely on such account, (1) to maintain insurance coverage below or deductibles above that required by subsection (a) of this Section 7.03, if the City furnishes to the Trustee a certificate that the amount of insurance is not commercially and financially affordable at rates which are considered reasonable by industry standards, or (2) to adopt alternative insurance/risk transfer programs, in lieu of the policies described in subsection (a) of this Section 7.03, which the City Council determines to be reasonable including, without limitation, to self-insure, in whole or in part, to participate in programs of captive insurance companies, to participate with other entities in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs or to establish or participate in other alternative risk management programs, all as may be approved as reasonable and appropriate risk management by an Insurance Professional.

Section 7.04. Worker's Disability Compensation Act. The City will at all times comply with the Worker's Disability Compensation Act of the State of California, or any successor statute or statutes.

Section 7.05. Insurers; Policy Forms and Loss Payees. Each insurance policy required by Section 7.03(a) shall be carried by stock or mutual insurance companies authorized to do business in the State which are financially responsible and capable of fulfilling the requirements of such policies. All such policies and policies permitted by Section 7.03(b) (except liability policies), if insurance policies are purchased, shall name the Trustee as an additional insured party, beneficiary and/or loss payee as its interest may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving at least sixty (60) days written notice thereof to the City and the Trustee. In lieu of separate policies, the City may maintain package policies which cover one or more risks required to be insured against so long as the minimum coverages required herein are met. The City shall provide the Trustee annually (on or before May 1 in each year) a certificate of the City to the effect that the City is in compliance with the insurance provisions of this Indenture. The City shall also file with the Trustee, a copy of any insurance review or recommendations received by the City from an Insurance Professional pursuant to Section 7.03.

Section 7.06. Disposition of Insurance and Condemnation Proceeds.

(a) The proceeds of the insurance carried pursuant to clauses (i) and (ii) of Section 7.03(a) and the proceeds of any condemnation awards with respect to the Enterprise shall, to the extent that they are in excess of \$25,000 with respect to any occurrence, be paid immediately upon receipt by the City or other named insured parties to the Trustee for deposit

in a special fund which the Trustee shall establish and maintain and hold in trust, when required, to be known as the "Insurance and Condemnation Proceeds Fund." Proceeds with respect to any occurrence in an amount equal to or less than \$25,000 may be retained by the City and used for any lawful purpose of the City. In the event the City elects to repair or replace the property damaged, destroyed or taken in accordance with said plans, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the conditions set forth in Section 3.03 with respect to disbursements from the Costs of Issuance Fund to the extent the provisions of said Section 3.03 may reasonably be made applicable.

(b) In the event the City shall elect not to repair or replace the property damaged, destroyed or taken, as provided in subsection (a) of this Section 7.06, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the City.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 8.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise, in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the City in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained (other than as referred to in subsections (a) or (b) of this Section 8.01), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(d) abandonment by the City of the Enterprise, or any substantial part thereof, and such abandonment shall continue for a period of sixty (60) days after written notice thereof shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, unless the City shall have assumed all of the City's obligations hereunder; or

(e) the City's filing a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or making an assignment for the benefit of creditors, or admitting in writing to its insolvency or inability to pay debts as they mature, or consenting in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Enterprise.

Section 8.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal

amount of the Bonds then Outstanding, by written notice to the City and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.03. Application of Net Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Net Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Section 12.10) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable charges and expenses of the Trustee (including, but not limited to, reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.02), as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference, and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 8.04. Trustee to Represent Bondowners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners

under the provisions of the Bonds, this Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondowners, the Trustee in its discretion may and shall upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Net Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture (including Section 6.02).

Section 8.05. Bondowners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction or would expose the Trustee to liability for which it has not been indemnified to its satisfaction.

Section 8.06. Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Bond Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)) shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Bond Law, the California Government Code or other applicable law with respect to the Bonds, except in the manner herein provided, and that

all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.02).

Section 8.07. Absolute Obligation of City. Nothing in Section 8.06 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 8.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondowners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondowners, then in every such case the City, the Trustee and the Bondowners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the City, the Trustee and the Bondowners shall continue as though no such proceedings had been taken.

Section 8.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 8.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE IX
THE TRUSTEE

Section 9.01. Appointment of Trustee; Duties, Immunities and Liabilities of Trustee.

(a) Wells Fargo Bank, National Association is hereby appointed to serve as Trustee under this Indenture. By execution hereof, the Trustee accepts such appointment.

(b) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The City may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (f) of this Section 9.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(d) The Trustee may at any time resign by giving ninety days prior written notice of such resignation to the City and by giving the Bondowners notice of such resignation by mail to the addresses shown on the Bond Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing.

(e) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of himself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably

required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail a notice of the succession of such Trustee to the trusts hereunder to the Bondowners at the addresses shown on the registration books maintained by the Trustee. If the City fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(f) Any Trustee appointed under the provisions of this Section 9.01 in succession to the Trustee shall be a trust company or bank having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section 9.01.

Section 9.02. Merger or Consolidation. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company or association shall be eligible under subsection (f) of Section 9.01, shall be the successor to such Trustee, as the case may be, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Indenture or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondowners, pursuant to the provisions of this Indenture, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee shall provide the City with seven days' notice prior to making any advance of its own funds hereunder, and, if the City does not provide moneys in the amount needed, the Trustee shall be entitled to interest on the amounts advanced at a rate equal to the then 3-month certificates of deposit rate (by reference to the Wall Street Journal); provided that no such prior notice shall need be given and such interest on amounts advanced shall accrue from the date of any such advance following the occurrence of an Event of Default hereunder.

(g) The Trustee makes no representation, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Enterprise.

(h) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless and until it shall have actual knowledge thereof.

(i) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the same if appointed by it with reasonable care.

Section 9.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to

taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 9.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during regular business hours with reasonable prior notice to the inspection of the City and any Bondowner, and their agents and representatives duly authorized in writing, at the Trust Office of the Trustee and under reasonable conditions.

Section 9.06. Compensation of Trustee. The City covenants to pay to the Trustee from time to time, from available moneys of the City, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the City will pay or reimburse the Trustee upon its request, from available moneys of the City, for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith.

Section 9.07. Indemnification. The City covenants to indemnify the Trustee and to hold it harmless against any loss, liability, expenses or advance, including fees and expenses of counsel and other experts, incurred or made without negligence or bad faith on the part of the Trustee, in the exercise and performance of any of the powers and duties hereunder by the Trustee, including the costs and expenses of defending itself against any claim of liability arising under this Indenture. Such indemnification shall survive the termination or discharge of this Indenture.

ARTICLE X

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 10.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section 10.01. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, provided in this Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such Net Revenues and other assets (except as expressly provided in this Indenture), or terminate the insurance of the Bonds, without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondowners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Bondowners at the addresses shown on the Bond Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds; and

(iii) to make such additions, deletions or modifications as may be necessary to assure exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

(c) No such Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent thereto; nor shall the Trustee be required to consent to any such Supplemental Indenture which affects its rights or obligations hereunder.

Section 10.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article X may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the City and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the City and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Trust Office of the Trustee, without cost to any Bondowner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity.

Section 10.04. Amendment of Particular Bonds. The provisions of this Article X shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE XI

DEFEASANCE

Section 11.01. Discharge of Indenture. Bonds may be paid by the City in any of the following ways; provided that the City also pays or causes to be paid any other sums payable hereunder by the City:

(a) by paying or causing to be paid the principal of and interest on Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or Permitted Investments described in paragraph (a) of the definition thereof ("Defeasance Obligations") in the necessary amount (as provided in Section 11.01) to pay Bonds Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

If the City shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City, filed with the Trustee, signifying the intention of the City to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Net Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the City under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 11.02. In such event, upon Request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment.

Section 11.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 11.01) to pay any Outstanding Bond, provided that the provisions of Section 11.04 shall apply in all events.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 11.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or Defeasance Obligations in the necessary amount to pay any Bonds, the money or Defeasance Obligations so to be deposited or held may include money or Defeasance Obligations held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or

(b) Defeasance Obligations the principal of and interest on which when due will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due.

Section 11.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Trustee, as the case may be, may (at the cost of the City) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the Owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Liability of City Limited to Net Revenues. Notwithstanding anything contained in this Indenture or in the Bonds, the City shall not be required to advance any moneys derived from any source other than the Net Revenues and other assets pledged under this Indenture for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture.

Section 12.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.03. Limitation of Rights to Parties and Bondowners. Except as provided in Article XII hereof, nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the City, the Trustee and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee and the Owners of the Bonds.

Section 12.04. Waiver of Notice. Whenever the giving of notice by mail or otherwise is required in this Indenture, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the City.

Section 12.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 12.07. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, or sent by confirmed telegram, telecopy or telex, to the address (or such other address as may have been filed with the Trustee in writing) set forth below:

To the City: City of Burbank
275 East Olive Street
Burbank, CA 91502
Attention: Financial Services Director
Fax: (818) 238-5520

To the Trustee: Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Department
Fax: (213) 614-3355

Section 12.08. Evidence of Rights of Bondowners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondowners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondowners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the City if made in the manner provided in this Section 12.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of registered Bonds shall be proved by the Bond Registration Books held by the Trustee.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in accordance therewith or reliance thereon.

Section 12.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 12.09 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 12.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it without liability for interest thereon for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 11.04.

Section 12.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

Section 12.12. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 12.13. Waiver of Personal Liability. No member of the City Council, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member of the City Council, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 12.14. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

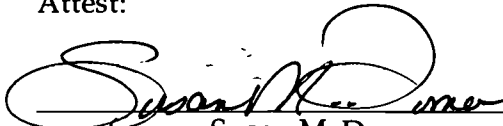
Section 12.15. Governing Law. This Indenture shall be construed in accordance with and governed by the Constitution and laws of the State. If this Indenture shall be the subject of litigation, venue shall reside in the federal or state courts of California.

IN WITNESS WHEREOF, the CITY OF BURBANK has caused this Indenture to be signed in its name by the Management Services Director of the City and attested by the City Clerk, and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

CITY OF BURBANK

By  _____
Justin Hess
Management Services Director

Attest:

 _____
Susan M. Domen
Deputy City Clerk

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Escrow Bank

By _____
Aimee Tabor
Vice President

IN WITNESS WHEREOF, the CITY OF BURBANK has caused this Indenture to be signed in its name by the Management Services Director of the City and attested by the City Clerk, and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

CITY OF BURBANK

By _____
Justin Hess
Management Services Director

Attest:

Susan M. Domen
Deputy City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Bank

By _____
Aimee Tabor
Aimee Tabor
Vice President

EXHIBIT A

FORM OF BOND

**United States of America
State of California
County of Los Angeles**

**CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	May 1, ____	December __, 2011	____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

This Bond is one of a series of Bonds of various maturities designated as "City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012" (the "Bonds"), issued pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code in

the aggregate principal amount of \$6,315,000, all of like tenor (except for such variations, if any, as may be required to designate varying numbers, maturities or interest rates), issued under and pursuant to an Indenture of Trust (the "Indenture") by and between the City and the Trustee, dated as of December 1, 2012, and approved by the City by Resolution No. 28,575, adopted by the City Council of the City on October 30, 2012. A copy of the Indenture is on file at the office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Bond Law is made for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Net Revenues, as that term is defined in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the City and the Owners from time to time of this Bond, and to all the provisions thereof the Owner of this Bond, by his acceptance hereof, consents and agrees. Each taker and subsequent Owner hereof shall have recourse to all of the provisions of the Bond Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The Bonds are issued to provide for the refunding of certain outstanding obligations of the City which are secured by a pledge of the net revenues (the "Net Revenues") of the City's municipal refuse collection and disposal enterprise (the "Enterprise"), as more particularly described in the Indenture. The Bonds are special obligations of the City and are payable, as to interest thereon and principal thereof, from the Net Revenues of the Enterprise. All of the Bonds are equally secured by a pledge of, and charge and lien upon, that portion of the Net Revenues necessary to pay the principal of and interest on the Bonds in any Fiscal Year, and the Net Revenues constitute a trust fund for the security and payment of the principal of and interest on all of the Bonds. Additional obligations of the City payable from the Net Revenues may be issued but only on a subordinate basis to the Bonds.

The principal of and interest on the Bonds are payable solely from the Net Revenues, and the City is not obligated to pay the Bonds except from the Net Revenues. The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal of and interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except the Net Revenues.

The City covenants that, so long as any of the Bonds are outstanding, it will fix, prescribe and collect charges so as to yield Net Revenues at least equal to the amounts thereof prescribed by the Indenture and sufficient to pay the principal of and interest on the Bonds in accordance with the provisions of the Indenture.

The Bonds are not subject to optional redemption prior to maturity.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the office of the Trustee, by the Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds, without coupons, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange herefor, as provided in the Indenture, and upon the payment of charges, if any, including, after the first exchange, the cost of preparing new Bonds therein prescribed.

The rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture. No such modification or amendment shall permit a change in the maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, all as more fully set forth in the Indenture.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Burbank has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Mayor and the manual or facsimile signature of its Deputy City Clerk all as of the Bond Date stated above.

CITY OF BURBANK

By _____
Mayor

ATTEST:

Deputy City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated and registered on _____.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

whose address and social security or other tax identifying number is

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the Bond registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

CITY OF BURBANK

and

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Escrow Bank

Dated December 4, 2012

Relating to
City of Burbank
Waste Disposal Revenue Bonds, 2002 Series B

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT is dated December 4, 2012, by and between the CITY OF BURBANK, a municipal corporation and chartered city organized and existing under the constitution and laws of the State of California (the "City"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank");

WITNESSETH:

WHEREAS, the City has heretofore authorized, issued and sold \$10,290,000 principal amount of its Waste Disposal Revenue Bonds, 2002 Series B (the "2002 Bonds"), for the purpose of financing the improvement, betterment, renovation and expansion of certain facilities within the City's municipal refuse collection and disposal enterprise (the "Enterprise"), pursuant to an Indenture of Trust, dated as of May 15, 1989, as amended (the "2002 Indenture"), by and between the City and Wells Fargo Bank, National Association, as successor trustee (the "2002 Trustee");

WHEREAS, Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Refunding Bond Law") authorizes the City to issue its refunding bonds for the purpose of refunding obligations of the City;

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of Bonds under the Refunding Bond Law to redeem all outstanding 2002 Bonds in full on December 17, 2012, at the redemption price of 100% of the principal amount thereof, and, to that end, the City Council of the City, on October 30, 2012, adopted its Resolution No. 28,575 approving and authorizing the issuance of its \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "2012 Bonds") for such purposes pursuant to an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee");

WHEREAS, the 2002 Indenture provides that in the event that the City deposits, or causes the deposit on its behalf of, with the 2002 Trustee, in trust, at or before maturity, moneys sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the 2002 Bonds to be paid or redeemed, then the 2002 Indenture and the pledge of Net Revenues (as defined in the 2002 Indenture) and other assets made under the 2002 Indenture and all covenants, agreements and other obligations of the City under the 2002 Indenture shall cease, terminate, become void and be completely discharged and satisfied;

WHEREAS, the City proposes to make the deposit of moneys and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to the payment of the principal of, interest on and redemption premium due with respect to the 2002 Bonds in accordance with the instructions provided by this Escrow Deposit and Trust Agreement, and the Escrow Bank desires to accept said appointment;

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Deposit and Trust Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Bank. The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Deposit and Trust Agreement and in accordance with the terms and provisions of this Escrow Deposit and Trust Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created by the City with, and to be held by, the Escrow Bank, as security for the payment of the principal of, interest on and redemption premium due with respect to the 2002 Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the City and for the benefit of the owners of the 2002 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the redemption price of the 2002 Bonds in accordance with the provisions of the 2002 Indenture.

If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency.

Section 3. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the 2012 Bonds, the City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$7,809,414.54 in immediately available funds, derived as follows:

(i) \$6,792,011.21_ from the proceeds of sale of the 2012 Bonds, and

(ii) \$1,017,403.33 from the reserve account established pursuant to the 2002 Indenture (the "Prior Reserve Account").

(b) The Escrow Bank shall hold all amounts deposited in the Escrow Fund in cash, uninvested.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Deposit and Trust Agreement.

(d) Any money left on deposit in the Escrow Fund after payment in full of the 2002 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Trustee for deposit in the Revenue Fund created under the 2012 Indenture.

Section 4. Instructions as to Application of Deposit.

(a) The City hereby irrevocably directs and instructs the Escrow Bank to redeem all outstanding 2002 Bonds prior to maturity on December 17, 2012, as more particularly set forth in Exhibit A attached hereto and hereby made a part hereof.

(b) The City has previously instructed the Escrow Bank, in its capacity as 2002 Trustee, to give notice of redemption of the 2002 Bonds and the Escrow Bank, as 2002 Trustee, has given such notice in accordance with the applicable provisions of the 2002 Indenture.

Section 5. Application of Prior Funds. On the date of original delivery of the 2012 Bonds and the deposit of a portion of the proceeds thereof in the Escrow Fund pursuant to Section 3, the Escrow Bank, as 2002 Trustee, is hereby directed to withdraw all amounts (\$1,017,403.33) on deposit in the Prior Reserve Account and transfer such sum to the Escrow Fund. Any amounts remaining in any other fund or account created with respect to the 2002 Bonds, including interest earnings received by the 2002 Trustee, shall, after payment of all fees and expenses of the 2002 Trustee, be paid to the Trustee for deposit in the Revenue Fund created under the 2012 Indenture.

Section 6. Escrow Bank.

(a) The Escrow Bank shall look solely to the City for compensation for its duties under this Escrow Agreement and shall have no right whatsoever against the Escrow Fund for fees, compensation, costs or expenses. The City shall also reimburse the Escrow Bank for out-of-pocket costs such as cost of giving notice of redemption of the 2002 Bonds, legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

(b) The City agrees to indemnify the Escrow Bank, its agents and its officers, directors and employees for, and hold the Escrow Bank, its agents and its officers, directors and employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Bank) which may be imposed on, incurred by, or asserted against the Escrow Bank or such other party at any time by reason of, or in connection with, the performance of its duties as Escrow Bank hereunder, unless due to the negligence or willful misconduct of any indemnified party. Such indemnity shall survive the termination or discharge of this Escrow Agreement and the earlier removal or resignation of the Escrow Bank.

(c) The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank shall have no duty or responsibility under this Escrow Agreement in the case of any default by the City in the performance of the covenants or agreements contained in the 2002 Indenture or in the 2012 Indenture.

(d) The Escrow Bank may consult with counsel of its own choice (which may be counsel for the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(e) The Escrow Bank shall not be responsible for any of the recitals or representations contained herein, in the 2002 Indenture or in the 2012 Indenture.

(f) The Escrow Bank may become the owner of, or acquire any interest in, any of the 2012 Bonds with the same rights that it would have if it were not the Escrow Bank, and may engage or be interested in any financial or other transaction with the City.

(g) The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest, or premiums, if any, on the 2002 Bonds.

(h) The Escrow Bank shall not be liable for any action or omission of the City under this Escrow Agreement, under the 2002 Indenture or the 2012 Indenture.

(i) Whenever in the administration of this Escrow Agreement, the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or

suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of the City and shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(j) The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Escrow Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank in accordance with this Escrow Agreement and reasonably believed by the Escrow Bank to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(k) The Escrow Bank may at any time resign by giving written notice to the City of such resignation. The City shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the City does not appoint a successor, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank. After receiving a notice or resignation of an Escrow Bank, the City may appoint a temporary Escrow Bank until the City appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed by the City shall immediately and without further act be superseded by the successor Escrow Bank so appointed.

(l) The Escrow Bank shall perform such duties and only such duties as are specifically set forth in this Escrow Agreement, and no implied actions, covenants or obligations shall be read into this Escrow Agreement against the Escrow Bank.

(m) None of the provisions of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

(n) Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Escrow Agreement, shall be the successor to such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

(o) The Escrow Bank shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Bank and could not have been avoided by exercising due care. Force majeure shall

include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(p) The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7. No Rights to Others. Nothing in this Escrow Agreement expressed or implied is intended or shall be construed to give to any person other than the City, the Escrow Bank and the owners of the 2002 Bonds any legal or equitable right, remedy or claim under or in respect to this Escrow Agreement or any covenants, conditions or provisions herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Escrow Bank and the owners of the 2002 Bonds.

Section 8. Notices. All notices, requests, demands and other communications under this Escrow Agreement by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

(a) if to the City, to City of Burbank, 275 East Olive Avenue, Burbank, CA 91502, Attention: Finance Director.

(b) if to the Escrow Bank, to Wells Fargo Bank, National Association, 707 Wilshire Boulevard 17th Floor, Los Angeles, CA 90071 Attention: Corporate Trust Department.

Section 9. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2002 Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2002 Bonds or the 2012 Bonds, and that such amendment will not cause interest on the 2002 Bonds or on the 2012 Bonds to become subject to federal income taxation.

Section 10. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 11. Severability. In case any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Escrow Agreement, but this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

Section 12. Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the City and the Escrow Bank shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 13. Business Days. Whenever any act is required by this Escrow Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

IN WITNESS WHEREOF, the City and the Escrow Bank have each caused this Escrow Deposit and Trust Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF BURBANK

By  _____
Justin Hess
Management Services Director

Attest:

 _____
Susan M. Domen
Deputy City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Bank

By _____
Aimee Tabor
Vice President

IN WITNESS WHEREOF, the City and the Escrow Bank have each caused this Escrow Deposit and Trust Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF BURBANK

By _____
Justin Hess
Management Services Director

Attest:

Susan M. Domen
Deputy City Clerk

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Bank

By _____
Aimee Tabor
Aimee Tabor
Vice President

EXHIBIT A

PAYMENT AND REDEMPTION SCHEDULE

<u>Interest Payment Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
12/17/12	—	\$7,760,000	\$49,414.54	—	\$7,809,414.54

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CITY OF BURBANK (the "City") in connection with the issuance by the City of its \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012. (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee. The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean NBS Government Finance Group, DBA NBS, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

"EMMA" or "Electronic Municipal Market Access" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Participating Underwriter" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2013, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the

audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (1) Any rate changes adopted in the recently completed fiscal year in the form of Table 1.
- (2) Number of accounts for recently completed fiscal year in the form of Table 3.
- (3) Annual amount of solid waste collected by the Enterprise in the recently completed fiscal year in the form of Table 4.
- (4) Historical operating results and debt service coverage for the recently completed fiscal year in the form of Table 6.
- (5) Balance in reserves as of June 30 of the recently completed fiscal year in the form of Table 7.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate

thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the City or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the City shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as

for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 4, 2012

CITY OF BURBANK

By  _____
Justin Hess
Management Services Director

ACKNOWLEDGED:

NBS GOVERNMENT FINANCE GROUP,
DBA NBS, as Dissemination Agent

By _____
Authorized Officer

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 4, 2012

CITY OF BURBANK

By _____
Justin Hess
Management Services Director

ACKNOWLEDGED:

NBS GOVERNMENT FINANCE GROUP,
DBA NBS, as Dissemination Agent

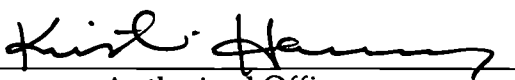
By 
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Burbank

Name of Issue: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Date of Issuance: December 4, 2012

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate dated December 4, 2012, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF BURBANK, as Dissemination Agent

By _____
Name _____
Title _____

cc: Trustee

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for the Bonds. The captioned bonds (the "Bonds") are issued under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53550) of the California Government Code, an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the Bonds will be used to (a) current refund the City's outstanding Waste Disposal Revenue Bonds, 2002 Series B (the "2002 Bonds") and (b) pay the costs of issuing the Bonds.

Payment of Debt Service. The Bonds will bear interest at the rates shown below, payable semiannually on each May 1 and November 1, commencing May 1, 2013 (each an "Interest Payment Date"), and are issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

The principal of the Bonds will be payable upon presentation and surrender of such Bonds, when due, at the principal corporate trust office of the Trustee. On each Interest Payment Date, the Trustee will pay interest by check mailed by first class mail to the person appearing on the applicable record date as the registered owner thereof, to the address shown on the registration books of the Trustee, or by wire transfer to any owner of \$1,000,000 or more in aggregate principal amount of the Bonds to a bank account in a state or national bank in the United States designated by such owner for such purpose prior to said record date. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined in this Official Statement) for subsequent distribution to the Beneficial Owners (as defined in this Official Statement) of the Bonds.

Registration. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests therein.

No Redemption. The Bonds are not subject to redemption prior to maturity.

Security for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on Net Revenues generated by operation of the City's refuse collection and disposal enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture. The term "Net Revenues" is defined in the Indenture to mean the gross revenues of the Enterprise, less operating and maintenance expenses of the Enterprise.

No Reserve Fund. The City is not funding a debt service reserve fund for the Bonds.

No Parity Obligations. Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, the City has no outstanding obligation that is payable from Net Revenues of the Enterprise on a parity with the Bonds. The City is not authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the Bonds.

Rate Covenant. The City has covenanted under the Indenture to prescribe, revise and collect such charges from the services and facilities of the Enterprise which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Bonds in such Fiscal Year.

MATURITY SCHEDULE
(See inside cover)

Financial Advisor. Ross Financial, San Francisco, California, serving as financial advisor to the City, has structured this issue.

This cover page and the inside cover page contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City Attorney, and by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds will be delivered in definitive form through the facilities of DTC on or about December 4, 2012.

Dated November 15, 2012

43

MATURITY SCHEDULE

CUSIP Prefix[†]: 12082M†

<u>Maturity May 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix[†]</u>
2013	\$480,000	3.000%	0.200%	EH6
2014	575,000	3.000	0.300	EJ2
2015	590,000	3.000	0.400	EK9
2016	610,000	3.000	0.500	EL7
2017	630,000	3.000	0.600	EM5
2018	645,000	3.000	0.700	EN3
2019	665,000	3.000	0.900	EP8
2020	685,000	3.000	1.100	EQ6
2021	710,000	3.000	1.320	ER4
2022	725,000	3.000	1.500	ES2

[†] Copyright 2012, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included in this Official Statement. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF BURBANK

City Council

Dave Golonski, *Mayor*
Emily Gabel-Luddy, *Vice Mayor*
Gary Bric, *Council Member*
Dr. David Gordon, *Council Member*
Jess Talamantes, *Council Member*

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Ray Krakowski, *Interim City Manager**
Debbie Kukta, *City Treasurer*
Amy Albano, *City Attorney*
Bonnie Teaford, *Public Works Director*
Cindy Giraldo, *Financial Services Director*
Zizette Mullins, *City Clerk*

* Mr. Krakowski, who is the City's Fire Chief, will act as Interim City Manager until December 1, 2012. Kenneth R. Pulskamp, who is retiring as City Manager of the City of Santa Clarita, will act as Interim City Manager beginning December 1, 2012 while the City conducts a search for a permanent City Manager.

Special Services

Ross Financial
San Francisco California
Financial Advisor

Quint & Thimmig LLP
San Francisco, California
Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California
Disclosure Counsel

Wells Fargo Bank, National Association
Los Angeles, California
Trustee

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, shall have the meanings prescribed in the Indenture.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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APPENDIX A: SUMMARY OF THE INDENTURE

APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D: GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

APPENDIX E: FORM OF OPINION OF BOND COUNSEL

APPENDIX F: BOOK-ENTRY ONLY SYSTEM

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In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



**\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012**

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for the Bonds. The captioned bonds (the "Bonds") are issued under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53550) of the California Government Code, an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the Bonds will be used to (a) current refund the City's outstanding Waste Disposal Revenue Bonds, 2002 Series B (the "2002 Bonds") and (b) pay the costs of issuing the Bonds.

Payment of Debt Service. The Bonds will bear interest at the rates shown below, payable semiannually on each May 1 and November 1, commencing May 1, 2013 (each an "Interest Payment Date"), and are issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

The principal of the Bonds will be payable upon presentation and surrender of such Bonds, when due, at the principal corporate trust office of the Trustee. On each Interest Payment Date, the Trustee will pay interest by check mailed by first class mail to the person appearing on the applicable record date as the registered owner thereof, to the address shown on the registration books of the Trustee, or by wire transfer to any owner of \$1,000,000 or more in aggregate principal amount of the Bonds to a bank account in a state or national bank in the United States designated by such owner for such purpose prior to said record date. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined in this Official Statement) for subsequent distribution to the Beneficial Owners (as defined in this Official Statement) of the Bonds.

Registration. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests therein.

No Redemption. The Bonds are not subject to redemption prior to maturity.

Security for the Bonds. The Bonds are payable from and secured by a first pledge of and lien on Net Revenues generated by operation of the City's refuse collection and disposal enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture. The term "Net Revenues" is defined in the Indenture to mean the gross revenues of the Enterprise, less operating and maintenance expenses of the Enterprise.

No Reserve Fund. The City is not funding a debt service reserve fund for the Bonds.

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Rate Covenant. The City has covenanted under the Indenture to prescribe, revise and collect such charges from the services and facilities of the Enterprise which will produce gross revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times the aggregate of obligations of the City with respect to the Bonds in such Fiscal Year.

**MATURITY SCHEDULE
(See inside cover)**

Financial Advisor. Ross Financial, San Francisco, California, serving as financial advisor to the City, has structured this issue.

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Dated November 15, 2012

MATURITY SCHEDULE

CUSIP Prefix†: 12082M†

<u>Maturity May 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix†</u>
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2015	590,000	3.000	0.400	EK9
2016	610,000	3.000	0.500	EL7
2017	630,000	3.000	0.600	EM5
2018	645,000	3.000	0.700	EN3
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2020	685,000	3.000	1.100	EQ6
2021	710,000	3.000	1.320	ER4
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CITY OF BURBANK

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Gary Bric, *Council Member*
Dr. David Gordon, *Council Member*
Jess Talamantes, *Council Member*

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* Mr. Krakowski, who is the City's Fire Chief, will act as Interim City Manager until December 1, 2012. Kenneth R. Pulskamp, who is retiring as City Manager of the City of Santa Clarita, will act as Interim City Manager beginning December 1, 2012 while the City conducts a search for a permanent City Manager.

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Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California
Disclosure Counsel

Wells Fargo Bank, National Association
Los Angeles, California
Trustee

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, shall have the meanings prescribed in the Indenture.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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APPENDIX A: SUMMARY OF THE INDENTURE

APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D: GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

APPENDIX E: FORM OF OPINION OF BOND COUNSEL

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OFFICIAL STATEMENT

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds,
Series 2012

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices, provides information in connection with the sale of the captioned bonds (the “**Bonds**”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used, but not otherwise defined in this Official Statement, shall have the meanings assigned thereto as set forth in APPENDIX A – “SUMMARY OF THE INDENTURE.”

The City

The City of Burbank (the “**City**”) is located in the greater metropolitan Los Angeles area, approximately twelve miles northeast of downtown Los Angeles. The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City’s population as of January 1, 2012, was estimated to be 104,427. The City provides its residents with electric, water and sewer utilities and refuse collection and disposal service and operates its own police and fire departments. See “THE CITY” and APPENDIX D – “GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY.”

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, a resolution adopted by the City Council of the City on October 30, 2012 (the “**Resolution**”), and an Indenture of Trust (the “**Indenture**”), dated as of December 1, 2012, by and between the City and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”).

The Enterprise

In 1927, the City adopted an ordinance regulating the collection of refuse and garbage within the City. The ordinance included the establishment of fees for service, collection by

municipal crews and frequency of collection. In addition to refuse collection, the Enterprise also includes a recycling center and one active landfill. Fees for service are charged to provide sufficient funding for costs of operations and capital improvements and replacement. As of June 30, 2012, the Enterprise consisted of 63,677 residential accounts in the City and 1,926 commercial accounts (including apartment accounts requiring bin service). The Enterprise is administered and operated by the City's Public Works Department. See "THE ENTERPRISE."

Purpose of the Bonds

The Bonds are issued to (i) current refund the City's \$10,290,000 initial principal amount Waste Disposal Revenue Bonds, Series B (Tax-Exempt), of which \$7,760,000 principal amount remains outstanding (the "2002 Bonds") and (ii) pay the costs of issuing the Bonds. See "THE REFUNDING PLAN."

Security for the Bonds

The Bonds are payable from and secured by a first pledge of and lien on Net Revenues received from the operation of the Enterprise and moneys in the funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS."

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

No Additional Obligations

Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, there are no outstanding obligations payable from Net Revenues of the Enterprise.

The City is *not* authorized under the Indenture to incur additional obligations and issue additional bonds that are payable from Net Revenues on a parity with the Bonds. See "SECURITY FOR THE BONDS—Limitations on Future Obligations Secured by Net Revenues." The City is authorized to incur obligations payable from Net Revenues on a subordinate basis to the Bonds.

Rate Covenant

Under the Indenture, the City has covenanted to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues that are at least equal to 125% of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year. See "SECURITY FOR THE BONDS—Rate Covenant."

Payment

Principal of the Bonds will be payable in each of the years and in the amounts set forth on the inside cover page of this Official Statement at the office of the Trustee. Interest on the Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See "THE BONDS—General." Initially, principal of and interest on the Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York,

New York (“DTC”), which will in turn remit such interest and principal to DTC Participants (as defined in this Official Statement), which will in turn remit such interest and principal to Beneficial Owners (as defined in this Official Statement) of the Bonds. See “THE BONDS—Book-Entry Only System.”

No Redemption

The Bonds are not subject to optional redemption prior to their stated maturity dates. See “THE BONDS—No Redemption.”

Form of Bonds

The Bonds will be dated as of their date of delivery and will be issued in fully registered form, without coupons, in the minimum denominations of \$5,000 or any integral multiple thereof. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture. See “THE BONDS—General.”

Book-Entry System

The Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in denominations of \$5,000 or any integral multiple thereof, in book-entry form only. Upon receipt of payments of principal of and interest on the Bonds, DTC will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS—Book-Entry Only System” below and APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

Risks of Investment

The Bonds are repayable only from Net Revenues and moneys in certain funds and accounts established under the indenture. For a discussion of some of the risks associated with the purchase of the Bonds, see “RISKS RELATING TO THE BONDS.”

Continuing Disclosure

The City has covenanted, for the benefit of the owners and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Enterprise by not later than nine months following the end of each Fiscal Year (currently June 30), and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” and APPENDIX C – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled “REFUNDING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “SECURITY FOR THE BONDS,” “THE ENTERPRISE” AND APPENDIX D – “GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY,” contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual

results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See "RISK FACTORS RELATING TO THE BONDS."

Other Matters

There follows in this Official Statement, including the appendices, brief descriptions of the Bonds, the security for the Bonds, the Indenture, the City, the Enterprise, and certain other information relevant to the issuance of the Bonds. The descriptions and summaries of documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions. All statements in this Official Statement with respect to such documents are qualified in their entirety by reference to each such document for the complete details of all of their respective terms and conditions. All statements in this Official Statement with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee.

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

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including the table of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Other Information

This Official Statement speaks only as of its date and the information contained in this Official Statement is subject to change without notice. Copies of the Indenture are available from the City upon written request to the City, 275 East Olive Avenue, Burbank, CA 91502, Attention: City Manager. The City may impose a charge for copying, mailing and handling expenses related to any request for documents.

THE REFUNDING PLAN

The City issued its 2002 Bonds to (i) refund, on a current basis, bonds that the City had issued in 1992 to finance the acquisition and construction of public facilities constituting a part of the Enterprise, (ii) refund, on a current basis, bonds that the City had issued in 1993 to finance the acquisition and construction of public facilities constituting a part of the Enterprise, (iii) refund, on an advance basis, bonds that the City had issued in 1994 to finance the acquisition and construction of public facilities constituting a part of the Enterprise and (iv) finance the acquisition and construction of public facilities constituting a part of the Enterprise.

The 2002 Bonds are subject to optional redemption in whole on any date on or after May 1, 2012, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, without premium.

The City will cause the deposit of a portion of the proceeds of the Bonds, together with other available moneys related to the 2002 Bonds, into an escrow fund to be held by Wells Fargo Bank, National Association, as escrow bank, pursuant to an Escrow Deposit and Trust Agreement. Amounts in the escrow fund will be held uninvested, and the amount deposited will be sufficient to pay the redemption price of the 2002 Bonds on December 17, 2012.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

<u>Sources:</u>	
Principal Amount of Bonds	\$6,315,000.00
Less: Underwriter's Discount	(12,960.00)
Plus: Original Issue Premium	628,563.75
Plus: Funds Relating to the 2002 Bonds	<u>1,017,403.33</u>
Total Sources	\$7,948,007.08
 <u>Uses:</u>	
Amount to Redeem the 2002 Bonds	\$7,809,414.54
Deposit to Costs of Issuance Fund ⁽¹⁾	<u>138,592.54</u>
Total Uses	\$7,948,007.08

(1) Costs of Issuance include legal fees, printing costs, rating agency fees and other miscellaneous expenses.

DEBT SERVICE REQUIREMENTS

Scheduled debt service on the Bonds is presented below.

<u>Maturity (May 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$480,000	\$ 77,358.75	\$ 557,358.75
2014	575,000	175,050.00	750,050.00
2015	590,000	157,800.00	747,800.00
2016	610,000	140,100.00	750,100.00
2017	630,000	121,800.00	751,800.00
2018	645,000	102,900.00	747,900.00
2019	665,000	83,550.00	748,550.00
2020	685,000	63,600.00	748,600.00
2021	710,000	43,050.00	753,050.00
2022	725,000	21,750.00	746,750.00
TOTALS	\$6,315,000	\$986,958.75	\$7,301,958.75

THE BONDS

Authority for Issuance

The Bonds are authorized pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, a resolution adopted by the City Council of the City on October 30, 2012, and the Indenture.

General Provisions

The Bonds will be dated as of their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

Repayment of the Bonds. Interest on the Bonds will be payable on May 1 and November 1 in each year, beginning May 1, 2013 (each an "Interest Payment Date"), to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Book. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest will be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not less than 15 days preceding such special record date. Principal of any Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee in Los Angeles, California. Both the principal of and interest on the Bonds will be payable in lawful money of the United States of America.

The Bonds will bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

DTC as Registered Owner. The Bonds will initially be issued in book-entry only form, registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC. See “THE BONDS—Book-Entry Only System.”

No Redemption

The Bonds are not subject to redemption prior to their scheduled maturity date.

Book-Entry Only System

The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds so purchased. Individual purchases will be made in book-entry form. One fully registered Bond certificate will be issued for each series and maturity of the Bonds having the same interest rate, in the aggregate principal amount of such maturity and will be deposited with DTC. Purchasers will not receive a certificate representing their beneficial ownership interest in Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Bondowners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the “Beneficial Owners” of the Bonds. In this Official Statement, the term “Beneficial Owner” shall mean the person for whom a DTC Participant acquires an interest in the Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer of same day funds by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

SECURITY FOR THE BONDS

Pledge of Net Revenues

General. The Bonds are secured by a first pledge of all of the Net Revenues.

In addition, the Bonds are secured by a pledge of all of the moneys in the Bond Fund, including all amounts derived from the investment of such moneys.

So long as any of the Bonds are Outstanding, the Net Revenues and the moneys in the Bond Fund may not be used for any other purpose, except as set forth in the Indenture.

Relevant Definitions. The Indenture defines "Enterprise" as any and all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment, disposal or recycling of refuse or solid waste, including disposal facilities, landfills, monitoring, collection and recovery systems and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or recycling of refuse or solid waste, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

The Indenture defines "Net Revenues" as, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

The Indenture defines "Gross Revenues" as all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all fees and charges received by the City in connection with its operation of the Enterprise, (b) amounts received by the City from the levy of an excise tax upon property owners within the geographic boundaries of the City that are not utilizing the services of the Enterprise, (c) fees received by the City from agencies of the City and other governmental entities in connection with the use of the Enterprise, and (d) all receipts derived from the investment of such income or revenues; but excluding the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the City and excluding the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City.

The Indenture defines "Operation and Maintenance Costs" as the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on generally accepted accounting principles, including (among other things) the reasonable expenses of management, personnel, services, equipment, repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All of the Gross Revenues will be deposited by the City immediately upon receipt in the Enterprise Fund. All Gross Revenues will be held in trust by

the City in the Enterprise Fund and will be applied, transferred, used and withdrawn only for the following purposes:

Operation and Maintenance Costs. The City will first pay from the moneys in the Enterprise Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

Payment of Debt Service. On or before the fifth Business Day preceding each Interest Payment Date, the City will withdraw from the Enterprise Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured but which have not been presented for payment), is equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date.

Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, inclusive, any moneys remaining in the Enterprise Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Net Revenues in the Bond Fund. On or before the Business Day preceding each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding; and

Second: to the Principal Account, the aggregate amount of principal or sinking fund installment becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Application of Interest Account

All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable.

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

Rate Covenant

Covenant Regarding Gross Revenues. The City covenants in the Indenture to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) Debt Service payments on the Bonds as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the City that have been deposited with the Trustee for purposes prior to the commencement of such Fiscal Year;

(iii) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Gross Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the City covenants to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield (i) Net Revenues which are at least equal to 125% of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues

No Existing Parity Debt. Other than the 2002 Bonds, which will be defeased and redeemed with proceeds of the Bonds, there are no outstanding obligations payable from Net Revenues of the Enterprise.

No Obligations Superior to Bonds. In order to protect further the availability of the Net Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a senior basis to the Bonds that are payable out of the Net Revenues in whole or in part.

No Parity Obligations. The City is *not* authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the Bonds.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the Bonds to the extent required.

Limited Obligation

The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal of and interest on the Bonds. The owners of the Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property. The principal of and interest on the Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Enterprise.

THE ENTERPRISE

General

In 1927, the City adopted an ordinance regulating the collection of refuse and garbage within the City. The ordinance included the establishment of fees for service, collection by municipal crews and frequency of collection. Fees for service are charged to provide sufficient funding for costs of operations and capital improvements and replacement

In addition to refuse collection, the Enterprise also includes a recycling center and one active landfill (Landfill No. 3). See "The Recycle Center" and "Disposal Facilities" below. The City has established reserves consistent with State law related to closure of Landfill No. 3. See "RISK FACTORS RELATING TO THE BONDS – Landfill Closure Costs."

As of June 30, 2012, the Enterprise consists of 63,677 residential accounts in the City and 1,926 commercial accounts (including apartment accounts requiring bin service).

The Enterprise is administered and operated by the City's Public Works Department. Refuse collection crews service all single-family residents, 60% of the multi-family residents in the City, and about 20% of all commercial/industrial customers. While single-family customers may elect not to have their refuse collected by the City and choose an alternate collection service, they must obtain a permit to be a self-hauler. None has done so to date. In fiscal year 2011-12, the City collected approximately 62,651 tons per year, consisting of refuse (34,424 tons), green waste (19,055 tons) and recyclables (9,172 tons) from residential and commercial accounts.

Haulers in the City may be licensed by the City to compete for the bin service accounts in the apartment bin and commercial sectors. The private haulers operating in the City must transport the refuse collected in the City to landfills outside the City. See Table 3 below for a five-year history of bin service accounts served by the City.

Recycle Center

A Recycle Center was completed in October 1992; the Recycle Center handles expanded recycling programs and larger volumes of materials. The Recycle Center is currently operated by Burrtec Waste Industries, Inc. ("**Burrtec**").

The Recycle Center was previously operated by Burbank Recycling, Inc. ("**BRI**"), pursuant to an "Agreement to Operate the Burbank Recycle Center, Operate the Palm Avenue Recycling Station and Provide Green Waste Diversion Services" dated August 24, 2009 (the "**2009 Agreement**") between the City and BRI.

In January 2010, the Department of Resources Recycling and Recovery denied the City's biennial application for renewal of its curbside registration, which allows the City to receive revenue from the State's beverage container recycling fund ("**CRV Fund**"). The City appealed, and an administrative law judge affirmed the denial in May 2011 on the basis that BRI had failed to comply with State law and regulations with respect to another facility it operated in a different City. The administrative law judge found no wrongdoing on the part of the City. On June 7, 2011, the City Council decided not to appeal the decision, which took effect on June 25, 2011. The denial of the curbside registration affects the City's ability to collect (i) a commodity fee from Burrtec as a result of the sale of recyclable materials, as described in the second succeeding paragraph and (ii) CRV revenues for bottles and cans (the CRV revenues generated \$20,432.23 in fiscal year 2010-11).

In response, the City replaced BRI with Burrtec, and amended the 2009 Agreement pursuant to a "First Amendment to the Agreement to Operate the Burbank Recycle Center and Provide Green Waste Diversion Services" dated January 4, 2012 (the "**First Amendment**;" together with the 2009 Agreement, the "**Recycle Center Agreement**"), between the City and Burrtec.

The Recycle Center Agreement requires Burrtec to manage, operate, and maintain a buy-back center and drop-off center at the Recycle Center for the purchase or collection of recyclable material, which includes, but is not limited to, paper, plastics, metals, aluminum, old corrugated containers (cardboard), and glass. Burrtec pays all of the costs of operating and managing the Recycle Center, with the exception of some maintenance costs paid by the City. Burrtec must accept all recyclable materials from the City's collection vehicles, and is authorized to sell all material recovered through its programs and is entitled to retain all revenues (including all CRV value) from its sales. The Recycle Center Agreement calls for the following significant payments related to recyclable materials:

- Burrtec pays the City a monthly facility rental fee of \$16,200.
- The City pays Burrtec a \$60/load fee (subject to an annual cost of living adjustment) for transporting residual solid waste left over from recyclable materials collected by City collection vehicles and processed at the Recycle Center.
- The City pays Burrtec a station operating fee of \$11,300 per month.
- Burrtec pays the City a "Commodity Fee" if the "net material revenue" (generally, revenue from the sale of recyclable material less the cost of processing the recyclable material) is greater than \$0. If the Net Material Revenue is less than \$0, then the City reimburses Burrtec the full negative amount of the Net Material Revenue. The Commodity Fee is calculated differently depending upon whether the Department of Resources, Recycling and Recovery approves the Recycle Center as a certified processing facility and is eligible to participate in CRV reimbursement programs.

Because of the loss of the City's CRV registration, the City stopped receiving a Commodity Fee effective the second week of calendar year 2012; the Commodity Fee had generated the following revenue in the past three fiscal years (there was no contract calling for a Commodity Fee until October 2009):

<u>Fiscal Year</u>	<u>Commodity Fee</u>
2009-10	\$375,446
2010-11	606,293
2011-12	(35,691) ⁽¹⁾

(1) The negative amount in fiscal year 2011-12 reflects the fact that the City was obligated to reimburse Burrtec the negative amount of the Net Material Revenue rather than receiving a Commodity Fee from Burrtec.

The City does not expect to receive a Commodity Fee from Burrtec until the Recycle Center is certified to participate in CRV reimbursement programs. The City expects to apply for curbside registration renewal by the end of calendar year 2012. The City expects (but can provide no assurance) that its application will be accepted and that it again will receive the curbside registration renewal. For the projections shown in Table 8 below, the City assumed curbside registration renewal would not be received; the City expects recycling revenues to increase if curbside registration renewal is received.

As part of its contract, Burrtec also provides the City with transportation and disposal service for all green waste collected by the City's Refuse Collection Division. The City deposits the green waste at a designated location at the City's landfill. The landfill operators load this material into Burrtec-provided transfer trailers, then Burrtec transports the green waste to Ventura County where it is applied to agricultural fields as mulch. The City pays Burrtec a green waste hauling fee for this service.

Disposal Facilities

Landfill No. 1 and Landfill No. 2. The City began its own landfill operations in 1947 in the adjacent Verdugo Mountains. Landfill No. 1 was closed in the early 1960's and Landfill No. 2 was closed in the early 1970's. The City has no known remaining liability with respect to these closures.

Landfill No. 3. Landfill No. 3 is the only active landfill owned and operated by the City. On June 3, 1997, the Department of Resources Recycling and Recovery issued a permit for Landfill No. 3 that allows the facility to operate on 86 acres. The next permit review due date under this permit is July 11, 2016. Under the permit date, the design capacity is 5,933,365 cubic yards and 240 tons per operating day. The estimated closure date is 2053 based on a waste volume of 240 tons per operating day and 256 operating days per year. The City is operating Landfill No. 3 in compliance with the permit and has not had any material instances of non-compliance in the last five years.

Landfill No. 3 accepts only mixed municipal waste, non-hazardous solid waste from industrial sources and construction/demolition waste destined for direct disposal. The site is not open to the general public or to private waste haulers. Current City policy does not allow for the disposal of solid waste at Landfill No. 3 from sources outside of the City limits. In addition, a program for random load inspection is in place to assure materials received at the site are in compliance with the permit requirements.

Maintenance crews from certain City departments and the Burbank Unified School District deposit refuse directly at Landfill No. 3 and are charged a tipping fee. Maintenance crews from the City Departments of Public Works, Water & Power and Parks, Recreation and Community Services deposit approximately 20 to 30 tons of refuse on a daily basis directly at Landfill No. 3. Burbank Unified School District maintenance crews and Los Angeles County crews completing weed abatement under contract to the City also deposit an average of approximately 10 tons of refuse per day at the site.

The City operates 40 methane wells at Landfill No. 3. The methane fires an electrical turbine system; 85% of the power produced by the turbines is exported to the City-owned power distribution system, which contributes to the City's commitment to increase green power production. The City of Burbank Department of Water & Power oversees turbine operations.

Capital Improvement Program

The City Council adopted a five-year Capital Improvement Program ("CIP") budget on June 14, 2011 as part of the fiscal year 2011-12 budget process. The CIP plans for five years and is updated annually.

The CIP for the Enterprise is summarized below:

Project	Prior Year Apprpr. ⁽¹⁾	FY 11-12 adopted	FY 12-13 Projected	FY 13-14 Projected	FY 14-15 Projected	FY 15-16 Projected	Total
Landfill liner	\$900,000						\$900,000
Recycle Center Repairs	80,000						80,000
Recycle Center Roof Repl	400,000						400,000
Recycle Center Warehouse Impr.	450,000	250,000					700,000
Total	\$1,830,000	250,000					\$2,080,000.00

(1) Projects that received funding in prior fiscal years but have remaining fund balances (i.e., unspent appropriations) are carried over into subsequent fiscal years.

The City expects to fund the CIP on a pay-go basis from available revenues and does not expect to incur any debt.

Federal and State Regulations Governing Refuse Disposal

The establishment, ownership and operation of refuse disposal facilities and landfills are subject to the regulatory activities of various federal State and local agencies. There can be no assurance that existing or future regulatory activities may not restrict operations of the Enterprise in such a manner that would adversely affect its ability to generate sufficient Net Revenues which are security for the Bonds.

California Integrated Waste Management Act. Among other requirements, the California Integrated Waste Management Act of 1989, California Public Resources Code Section 40000 et seq. (the "Waste Management Act"), which became effective on January 1, 1990, directs all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-waste energy projects or other processes) and land disposal. As a result of AB 939, solid waste management has been changed to an integrated solid waste management approach in which source reduction and recycling play an integral role in the waste management strategy. A companion piece of legislation, altered

various compliance deadlines and requirements contained in the Waste Management Act and a second piece of legislation further amended sections of the Waste Management Act to permit one or more single or multi-year time extensions from the diversion requirements if the city or county requesting the extensions makes specified demonstrations to the California Integrated Waste Management Board (the “CIWMB”).

Effective January 1, 1995, each city and county (a “local agency”) in the State was required to achieve a 25% diversion in solid waste disposed of in landfills or by incineration through waste reduction or recycling, with 50% reduction to be achieved by January 1, 2000. Local agencies were responsible for these goals whether or not they control disposal of waste generated within their jurisdiction.

If a local agency does not meet its reduction goal, the CIWMB evaluates the agency’s “good faith” effort in implementing its adopted plans. If it is found that the local agency did not make such an effort, a compliance order will be issued identifying what must be done and by when. Local agencies could face monetary fines of up to \$10,000 per day if the CIWMB deems local plans to be inadequate or if localities fail to satisfactorily implement plans to achieve the 25% and 50% reduction goals.

In May 1991, the City adopted its Source Reduction and Recycling Element (“SRRE”), in compliance with the Waste Management Act. The City exceeded the Waste Management Act’s goals by aggressively implementing several diversion programs.

As a result of the passage of Assembly Bill 341 in 2011, the California Legislature declared a policy goal of the State that not less than 75% of solid waste be source reduced, recycled or composted by the year 2020, and required the Department of Resources Recycling and Recovery, by January 1, 2014, to report to the Legislature on strategies to achieve the policy goal. In fiscal year 2011-12, the City diverted 64% of its solid waste; the City is analyzing the potential impact of the 75% diversion requirement on the costs of operating the Enterprise.

Federal Regulations. The federal Resource Conservation and Recovery Act (“RCRA”) regulations, called the Subtitle D regulations, includes, among other matters, the authority for the U.S. Environmental Protection Agency (the “EPA”) to control the disposal of solid waste. Under Subtitle D of RCRA, Congress directed the EPA to establish uniform national standards for the disposal of nonhazardous municipal solid waste in landfills. In the past, the EPA relied on general solid waste management guidelines and did not develop a comprehensive solid waste regulatory program. The regulatory framework covering solid waste management was developed by individual states and the stringency of these frameworks was highly variable. Operations at Landfill No. 3 are also subject to, among other federal regulations, the requirements of the Safe Drinking Water Act, the Clean Water Act and the Clean Air Act.

Air and Water Quality Regulations. Certain regulatory agencies including the CIWMB, the South Coast Air Quality Management District, the California Regional Water Quality Control Board-Los Angeles Region, the California Department of Toxic Substance Control, the California Water Resources Control Board, and Los Angeles County, are also involved in developing plans and monitoring compliance with RCRA requirements associated with solid waste disposal and landfill operations.

Local Land Use Regulations. The City operates Landfill No. 3 pursuant to a Conditional Use Permit No. 2000-16 (“CUP”), adopted by the City Council on November 13, 2000. The CUP provides for the City to operate Landfill No. 3 as a Class III facility; liquid,

hazardous and infectious wastes cannot be accepted at Landfill No. 3 and it can only accept solid waste generated within the City.

Management and Rate-Making Authority

The City Council establishes the rates for the Enterprise. The rates prescribed by the City Council are not subject to approval or regulation by any other governmental entity. The Public Works Department of the City administers and executes the policies and rates established by the City Council. The Public Works Director manages the Public Works Department and serves at the direction of the City Manager.

Section 4-2-102 of the Burbank Municipal Code establishes control by the City over collection, removal and disposal of garbage and waste matter for the protection of the public health, safety and welfare and to contribute toward diminution of the presence of air pollutants in the City. This section also specifies that occupants are made liable for the garbage and waste matter charges authorized. Section 4-2-114 of the Burbank Municipal Code designates the City Council to set fees by resolution (the "**Fee Resolution**") and to modify such fees to be paid for refuse collection removal and disposal and other solid waste services rendered by the City. This section also allows the charging of a miscellaneous user fee in an amount designated in the Fee upon the occupants of apartment houses, flats, duplexes, bungalow courts, and multiple dwellings in the City which do not utilize the City's services for collection, removal, and disposal of garbage waste matter.

Section 4-2-115 provides an annual automatic adjustment to the fees for services as designated in the Fee Resolution. The fees for services may be updated and changed annually on the first day of July, by an annual adjustment based on the Greater Los Angeles Consumer Price Index for all urban consumers. Any automatic adjustment is not subject to a formal City Council vote and is an informational item on the City Council Agenda. The current rates (see the second following paragraph and Table 1 below) are not subject to automatic adjustment.

The usual procedure for establishing the fees for the following year includes the preparation of the budget with special emphasis on the capital needs of the program over the next five years. The then current fiscal year revenues are reviewed and, based on the new budget requests, a new rate schedule will be identified, if needed. Any required increases to cover the proposed budget are submitted to City Council with the proposed operating and capital budget.

Currently, pursuant to Resolution No. 28,540 adopted by the City Council on June 19, 2012, monthly refuse service charges for residential units are based on volume, with rates ranging from \$16.62 (32 gallon) per month to \$48.17 (96 gallon) per month. Current commercial/industrial refuse service charges range from \$202.05 per month to \$414.67 per month, depending on the size of bin being served and whether the bin is assigned to an apartment complex or a business.

The following table shows the history of the City's basic monthly refuse rates for a 64-gallon container for each of the recent five fiscal years as well as the applicable increase for such year. During the fiscal year 2007-08 budget deliberations, the City Council approved a five-year rate smoothing plan to increase refuse rates 8% per year to ensure the continued economic viability of the Enterprise as a result of rising fuel and operational costs. The 3% increase for fiscal year 2012-13 reflects the improved financial condition of the Enterprise.

**Table 1
CITY OF BURBANK
HISTORY OF REFUSE RATES FOR 64-GALLON CONTAINER**

<u>Date</u>	<u>Monthly Rate</u>	<u>% Increase</u>
July 1, 2008	\$23.49	8.00%
July 1, 2009	25.37	8.00
July 1, 2010	27.40	8.00
July 1, 2011	29.59	7.99
July 1, 2012	30.48	3.01

Source: City of Burbank, Public Works Department.

The following table shows the current curbside refuse service charges for a 64-gallon container as of July 1, 2012, for the City as compared to other cities in Los Angeles County.

**Table 2
CITY OF BURBANK
COMPARATIVE REFUSE COLLECTION FEES FOR RESIDENTIAL SERVICE**

<u>City</u>	<u>Current Monthly Fees (includes recycling)</u>
Glendale	\$18.34
San Fernando	18.98
Santa Clarita	19.44
Torrance	25.08
Burbank	30.48
Los Angeles	36.32
Pasadena	37.27
Whittier	42.95

Source: City of Burbank, Public Works Department.

Billing and Collection

Refuse service charges are billed monthly by the Burbank Department of Water and Power. Refuse, water, sewer and electric service charges are issued jointly in a single utility bill. The utility bill is due within 19 days from the date the bill is delivered or mailed. The bill is considered delinquent on the 30th day after issuance. All services may be disconnected if payment is not made 53 days after issuance. In fiscal year 2011-12, write-offs resulting from uncollectible bills were approximately 0.36% of operating revenues.

Selected Statistical Information

The following table shows refuse accounts by user type for the five most recent fiscal years:

**Table 3
CITY OF BURBANK
HISTORICAL NUMBER OF REFUSE COLLECTION AND DISPOSAL ACCOUNTS**

	<u>FY</u> <u>2007-08</u>	<u>FY</u> <u>2008-09</u>	<u>FY</u> <u>2009-10</u>	<u>FY</u> <u>2010-11</u>	<u>FY</u> <u>2011-12</u> ⁽¹⁾
Residential Accounts	68,334	68,155	67,626	65,811	63,677
Commercial/Apartment Bin Accounts	<u>1,886</u>	<u>1,954</u>	<u>1,980</u>	<u>1,961</u>	<u>1,926</u>
Total	70,220	70,109	69,606	67,772	65,603

(1) Reflects refuse collection and disposal accounts as of June 30, 2012.
Source: City of Burbank, Public Works Department.

The decline in residential accounts is attributable to the fact that some smaller multi-unit buildings converted from unit-specific accounts to bins for the entire building then switched to private haulers. The decline in commercial/apartment bin accounts is attributable to the fact that some commercial accounts transferred to private haulers. The City does not expect changes in the number of accounts to impact its ability to pay debt service on the Bonds.

The table below sets forth solid waste tonnage collected by the Enterprise in the fiscal years shown. The amounts include both materials collected by City trucks and those delivered by private parties.

**Table 4
CITY OF BURBANK
ANNUAL COLLECTION AMOUNTS
(in tons)**

<u>Year</u>	<u>Refuse</u>	<u>Recyclable Materials</u>	<u>Green Waste</u>	<u>Total</u>
2007-08	38,319	11,113	18,591	68,023
2008-09	37,403	10,057	18,803	66,264
2009-10	37,905	9,837	18,916	66,658
2010-11	36,240	9,786	19,082	65,107
2011-12	34,424	9,172	19,055	62,651

Source: City of Burbank, Public Works Department.

The following table sets forth the City's ten major refuse collection and disposal accounts for fiscal year 2011-12:

**Table 5
CITY OF BURBANK
MAJOR REFUSE COLLECTION AND DISPOSAL ACCOUNTS**

<u>Name of Account</u>	<u>Type of Business</u>	<u>Revenue</u>	<u>% of Total Refuse Collection and Disposal Revenue</u>
City of Burbank	Government	\$295,116	2.99
Burbank Unified School District	Public Schools	193,064	1.95
Eidelman Hilton	Apartments	12,034	0.12
Entourage-Burbank. LP	Apartments	10,395	0.11
Emmanuel Church	Church	7,770	0.078
Frank Trotta	Commercial	7,314	0.074
Frank Warren	Commercial	6,987	0.070
Emiliana Macaya	Commercial	6,847	0.069
Joseph Ruffino	Commercial	6,777	0.068
Walt Disney Operations	Commercial	6,432	0.068

Source: City of Burbank, Public Works Department.

All City departments utilizing the City's refuse service must pay as any other commercial business does in the City. The City is the largest customer serviced by the Refuse Division. If the City loses any of the accounts noted above, the bins would be reissued as requests for service are received. If the City could not reissue the bins to new customers, the operation would be reduced to reflect only the number of collection crews required to service existing accounts.

Employee Costs

The Enterprise pays a portion of certain City employee costs; the costs fall in two categories: (i) the labor costs of employees of the Enterprise and (ii) costs allocated to the Enterprise for services provided to the Enterprise by other departments in the City (e.g., accounting, legal, payroll, human resources, et al.). The costs allocated to the Enterprise including a variety of benefit costs; see Appendix A for a description of the City's defined benefit plans.

The following table shows the Enterprise's costs in the two categories described in the preceding paragraph for the past five fiscal years:

<u>Fiscal Year</u>	<u>Enterprise Employees</u>	<u>Cost Allocation</u>
2007-08	\$3,701,265	\$1,764,766
2008-09	3,766,560	1,916,707
2009-10	3,994,282	2,284,927
2010-11	4,246,265	2,382,801
2011-12	5,021,671	2,420,711

Source: City of Burbank.

Historical Operating Results and Debt Service Coverage

The following table presents a summary of the operating results of the Enterprise for the five fiscal years ended June 30, 2008, through 2012, including historical debt service coverage. The information is audited for fiscal years 2007-08 through 2010-11, and unaudited for fiscal year 2011-12.

Table 6
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
FIVE-YEAR HISTORICAL NET OPERATING INCOME
(dollars in thousands)

	FY <u>2007-08</u>	FY <u>2008-09</u>	FY <u>2009-10</u>	FY <u>2010-11</u>	FY <u>2011-12 (1)</u>
Operating Revenues (2)					
Domestic Collections	\$6,189	\$6,921	\$7,186	\$7,679	\$8,298
Commercial/Apt/Gov't/Manure Collections	4,339	4,410	5,266	5,126	5,435
Landfill Disposal (State/Local Fees)	198	204	234	302	315
Recycling Revenues (3)	363	227	196	873	234
Hauler Fees	1,100	1,607	1,646	1,251	1,263
Total Operating Revenues	<u>12,189</u>	<u>13,369</u>	<u>14,528</u>	<u>15,231</u>	<u>15,545</u>
Operating Expenses					
Refuse Collection (4)	6,948	7,327	7,909	8,095	9,032
Recycling Program	1,387	1,403	1,619	1,651	1,758
Refuse Disposal	2,376	2,434	2,781	2,575	2,630
Depreciation	1,132	1,281	1,251	1,279	1,177
Total Operating Expenses	<u>11,843</u>	<u>12,445</u>	<u>13,560</u>	<u>13,600</u>	<u>14,597</u>
Net Operating Income	346	924	968	1,631	948
Non-Operating Income (Expenses)					
Non-Operating Income	83	524	179	125	594
Interest Income	928	450	766	442	318
Non-Operating Expenses	(624)	(585)	(501)	(816)	(433)
Total Non-Operating Income (Expenses)	<u>387</u>	<u>389</u>	<u>444</u>	<u>(249)</u>	<u>479</u>
Plus: Depreciation (5)	1,132	1,281	1,251	1,279	1,177
Plus: Interest expense (5)	568	490	453	403	414
Net Revenues Available for Debt Service (2)	<u>\$2,433</u>	<u>\$3,084</u>	<u>\$3,116</u>	<u>\$3,064</u>	<u>\$3,018</u>
Annual Debt Service					
2002 Series A Bonds	638	0	0	0	0
2002 Series B Bonds	664	1,299	964	949	964
Total Annual Debt Service	<u>\$1,302</u>	<u>\$1,299</u>	<u>\$964</u>	<u>\$949</u>	<u>\$964</u>
Debt Service Coverage	1.87x	2.37x	3.23x	3.23x	3.13x

(1) Unaudited.

(2) Increases in revenues reflect increases in rates paid by customers. See Table 1.

(3) Fiscal year 2010-11 Recycling Revenues reflect an increase in revenue under the Recycle Center Agreement, but revenue declined in fiscal year 2010-11 as a result of enforcement actions taken against BRI by the Department of Resources, Recycling and Recovery. See "- Recycle Center."

(4) The increase between fiscal years 2010-11 (audited) and 2011-12 (unaudited) is attributable to employer-paid pension expenses (see Appendix D) (\$565), workers' compensation expenses (\$292) and increases in allocated costs of services (see "Employee Costs" above) and rental costs (approx. \$100). Dollars in thousands.

(5) Depreciation and interest expense are added back so that debt service coverage can be calculated in the manner required by the Indenture.

Source: City of Burbank, Financial Services Department.

Enterprise Reserves

The City maintains three reserves funded from Enterprise revenues, as described below.

Reserve Policy. Pursuant to Financial Policies adopted by the City Council on June 14, 2005, the City currently maintains the following reserves:

- **General Operating Reserve:** this reserve is intended to support the Enterprise during times of financial emergencies. The amount of the operating reserve is determined based on a risk assessment of the Enterprise. For the Enterprise, the City maintains a general operating reserve based on 60 days of working capital.
- **Equipment Replacement Reserve:** the City contributes on an annual basis to an equipment replacement reserve; the annual contribution is equal to 20% of the five-year capital plan.
- **Post-Closure Reserve:** the City maintains a reserve related to closure of Landfill No. 3. For more information, see "RISK FACTORS RELATING TO THE BONDS – Landfill Closure Costs."

The City can provide no assurance that its Financial Policies will not change in the future or that it will continue to maintain reserves in the amounts described below.

Historical Balances. The following table presents a history of the balance in cash accounts and available reserve accounts of the Enterprise. The information is audited for fiscal years 2007-08 through 2010-11, and unaudited for fiscal year 2011-12.

Table 7
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
CASH ACCOUNTS AND RESERVES

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
Operating Cash	\$4,257,322	\$4,158,550	\$4,924,082	\$4,948,511	\$7,399,352	\$9,318,421
Cash reserved for Landfill No. 3 Closure	9,662,059	10,730,182	11,721,356	12,405,606	13,250,085	13,832,738
Cash reserved for equipment replacement	4,374,725	4,562,523	4,736,871	4,839,972	4,925,488	4,998,048

Source: City of Burbank, Financial Services Department.

Projected Operating Results and Pro Forma Debt Service Coverage

The following table shows the projected results of operations of the Enterprise for the five fiscal years ending June 30, 2013, through 2017, including projected debt service coverage. The projections are based on the following assumptions.

Recycling Revenues: The projections assume commodity revenues and curbside program revenues will remain low until the City's curbside registration has been renewed (see "THE ENTERPRISE – Recycle Center").

Rate Base Growth: The projections assume no growth in the customer base.

Rate adjustments: The projections assume 3% rate increases.

Demand. The projections assume no significant change in demand for the services of the Enterprise in terms of tonnage.

Expenses: The projections assume annual operation and maintenance expenses of the Enterprise will increase 2.5% annually, primarily as a result of inflation, increased pension costs and increased green waste-related costs.

Interest earnings: The projections assume annual interest earnings on Enterprise funds of 1.25%.

No Parity Debt: No capital improvement requirements or additional financing are anticipated in the next five years. See "Capital Improvement Program" above. See also "SECURITY FOR THE BONDS – Limitations on Future Obligations Secured by Net Revenues."

The following table represents the City's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. The obligation of the City to pay debt service on the Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the Bonds.

Table 8
CITY OF BURBANK
REFUSE COLLECTION AND DISPOSAL ENTERPRISE
FIVE-YEAR FINANCIAL PROJECTIONS
(dollars in thousands)

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Operating Revenues					
Domestic Collections	\$8,255	\$8,503	\$8,758	\$9,021	\$9,292
Commercial/Apt/Gov't/Manure Collections	5,516	5,681	5,852	6,027	6,208
Landfill Disposal (State/Local Fees)	345	355	366	377	388
Recycling Revenues	194	194	194	194	194
Hauler Fees	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Operating Revenues	15,510	15,933	16,370	16,819	17,282
Operating Expenses					
Refuse Collection	9,193	9,474	9,854	10,254	10,675
Recycling Program	2,146	2,197	2,260	2,326	2,393
Refuse Disposal	2,722	2,777	2,845	2,914	2,986
Depreciation	<u>1,175</u>	<u>1,175</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Operating Expenses	15,236	15,623	16,159	16,694	17,254
Net Operating Income	<u>274</u>	<u>310</u>	<u>211</u>	<u>125</u>	<u>28</u>
Non-Operating Income (Expenses)					
Non-Operating Income	30	30	30	30	30
Interest Income	347	352	367	364	321
Non-Operating Expenses	<u>(435)</u>	<u>(405)</u>	<u>(380)</u>	<u>(352)</u>	<u>(323)</u>
Total Non-Operating Income (Expenses)	<u>(58)</u>	<u>(23)</u>	<u>17</u>	<u>42</u>	<u>28</u>
Plus: Depreciation (2)	1,175	1,175	1,200	1,200	1,200
Plus: Interest expense (2)	<u>387</u>	<u>357</u>	<u>331</u>	<u>304</u>	<u>274</u>
Net Revenues Available for Debt Service (1)	1,778	1,819	1,759	1,671	1,530
Annual Debt Service					
2002 Bonds	193	--	--	--	--
2012 Bonds	<u>557</u>	<u>750</u>	<u>748</u>	<u>750</u>	<u>752</u>
Total Annual Debt Service	<u>750</u>	<u>750</u>	<u>748</u>	<u>750</u>	<u>752</u>
Debt Service Coverage	2.37x	2.43x	2.35x	2.23x	2.03x

Source: City of Burbank, Financial Services Department

(1) Net Operating Income plus Non-Operating Income plus Depreciation.

(2) Depreciation and interest expense are added back so that debt service coverage can be calculated in the manner required by the Indenture

RISK FACTORS RELATING TO THE BONDS

Payment of principal of and interest on the Bonds depends primarily upon the revenues derived from operation of the Enterprise. Some of the events which could affect the revenues received by the Enterprise are set forth below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order in which the risks are discussed does not necessarily reflect the relative importance of the various risks.

General

The City's ability to make payments of principal of and interest on the Bonds is dependent upon the collection of Enterprise revenues and the cost of operating the Enterprise. A number of factors could adversely affect the availability of Net Revenues of the Enterprise, including, but not limited to, capital improvement needs, federal and state requirements and general economic conditions. The City has been able to adjust its rates from time to time to meet such conditions and expects to continue to have that ability.

Limited Obligations

The Bonds are limited obligations of the City and are not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to pay debt service on the Bonds from Net Revenues does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The City is obligated under the Indenture to make debt service payments solely from Net Revenues. There is no assurance that the City can succeed in operating the Enterprise such that the Net Revenues in the future will be sufficient for that purpose. See "- Articles XIIC and XIID of the California Constitution."

No Reserve Fund

The City is not funding a debt service reserve fund for the Bonds.

Revenues of the Enterprise

There can be no assurance that the City can succeed in operating the Enterprise such that the Net Revenues of the Enterprise in the future amounts projected in this Official Statement will be realized. Specifically, there can be no assurance that local demand for the services of the Enterprise will be maintained at the levels described in this Official Statement, or that the assumptions used to project demand for refuse collection services will be realized in the future. See "THE ENTERPRISE – General" for a discussion of the manner in which refuse is collected in the City. The City does not anticipate that competition to provide refuse collection services will adversely impact the City's Net Revenues.

Reductions in the level of revenue could require an increase in rates and charges in order to produce Net Revenues sufficient to comply with the City's rate covenant contained in the Indenture, and any such increases could act to further decrease demand. See "SECURITY FOR THE BONDS – Rate Covenant" for a summary of the City's covenant to increase revenues to generate specific amounts of Net Revenues.

However, the City's rate covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay debt service on the Bonds. In addition, see "- Articles XIIC and XIID of the California Constitution" below for information regarding potential limitations on the City's ability to comply with the rate covenant as a consequence of constitutional limitations on the increase in rates and charges.

Enterprise Expenses

There can be no assurance that the City's expenses for the Enterprise will be consistent with the descriptions in this Official Statement. Changes in technology, changes in quality standards, loss of large customers, increased or decreased development, increases in the cost of operation, increased regulation or other expenses could require increases in rates or charges in order to comply with the City's rate covenant in the Indenture. See "- Articles XIIC and XIID of the California Constitution."

Environmental Laws and Regulations

Solid waste landfills are subject to a wide variety of local, State, and federal health and environmental laws. Among the types of regulatory requirements faced by such facilities are air and water quality control requirements. Such regulations, as they may be from time to time amended or subsequently enacted could affect the Net Revenues available to pay the Bonds. See "THE ENTERPRISE - Federal and State Regulations Governing Solid Waste Disposal."

Landfill Closure Costs

State laws and regulations require the City to place a final cover on the Landfill No. 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports portions of these costs as operating expenses in each period, as required by GASB 18, and based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 44% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,157 (in thousands) as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Using the 2011 inflation factor of 1.01%, the adjusted closure and postclosure costs for 2011 are \$34,444 (in thousands). The City expects to close the landfill in the year 2066. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in regulations.

The City is required by state laws and regulations to make annual contributions to a trust fund to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2011, \$13,033 (in thousands) was reported as restricted cash. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future rates and charges.

Disposal Capacity

As of the date of this Official Statement, the City believes that Landfill No. 3 has sufficient capacity for the disposal of refuse generated in the City for many years after the final maturity date of the Bonds. See “-Landfill Closure Costs” and “THE ENTERPRISE – Disposal Facilities.”

Limited Recourse on Default

Failure by the City to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. See also “-Articles XIII C and XIII D of the California Constitution” below.

Limitations on Remedies

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest with respect to the Bonds may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See “-Articles XIII C and XIII D of the California Constitution.” Furthermore, the remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California.

The opinions to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See APPENDIX E – “FORM OF BOND COUNSEL OPINION.” If the City fails to comply with its covenants in the Indenture or fails to pay principal of and interest due on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Articles XIII C and XIII D of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related “fee” or “charge,” which is defined as “any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including

user fees or charges for a property related service” (and referred to in this section as a “property-related fee or charge”).

On November 2, 2010, California voters approved Proposition 26, the so-called “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

- “(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- ...
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

Property-Related Fees and Charges. Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIIC and XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees

and charges, and thus not subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Articles XIIC and XIID and the City's Rates and Charges. The City's current rate structure for fiscal year 2012-13 was adopted by the City Council on June 19, 2012, pursuant to Resolution No. 28,540, following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with the *Bighorn* decision.

The City believes its refuse rates and charges do not constitute "taxes" under Article XIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIC,

they are “property-related fees imposed in accordance with the provisions of Article XIID” (and are also charges for a “property-related service” as defined in subsection 2(g) of Article XIID) and because, as described in subsection 1(e)(2) of Article XIIC, they are charged for refuse service, “a specific government service or product provided directly to the payor that is not provided to those not charged.”

Conclusion. It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.

Initiatives

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State legislature will not at some future time approve additional limitations which could affect the ability of the City to implement rate increases which could reduce Net Revenues and adversely affect the security for the Bonds. See “- Articles XIIC and XIID of the California Constitution.”

Bankruptcy

The rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to the Bonds and the Indenture, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the City could be prohibited from taking any steps to enforce their rights under the Indenture.

Tax Exemption

The City has covenanted in the Indenture that it will take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Internal Revenue in the gross income of the Owners thereof for federal tax purposes. See “TAX MATTERS.”

Risk of Disaster

The City is subject to the risk of certain natural disasters, which could impact the cost of operating the Enterprise and the customers of the Enterprise, both of which determine the availability of Net Revenues to pay debt service on the Bonds.

Fire Hazards. Fire is a safety concern both within the urban area of the City and in hillside areas. Urban fire risks are reduced by enforcing code provisions and maintaining a high-quality fire department. Wildland fires are most problematic along the developed residential fringes of the hillsides. Dry vegetation, seasonal swings in precipitation, and wind conditions combine to increase the potential for wildfires.

Geologic and Seismic Hazards. As in other communities in the Los Angeles region, seismic hazards are the most substantial environmental hazards affecting land uses in the City. Earthquakes and their related effects (seismic shaking, surface rupture, liquefaction, landslides, and subsidence) have the greatest potential to affect a large portion of the City's population.

Earthquakes. The City contains one active fault, the Verdugo Fault, located just south of the Verdugo Mountains. In addition to the Verdugo Fault, several other active faults have the potential to cause ground shaking that would affect the City. These faults are the San Fernando Fault (northwest of the City), Sierra Madre Fault (at the base of the San Gabriel Mountains east of the City), Hollywood Fault (south of the City), Newport-Inglewood Fault (12.5 miles southwest of the City), and the Raymond Fault (6 miles southeast of the City). The San Andreas Fault, a large fault that runs nearly the entire length of California, is located approximately 27 miles to the northwest. Although these faults would not cause a surface rupture in the City, a seismic event on any of these faults could cause ground shaking that could damage structures and facilities in the City.

The Alquist-Priolo Earthquake Fault Zoning Act requires the State of California to map areas with high risk for surface fault rupture. This law prohibits locating structures designed for human occupancy on top of the surface traces of active faults, thereby reducing the loss of life and property from an earthquake. There are no Alquist-Priolo Earthquake Fault Zones in the City.

Liquefaction. Much of the City is located atop soils susceptible to liquefaction, particularly in areas west of the Golden State Freeway (I-5). . As long as groundwater continues to be extracted in the upper Los Angeles River area and annual rainfall remains at normal levels, groundwater levels in the City can be expected to remain deeper than 50 feet, resulting in a low risk of liquefaction for most of the City.

Landslides. In the City, hazards from landslides and mudslides are limited to properties at the base of undeveloped or unimproved slopes in the Verdugo Mountains, north of Sunset Canyon Drive.

Flood Hazards. Flooding may occur in the City when streams and channels overflow as a result of excessive precipitation, storm runoff, or inadequate, undersized, or unmaintained storm drainage infrastructure.

Flood hazards related to storm events generally are described in terms of the "100-year flood," which is the largest flood event that may be expected to occur within 100 years. This

flood is considered a severe flood, but one that can be reasonably predicted and thus reasonably mitigated. According to the Federal Emergency Management Agency's flood insurance relief maps, Landfill No. 3 is in Zone D, which means that no flood hazard analysis has been conducted for the area. Landfill No. 3 sits on a well-drained hillside with ample run-on and run-off controls in place. The City's corporate yard and the Recycle Center are in Zone X with a 0.2% chance of flooding 1-foot or less annually, which the City does not expect to disrupt operation of the Enterprise.

Three reservoirs upstream from the City, Reservoirs #1, #4, and #5, are classified as dams by the California Department of Water Resources. However, these reservoirs are not large enough to result in considerable risk of inundation in the City that would result from failure of any of the facilities.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

INVESTMENT OF CITY FUNDS

Revenues collected by the City will be held and invested by the City in accordance with the provisions of the Indenture. Otherwise, however, moneys held by the City, including Enterprise moneys, will be invested in accordance with the City's adopted investment policies. For more information about the City's investment policy as well as information about recent investment performance of the City's pooled investment funds, see Appendix D.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("**AMT**") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("**AMTI**"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "**Reduced Issue Price**"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the

investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E – "FORM OF OPINION OF BOND COUNSEL."

FINANCIAL STATEMENTS OF THE CITY

Included in this Official Statement, as Appendix B, are the audited financial statements of the City for the year ended June 30, 2011, together with the report dated December 22, 2011 of McGladrey & Pullen, LLP (which subsequently changed its name to McGladrey LLP), certified public accountants. *McGladrey LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements*

addressed in that report. McGladrey LLP also has not performed any procedures relating to this Official Statement.

CERTAIN LEGAL MATTERS

Quint & Thimmig LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E – “FORM OF OPINION OF BOND COUNSEL.” Bond Counsel has assumed no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney.

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

LITIGATION

The City will certify at closing that, to the best knowledge of the City, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the authorization, execution or delivery of the Bonds, or the pledge of the Net Revenues or the collection of the payments to be made pursuant to the Indenture, or in any way contesting or affecting validity of the Bonds, the Indenture or the agreement for the sale of the Bonds, or in any way contesting or affecting the transactions described in this Official Statement.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”), assigned the rating of “AAA” to the Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such ratings may be obtained from it as follows: S&P, 55 Water Street, New York, NY 10041, (212) 438-2124.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Ross Financial, San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the authorization and delivery of the Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

The fees of the Financial Advisor are contingent upon the sale and delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Enterprise by not later than nine months following the end of the City's fiscal year (currently ending June 30) (the "Annual Report"), commencing with the report for the fiscal year ended June 30, 2012, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board through the Electronic Municipal Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized below under the caption APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The City and its related governmental entities have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations (See "APPENDIX B – Audited Financial Statements of the City for the Fiscal Year Ended June 30, 2011 – Note 8"). The City failed, on a handful of occasions during the past five years, to fully comply, in all material respects, with the City's disclosure undertakings. Specifically, on a handful of occasions, the City failed to file annual reports with the applicable repository with reference to all applicable CUSIP numbers, it failed to file its audited financial statements as part of its annual report and it failed to file all required bond insurer-related rating downgrading notices. The City has corrected the known filing errors and believes it has processes in place that will ensure compliance with all material requirements of its continuing disclosure undertakings in the future.

UNDERWRITING

The Bonds are being purchased by Mitsubishi UFJ Securities (USA), Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$6,930,603.75 (which price is equal to the aggregate principal amount of the Bonds, plus original issue premium of \$628,563.75 and less an Underwriter's discount of \$12,960.00). The Underwriter has agreed to purchase all of the Bonds if any are purchased, subject to certain terms and conditions, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriter has represented that it intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ

substantially from those set forth in this Official Statement. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The audited financial statements of the City, including a summary of significant accounting policies, for the fiscal year ended June 30, 2011, are contained in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2011.”

The execution of this Official Statement and its delivery have been authorized by the City Council of the City.

CITY OF BURBANK

By  /s/ Austin Hoess
Management Services Director

APPENDIX A

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions. All capitalized terms not defined in this Official Statement have the meaning set forth in the Indenture.

Definitions

"Authorized Representative" means, with respect to the City, the Mayor, the Vice Mayor, the City Manager, the Financial Services Director or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by the City Manager or the Financial Services Director and filed with the Trustee.

"Bond Fund" means the fund by that name established pursuant to the Indenture.

"Bond Registration Books" means the books maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Bonds" means the City's Waste Disposal Refunding Revenue Bonds, Series 2012, issued and at any time Outstanding under the Indenture.

"Bond Year" means any twelve-month period commencing on May 2 in a year and ending on the next succeeding May 1, both dates inclusive; provided, however, that the first Bond Year shall commence on the Closing Date relating to the Bonds and shall end on May 1, 2013.

"Business Day" means a day of the year on which banks in Los Angeles, California, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by an Authorized Representative of the City. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"City" means the City of Burbank, a municipal corporation and chartered city organized and existing under the constitution and laws of the State, and any successor thereto.

"City Council" means the City Council of the City.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date, or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms,

consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund so designated and established pursuant to the Indenture.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

(a) The principal amount of all Outstanding Bonds coming due and payable by their terms in such period; and

(b) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"Enterprise" means any and all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment, disposal or recycling of refuse or solid waste, including disposal facilities, landfills, monitoring, collection and recovery systems and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or recycling of refuse or solid waste, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Event of Default" means any of the events of default described in the Indenture.

"Federal Securities" means direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the same.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

"Gross Revenues" means all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all fees and charges received by the City in connection with its operation of the Enterprise, (b) amounts received by the City from the levy of an excise tax upon property owners within the geographic boundaries of the City that are not utilizing the services of the Enterprise, (c) fees received by the City from agencies of the City and other governmental entities in connection with the use of the Enterprise, and (d) all receipts derived from the investment of such income or revenues; but excluding the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the City and excluding the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City.

"Indenture" means the Indenture of Trust, dated as of December 1, 2012, by and between the City and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the Indenture.

"Independent Accountant" means any certified public accountant or firm of such accountants appointed and paid by the City, and who, or each of whom:

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial interest, direct or indirect, with the City; and

(c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other

addresses and/or such other national information services providing information with respect to called bonds as the City may designate in a Certificate of the City delivered to the Trustee.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to the Indenture.

"Insurance Consultant" means a person (which may be the City's insurance agent or broker) having experience and a favorable reputation in consulting on the insurance requirements of water utilities in the State of the general size and character of the Enterprise, selected by the City.

"Interest Account" means the account by that name in the Bond Fund established pursuant to the Indenture.

"Interest Payment Date" means May 1 and November 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Moody's" means Moody's Investors Service, New York, New York, or its successors.

"Net Proceeds" means the par amount of the Bonds plus accrued interest and premium, if any, less the amount of any underwriter's and original issue discount, less the proceeds applied to pay Costs of Issuance.

"Net Revenues" means, with respect to any period, the amount of the Gross Revenues received during such period less the amount of Operation and Maintenance Costs becoming payable during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on generally accepted accounting principles, including (among other things) the reasonable expenses of management, personnel, services, equipment, repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Original Purchaser" means the first purchaser of the Bonds from the City.

"Outstanding," when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the City under the Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City pursuant to the Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means:

- (a) Federal Securities.
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the

United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA—guaranteed mortgage-backed bonds
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Agency Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and 2010 Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating at the time of investment of AAAM-G; and if rated by Moody's having a rating at the time of investment of Aaa, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries provide investment advisory or other management services.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC and, to the extent such deposits are in excess of the amounts protected by FDIC insurance, secured at all times by collateral described in (a) and/or (b) above.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating at the time of investment of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) The Local Agency Investment Fund of the State, created pursuant to 16429.1 of the California Government Code.

(j) The County pooled investment fund.

(k) Municipal obligations rated "A" or higher by S&P.

(l) Other forms of investments that satisfy the City's Statement of Investment Policy as of the time of investment.

"Principal Account" means the account by that name in the Bond Fund established pursuant to the Indenture.

"Principal Payment Date" means May 1 in each year, beginning May 1, 2013, and continuing so long as any Bonds remain Outstanding.

"Rating Category" means, with respect to any Permitted Investment, one or more of the generic categories of rating by Moody's and/or S&P applicable to such Investment Security, without regard to any refinement or gradation of such rating category by a plus or minus sign.

"Record Date" means the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date.

"Refunding Bond Law" means Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Refuse Collection and Disposal Enterprise Fund" means the fund by that name established and held by the City for purposes of accounting for the revenues and expenditures of the Enterprise.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Certificate of the City delivered to the Trustee.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the City and the Trustee, amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Trust Office" means the principal corporate trust office of the Trustee in Los Angeles, California; provided, however, that the Trustee may from time to time designate other offices for purposes of payment, transfer, exchange or registration of Bonds.

"Trustee" means Wells Fargo Bank, National Association, appointed by the City to act as trustee under the Indenture pursuant to the Indenture, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

"2002 Bonds" means the \$10,290,000 City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (Tax-Exempt), of which \$7,760,000 remains outstanding as of the Closing Date.

"2002 Indenture" means that certain Indenture of Trust, dated as of May 15, 1989, as amended and supplemented, by and between the City and the 2002 Trustee, relating to the 2002 Bonds.

"2002 Trustee" means Wells Fargo Bank, National Association, as trustee for the 2002 Bonds.

Application of Costs of Issuance Fund

The moneys in the Costs of Issuance shall be used and withdrawn by the Trustee to pay Costs of Issuance upon receipt by the Trustee of a Requisition of the City stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account.

(b) At the end of six months from the Closing Date, or upon earlier receipt of a Certificate of the City stating that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund shall be closed and any amounts then remaining in said account shall be transferred to the Bond Fund.

Pledge of Net Revenues

Subject to the provisions of the Indenture relating to the Trustee's compensation, the Bonds shall be secured by a first pledge of all of the Net Revenues. In addition, the Bonds shall be secured by a pledge of all of the moneys in all funds and accounts held by the Trustee under the Indenture, including all amounts derived from the investment of such moneys. Such pledge shall constitute a lien on the Net Revenues and such other moneys for the payment of the principal of and interest and premium (if any) on the Bonds in accordance with the terms of the Indenture. The Bonds shall be equally secured by a pledge, charge and lien upon the Net Revenues, without priority for number or date, shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues and such moneys, except as set forth in this the Indenture. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys shall not be used for any other purpose, except as set forth in the Indenture except, that out of the Net Revenues, there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds and the covenants and agreements set forth in the Indenture to be performed by or on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

The Trustee shall establish and maintain the Bond Fund and, within the Bond Fund, the Interest Account and the Principal Account.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Sewer Enterprise Fund. All Gross Revenues shall be held in trust by the City in the Sewer Enterprise Fund and shall be applied, transferred, used and withdrawn only for the following purposes:

(i) **Operation and Maintenance Costs.** The City shall first pay from the moneys in the Sewer Enterprise Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable.

(ii) **Payment of Debt Service.** On or before the 5th Business Day preceding each Interest Payment Date, the City shall withdraw from the Sewer Enterprise Fund and transfer to the Trustee, for deposit in the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund, the Interest Account, the Principal Account (other than amounts required for payment of principal of or interest on any Bonds which have matured but which have not been presented for payment), is equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on the next succeeding Interest Payment Date.

(iii) **Surplus.** As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the Sewer Enterprise Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Net Revenues. On or before the Business Day preceding each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding; and

Second: to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date, if any.

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased prior to maturity pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the Indenture shall, upon Request of the City provided at least two Business Days prior to the date of investment, be invested by the Trustee, but solely in Permitted Investments. In the absence of such Request of the City, the Trustee shall invest available moneys in investments described in paragraph (d) of the definition of Permitted Investments. In the absence of any such directions from the City, the Trustee shall invest any such moneys in the money market fund set forth in the letter of authorization and direction executed by the City and delivered to the Trustee. If no specific money market fund had been specified by the City, the Trustee shall make a request to the City for investment directions and, if no investment directions are

provided within 10 days, such amount shall be held in cash, uninvested during such 10 day period and thereafter, until specific investment directions are provided by the City to the Trustee. All Permitted Investments shall be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City.

Moneys in the funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to the Indenture shall be deposited when received in the Bond Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account for the credit of which such Permitted Investment was acquired.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture shall be accounted for separately as required by the Indenture. The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of the Indenture, the Trustee shall not be liable or responsible for any loss resulting from such investment.

The City acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture. The Trustee may make any investments under the Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Certain Covenants

Punctual Payment. The City shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Discharge of Claims. The City covenants that in order to fully preserve and protect the priority and security of the Bonds the City shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Enterprise which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of

the Bonds. The City shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Enterprise or upon any part thereof or upon any of the Net Revenues therefrom.

Operation of Enterprise in Efficient and Economical Manner. The City covenants and agrees to operate, or cause to be operated, the Enterprise in an efficient and economical manner and to operate, maintain and preserve the Enterprise in good repair and working order.

Against Encumbrance. Except as provided in the Indenture, the City covenants that the property, facilities and improvements of the Enterprise shall not be mortgaged or otherwise encumbered, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless: (a) the City shall cause to be filed with the Trustee written evidence from Moody's, if Moody's is rating the Bonds, and/or S&P, if S&P is rating the Bonds, that such sale or other disposition will not cause a reduction or withdrawal of the uninsured rating then assigned to the Bonds by each such rating agency; and (b) such sale or other disposition shall be so arranged as to provide for a continuance of payments into the Bond Fund sufficient in amount to permit payment therefrom of the principal of and interest on the Outstanding Bonds, and also to provide for such payments into the funds as are required under the terms of the Indenture. Notwithstanding the foregoing, the City may lease real property constituting a portion of the Enterprise; provided that the lease payments shall be considered Gross Revenues under the Indenture.

The City further covenants that the Net Revenues or any other funds pledged or otherwise made available to secure payment of the principal of and interest on the Outstanding Bonds shall not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used except as authorized by the terms of the Indenture. The City further covenants that it will not enter into any agreement which impairs the operation of the Enterprise or any part of it necessary to secure adequate Net Revenues to pay the principal and interest of the Bonds or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

Records and Accounts. The City covenants that it shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Trust Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. Any such audit may be combined with and be a part of the general audit of the City's financial records.

The City covenants that it will cause to be prepared annually, not more than two hundred ten (210) days after the close of each Fiscal Year a summary statement showing the amount of Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Bonds, the disbursements from the Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Enterprise. The City shall furnish a copy of the statement to any Bond Owner upon written request.

Rates and Charges.

Covenant Regarding Revenues. The City covenants to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Revenues that are sufficient to pay the following amounts in the following order of priority:

- (i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) Debt Service payments on the Bonds as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the City that have been deposited with the Trustee for purposes prior to the commencement of such Fiscal Year;

(iii) all other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from the Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the City covenants to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the total Debt Service Payments on the Bonds coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues.

No Obligations on Parity or Superior to Bonds. In order to protect further the availability of the Net Revenues and the security for the Bonds, the City covenants that no additional bonds or other indebtedness will be issued or incurred on a parity or senior basis to the Bonds that are payable out of the Net Revenues in whole or in part.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the Bonds to the extent required.

Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the City to the extent permitted by law.

Tax Covenants.

Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code.

Private Loan Financing Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the

Closing Date would have caused the Bonds, to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Maintenance and Operation of the Enterprise. The City covenants and agrees that it will operate and maintain the Enterprise in accordance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the City.

Taxes, Assessments, Other Governmental Charges and Utility Charges. The City covenants and agrees that it will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, and utility charges which may be or have been assessed or which may have become liens upon the Enterprise or the interest therein of the Trustee or of the Owners of the Bonds, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Enterprise or any part thereof, and upon request, will furnish to the Trustee receipts for all such payments, or other evidence satisfactory to the Trustee; provided, however, that the City shall not be required to pay any tax, assessment, rate or charge as provided in the Indenture as long as it shall in good faith contest the validity thereof, provided that the City shall have set aside adequate reserves with respect thereto.

Insurance Required.

The City covenants and agrees that, subject to the Indenture, it will keep the Enterprise and all of the operations of the City adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried and against such risks as are customarily insured against in connection with the ownership and operation of facilities of similar character and size in the State. The City further covenants and agrees that, except as otherwise permitted below, it will carry and maintain, or cause to be carried and maintained, and will pay or cause to be paid in timely fashion the premiums for, at least the following insurance with respect to the Enterprise when and as such insurance is available:

(i) Insurance, on all properties constituting the Enterprise, against loss or damage by fire, lightning, vandalism, malicious mischief and all other perils covered by the extended coverage insurance endorsement then in use in the State, subject to a deductible of not more than \$100,000 per loss, with a coverage amount equal to the full replacement value of the property insured or the aggregate principal amount of Outstanding Bonds, whichever is the lower of the two. During the course of construction of any substantial addition, extension, alteration or improvement to the Enterprise, the City may, at its option, require the contractor to obtain builder's risk insurance in the amount of the full completed value of such construction work, subject to deductibles of not more than \$100,000 per loss (except that higher deductibles may apply to earthquake and/or flood insurance), covering loss by fire, lightning and removal from the premises endangered by fire and lightning, and all other risks covered by the extended coverage endorsement then in use in the State.

(ii) Boiler insurance providing coverage of pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, transformers and miscellaneous electrical

apparatus in the Enterprise which present significant potential for loss, in an amount not less than \$2,000,000, subject to deductibles not exceeding \$100,000 per occurrence.

(iii) Automobile liability insurance in the minimum amount of \$1,000,000 combined single limit (CSL) for bodily injury and/or property damage arising out of any one accident. This shall include non-owned and hired auto liability.

(iv) Comprehensive general liability and professional errors and omissions liability insurance, in the minimum amount of \$5,000,000 as to any one occurrence.

(v) Crime coverage/fidelity bonds or other insurance guarantees on all City officers and employees who collect or have custody of or access to revenues, receipts or income of the Enterprise, in such amounts as are ordinarily carried by organizations engaged in like activities and with gross revenues comparable to those of the Enterprise.

Notwithstanding anything in the Indenture to the contrary, the City shall have the right, without giving rise to an Event of Default solely on such account, (1) to maintain insurance coverage below or deductibles above that required by the Indenture, if the City furnishes to the Trustee a certificate that the amount of insurance is not commercially and financially affordable at rates which are considered reasonable by industry standards, or (2) to adopt alternative insurance/risk transfer programs, in lieu of the policies described in the Indenture, which the City Council determines to be reasonable including, without limitation, to self-insure, in whole or in part, to participate in programs of captive insurance companies, to participate with other entities in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs or to establish or participate in other alternative risk management programs, all as may be approved as reasonable and appropriate risk management by an Insurance Professional.

Disposition of Insurance and Condemnation Proceeds.

The proceeds of the insurance carried pursuant to clauses (i) and (ii) above and the proceeds of any condemnation awards with respect to the Enterprise shall, to the extent that they are in excess of \$25,000 with respect to any occurrence, be paid immediately upon receipt by the City or other named parties to the Trustee for deposit in a special fund which the Trustee shall establish and maintain and hold in trust, when required, to be known as the "Insurance and Condemnation Proceeds Fund." Proceeds with respect to any occurrence in an amount equal to or less than \$25,000 may be retained by the City and used for any lawful purpose of the City. In the event the City elects to repair or replace the property damaged, destroyed or taken in accordance with said plans, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the conditions set forth in the Indenture with respect to disbursements from the Costs of Issuance Fund to the extent the provisions of said provisions may reasonably be made applicable.

In the event the City shall elect not to repair or replace the property damaged, destroyed or taken, as provided in the Indenture, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the City.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise, in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the City in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained (other than as referred to in subsections (a) or (b) above), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(d) abandonment by the City of the Enterprise, or any substantial part thereof, and such abandonment shall continue for a period of sixty (60) days after written notice thereof shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, unless the City shall have assumed all of the City's obligations under the Indenture; or

(e) the City's filing a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or making an assignment for the benefit of creditors, or admitting in writing to its insolvency or inability to pay debts as they mature, or consenting in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Enterprise.

Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Net Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Net Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable charges and expenses of the Trustee (including, but not limited to, reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference, and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondowners. The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondowners, the Trustee in its discretion may and shall upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Net Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Bondowners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the

opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction or would expose the Trustee to liability for which it has not been indemnified to its satisfaction.

Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Bond Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding (or, if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of twenty-five percent (25%)) shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Bond Law, the California Government Code or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Amendments Permitted

The Indenture and the rights and obligations of the City and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Indenture. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, provided in the Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Net Revenues and other assets (except as expressly provided in the Indenture), or terminate the insurance of the Bonds, without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondowners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City and the Trustee of any Supplemental Indenture pursuant to this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Bondowners at the addresses shown on the Bond Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may execute without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the City in the Indenture, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds; and

(iii) to make such additions, deletions or modifications as may be necessary to assure exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

No such Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent thereto; nor shall the Trustee be required to consent to any such Supplemental Indenture which affects its rights or obligations under the Indenture.

Defeasance

Discharge of Indenture. Bonds may be paid by the City in any of the following ways; provided that the City also pays or causes to be paid any other sums payable under the Indenture by the City:

(a) by paying or causing to be paid the principal of and interest on Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or Permitted Investments described in paragraph (a) of the definition thereof ("Defeasance Obligations") in the necessary amount (as provided in the Indenture) to pay Bonds Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

If the City shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable under the Indenture by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City, filed with the Trustee, signifying the intention of the City to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Net Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the City under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Indenture. In such event, upon Request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay any Outstanding Bond.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or Defeasance Obligations in the necessary amount to pay any Bonds, the money or Defeasance Obligations so to be deposited or held may include money or Defeasance Obligations held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or

(b) Defeasance Obligations the principal of and interest on which when due will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Trustee, as the case may be, may (at the cost of the City) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the Owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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CITY OF
Burbank



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
YEAR ENDED JUNE 30, 2011

ABOUT THE COVER

The City of Burbank's Fiscal Year 2010-2011 Comprehensive Annual Financial Report features the celebration of Burbank's 100 year anniversary. Burbank began as a small farming and ranching community and grew to be known as the "Media Capital of the World."

Burbank was founded in 1887 as an agricultural and sheep herding town and named after Dr. David Burbank, a dentist and rancher. Due to its location and proximity to LA, Burbank became a great area for business and industry. Burbank was incorporated as a city on July 8, 1911.

After its incorporation manufacturing industries, aircraft industries and motion pictures studios began to flourish providing the City of Burbank financial stability for decades. In addition to the thriving businesses and industries Burbank provided a quality lifestyle for its residents.

With a population of 500 when it was incorporated and over 100,000 today Burbank still provides a quality lifestyle retaining the small town feel and providing the community the highest levels of customer service.

Happy 100 Year Anniversary Burbank!

Illustration

Larry Hausen (RuffHaus Design Studio)

Cover Layout

Cassidy Allen (Graphics Media Designer - City of Burbank)

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**CITY OF BURBANK
BURBANK, CALIFORNIA**

FISCAL YEAR ENDED June 30, 2011

**Prepared by :
Financial Services Department
Cindy Giraldo
Financial Services Director**

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2011**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2011**

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 (Unaudited)**

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INTRODUCTORY SECTION

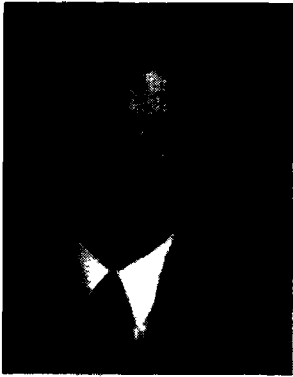
The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Burbank, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

- Letter of Transmittal,
- City's Organizational Chart and List of Principal Officials,
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

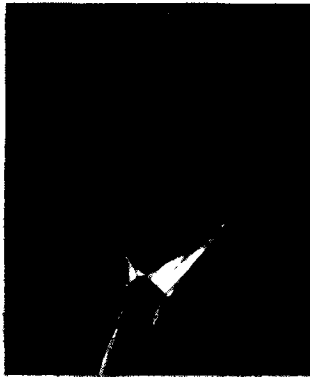
**City of Burbank's
Elected Officials
and
Principal Officers**



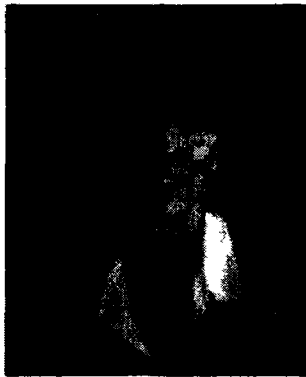
Jess Talamantes
Mayor



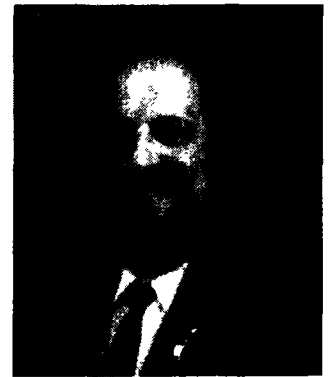
David Golonski
Vice Mayor



Gary Brice
Council Member



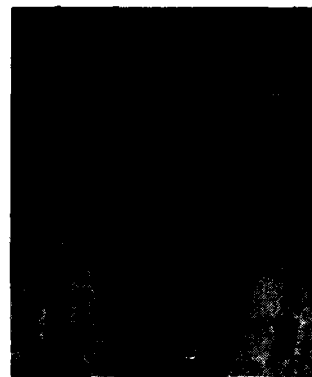
Emily Gabel-Luddy
Council Member



Dr. David Gordon
Council Member



Margarita Campos
City Clerk



Donna Anderson
City Treasurer



CITY OF BURBANK
275 EAST OLIVE AVENUE, P.O. BOX 6459, BURBANK, CALIFORNIA 91510-6459

December 22, 2011

Honorable Mayor and Members of the City Council:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Burbank for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Burbank, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McGladrey and Pullen, LLP a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burbank, California for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Burbank, California's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal

controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued *Single Audit Report*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Burbank

The City of Burbank, incorporated in 1911 under the general laws of the State of California, is a long-established residential city and commercial center located within Los Angeles County in Southern California. The City of Burbank is a unique urban community located 12 miles northwest of downtown Los Angeles and nestled between the Hollywood Hills and the Verdugo Mountains. The City occupies a land area of 17.16 square miles and serves a population of 104,304.

The City of Burbank is a full-service charter city that operates on a Council-Manager form of government. The City Council consists of five members. The Mayor is selected from the City Council members and serves a one-year term. The City's other elected officials are the Treasurer and City Clerk whose term of office is four years.

The City provides a full range of municipal services. Services provided include public safety (police and fire), street construction and maintenance, sanitation, refuse collection and disposal, electric, water and sewer utilities, cultural and recreational, public improvements, planning and zoning, and general administrative and support services.

The annual budget serves as the foundation for the City financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year must be approved by the City Council. These appropriations, representing amendments to the budget during the year, were significant in relationship to the original budget as adopted. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget. The City utilizes an encumbrance accounting system, whereby commitments such as purchase orders and unperformed contracts are recorded as reserved fund balances at year-end.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burbank operates.

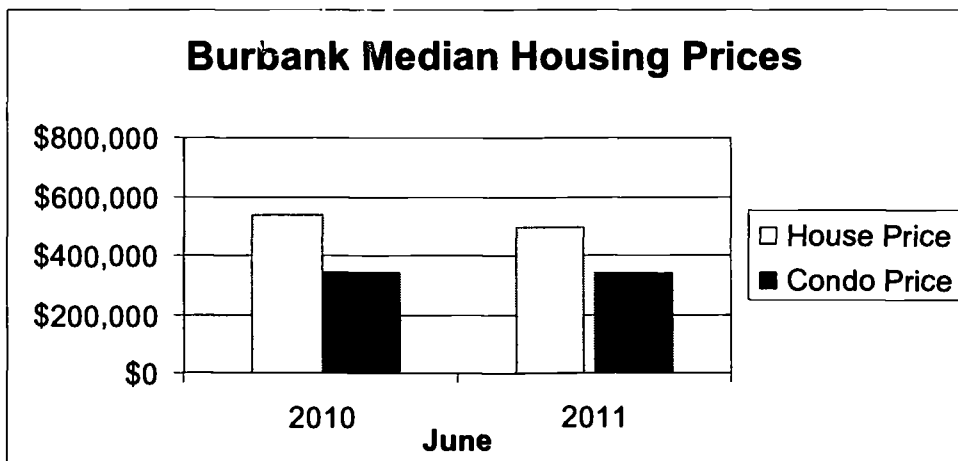
Local Economy. The City of Burbank's economic environment has felt the impacts of the economic downturn, but is still remaining strong in commercial, residential and retail development. The City of Burbank continues to focus on offering several new resources and projects to the community including the beautification of our neighborhoods and business districts, the attraction of new retail stores and restaurants, the development of needed Class A office space, and the expansion of the citywide transportation system.

In fiscal year 2010-11 cumulative sales tax revenues increased 19.4%, comprising approximately 22.8% of the total General Fund revenue. The increase was due to new retail businesses opening up and the strong diversified base of businesses within Burbank. The city will have a very diversified stream of sales tax revenues in the general fund during FY 2011-12.

Transient Occupancy Tax (TOT) contributed \$5.7 million to the general fund of the City of Burbank. This represents an increase of 7.6%. In fiscal year 2010-11 TOT represented 4.4% of the City's total General Fund revenue base.

Transient Parking Tax contributed \$2.9 million to the general fund of the City of Burbank as activity at the pay parking lots within the City decreased. This represents a decrease of \$0.127 million dollars to the general fund. This revenue decrease is attributable in part to a decrease in: the number of visitors to Burbank to attend events, meetings and convention activities mainly due to the nationwide economic downturn.

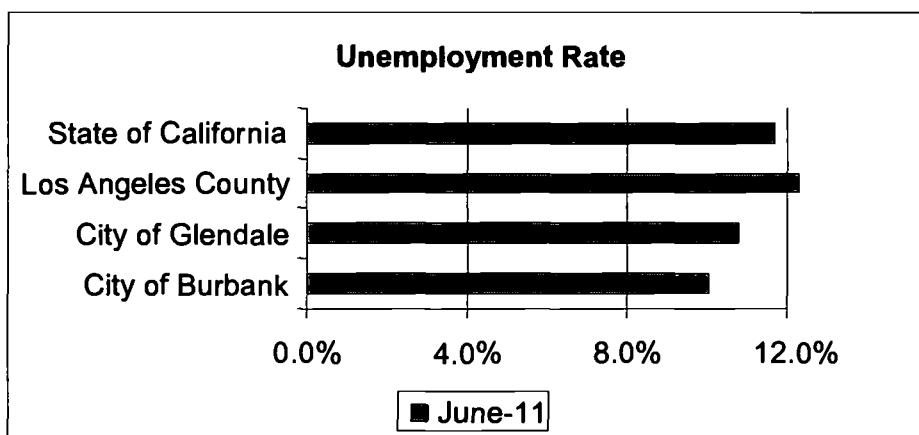
Due to the recent general slowdown in the housing market, Burbank's housing market also showed a decline, reflected in a median home price of \$490,000 in June 2011, compared to \$525,000 in June 2010. Condominium sales also reflected a decline, with a median value of \$360,000 in June 2011, compared to \$372,300 in June 2010. Overall Property Tax revenues decreased 4.4%.



The City is turning its focus onto economic development. The goal is to uphold a strong commitment to economic development to advance job growth, increase retail/commercial vitality and maintain excellent quality of life for all. The components to this strategy are as follows: Strategically position Burbank as a competitive regional, statewide and national hub for business and residence; Focused retail attraction, retention and expansion; Position Burbank as a travel destination; Continue to identify and encourage strategic areas of innovative development within the City; and Enhanced outreach and communications.

Retail sales in Downtown Burbank continue to thrive with activity anchored by AMC movie theaters and IKEA, with several exciting retailers such as Bed, Bath and Beyond and Old Navy, as well as eateries like Wokcano Restaurant, Gordon Biersch, Barney's Beanery, Gourmet 88 Market City Café, Buffalo Wild Wings and Granville Cafe. Downtown also has achieved an important goal of attracting "tech savvy" guests with higher disposable incomes by offering free Wi-Fi service in Downtown Burbank. New businesses opened up during the year such as Nordstrom's Rack, Panera Bread and Chop Stop.

Perhaps one of the most virtually unnoticed economic indicators in the City is Burbank's very low office space vacancy rate. Burbank is experiencing an office market with an office vacancy rate of 9.8% compared to 11.6% in June 2010. Burbank's desirable location and robust economy, is evidenced by strong rental rates of over \$2.76 per square foot. The employment picture is better when compared to the county and state, as evidenced by unemployment rate of 10.1% in June 2011, compared to Glendale's rate of 10.8%, L.A. County's rate of 12.3%, and California's rate of 11.8%.



Making the most of the City of Burbank resources for the benefit of the entire community is at the heart of the Mayor and City Council's commitment to wise fiscal management and to economic development that seeks to build Burbank's revenue base by bringing jobs and businesses to the City. Clearly, the ongoing emphasis is on sustainability, investment, and reinvestment that continues to build a strong healthy community and improve the quality of life for Burbank residents, businesses and visitors.

Long-term financial planning. The Burbank City Council has annually prepared and adopted a 5-year forecast of Capital Improvement Projects, grouping them by categories such as low moderate housing, municipal facilities, pedestrian access and roadways, transportation, and the various utilities, to name a few. Some of the budgeted amounts for FY 2011-12 are as follows: \$8.7M for focus neighborhood revitalization program, \$1.3M for municipal facilities, \$6.0M for street improvements, \$2.1M for wastewater, and lastly, \$56.9M for various projects in the electric and water, funds. Total projected improvements for the next fiscal year are \$78.0M. All of these investments in the various areas reflect the City Council's commitment to maintain or improve the City of Burbank, and provide the citizens with the highest possible service. Additionally, an even more important tool, a 5-year Financial Forecast is perpetually maintained to identify and focus on current economic conditions. This document is used regularly in the annual budget preparation, as well as throughout the fiscal year to assess any state or local economic/political action that might impact the City of Burbank.

Cash management policies and practices. Under the direction of the elected City Treasurer, cash temporarily idle during the year was invested in obligations of the Federal Government, corporate notes, and the State of California Local Agency Investment Pool. The average yield on investments for the fiscal year was 1.60% for the general portfolio, compared to 1.85% in fiscal year 2009-10.

The City Council annually adopts, by resolution, a statement of investment policy for the City's funds. The policy defines the objectives and priorities of the investment program, stressing safety and liquidity of funds as the highest priority. The third priority stated by the policy is the achievement of the maximum yield possible within the constraints of the primary objectives.

The City Treasurer is charged with the responsibility of custody and investment of surplus City funds. The Treasurer is required to submit a monthly investment report to the City Council that provides a summary of the status of the current investment portfolio and material transactions entered into during the month.

Risk Management. The City is self-insured for comprehensive general liability claims up to \$1M. The City is a member in a self-insurance program called Authority for California Cities Excess Liability (ACCEL) to better manage its risk exposure and predictability of costs. The ACCEL program covers claims between \$1M and \$5M, and the City purchases an Excess Comprehensive General Liability Policy for \$45M of insurance for a total of \$50M in coverage.

The City is self-insured for Workers' Compensation up to \$2M per claim. Excess worker's Compensation insurance is then purchased up to statutory limits.

The City also maintains both a Risk Management Office and Safety Office to effectively address potential risk factors that affect both the City and its employees. Risk Management Staff continues to review funding levels to address ever increasing claims costs. If the City were not to address these issues may result in significant impacts to department budgets in future years.

Internal insurance premiums are set annually based upon input from Risk Management and additional analysis from an outside actuarial study. Employee medical coverage is obtained through the Public Employees' Retirement System or through programs offered by one of the labor associations.

Pension and other Post Employment Benefits. The City provides its full-time and certain part-time employees retirement and disability benefits to members and their beneficiaries through three defined benefit pension plans; one for its fire safety employees, one for its police safety employees, and one for its miscellaneous employees. These plans are part of the California Public Employees' Retirement System (CalPERS). The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions or a portion thereof on their behalf and for their account.

The City also provides post-retirement health and dental care benefits to its employees in accordance with agreements reached with the various employees' bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. These payments are financed on a pay-as-you-go basis. As of June 30, 2011, the City was providing benefits to approximately 486 participants.

The Burbank Employee Retiree Medical Trust was established to provide post-retiree medical benefits for all non-safety employees, including all elected and appointed officials. This defined contribution plan is funded by employees and the City. This plan was established in April 2003 through the collective bargaining process.

The *Post Employment Health Plan (PEHP)* was established in February 2006 to provide retirement medical benefits to the Burbank Fire Fighter's Association (BFF), and the Burbank Fire Fighters Chief Officers' Unit (BFF-COU). The plan is a multi-employer trust comprised of over 800 public entities across the United States, and is administered by Nationwide Retirement Solutions. This defined contribution plan is funded by employees and the City. This plan was established through the collective bargaining process, and has approximately 140 retired participants as of June 2011.

Lastly, the *Welfare Benefit Plan (VEBA)* was established as a defined contribution plan to provide post retirement medical benefits to members of the Burbank Police Officers Association (BPOA), as well as others from the International Brotherhood of Electrical Workers (IBEW) and the Burbank Management Association (BMA). The BPOA remains the only active association in this plan, which currently has 220 members.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burbank for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the 27th consecutive year that the City of Burbank has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

In closing, without the leadership and support of the City Council of the City, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully,



MICHAEL S. FLAD
City Manager



CINDY GIRALDO
Financial Services Director

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burbank for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 27th consecutive year that the City of Burbank has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burbank California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting

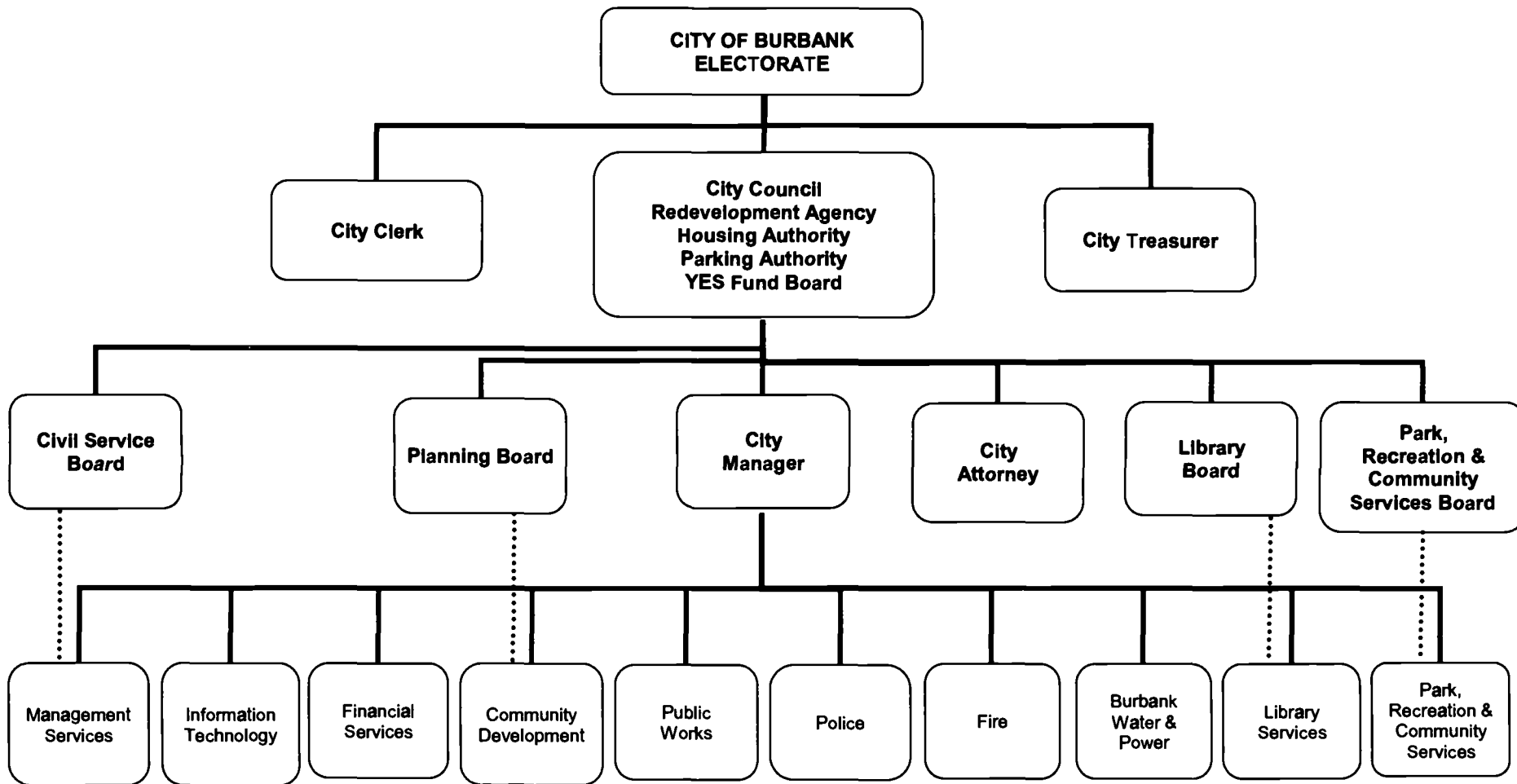


Linda C. Dawson

President

Jeffrey R. Emer

Executive Director



Boards, Committees and Commissions in Burbank Municipal Code (Not in City Charter)

Art In Public Places Committee
 Board of Building and Fire Code Appeals
 Burbank Water & Power Board
 Civic Pride Committee

Heritage Commission
 Landlord-Tenant Commission
 Police Commission
 Senior Citizen Board

Traffic and Transportation Committee
 Transportation Commission
 Youth Board

FINANCIAL SECTION

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditor's Report
- Required Supplementary Information –
Management's Discussion and Analysis (MD and A)
- City's basic financial statement, which includes the following:
 - The Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Basic Financial Statements
- Required Supplementary Information –
Schedule of Funding Progress of the City's Defined Benefit Pension Plan



Independent Auditor's Report

To the Honorable Members of the City Council
City of Burbank, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burbank, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21, debt was restated. We audited the adjustments described in Note 21 that were applied to restate the June 30, 2010 basic financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

As discussed in Note 1K, the City's Low and Moderate Income Housing Fund has outstanding loans receivable from a developer. These loans have 55 year terms and collectability of these loans is not expectant until the end of the term.

As explained in Note 20, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications, and restated fund balances of certain opinion units.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, and other schedules and statistical section, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other schedules listed as supplementary information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Los Angeles, CA
December 22, 2011

City Of Burbank

Management's Discussion and Analysis

As management of the City of Burbank, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page I of this report. All data presented in this analysis is rounded to the nearest thousand.

(A) Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,345,693 (net assets). Of this amount, \$347,556 (Unrestricted net assets) may be used to meet the City's ongoing obligations.
- The city's total net assets decreased by \$7,652 during the current fiscal year.
- As of June 30, 2011, the City's governmental funds reported combined fund balances of \$359,742, a decrease of \$11,859 from the prior year. Of this amount, \$10,475 or approximately 3% of total fund balances are unassigned fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$46,871, or 32% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to basic financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the City include general government, police, fire, public works, community development, parks and recreation, library, and interest on long-term debt. The

City Of Burbank

Management's Discussion and Analysis

business-type activities of the City include operations of its electric, water, water reclamation and sewer, refuse collection and disposal, as well as operating the golf course.

The government-wide financial statements can be found on page 20 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the General Capital Projects Fund, the Golden State Debt Service Fund, the Merged Capital Projects Fund, the Low and Moderate Income Housing Fund and the Public Financing Authority Capital Projects Fund, each of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this report.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund is located in the basic financial statements. All other funds with legally adopted annual budgets are located in the supplementary information section.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, water reclamation and sewer, refuse collection and disposal, and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

City Of Burbank

Management's Discussion and Analysis

The City uses internal service funds to account for the following activities:

- Self-insurance activities, including:
 - General claims liability
 - Workers' compensation insurance
- Vehicle operation and maintenance
- Office equipment operation and maintenance
- Municipal building replacement, operation and maintenance
- Communication equipment operation and maintenance
- Computer equipment operation and maintenance

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, water reclamation and sewer, refuse collection and disposal and golf operations, all of which, except for the golf fund, are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the *Internal Service Funds* section of this report.

The basic proprietary fund financial statements can be found on page 30 of this report.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 35 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. *Required Supplementary Information* can be found on page 83 of this report.

Supplementary information on nonmajor governmental funds and internal service funds are presented immediately following *the required supplementary information* on pensions. Combining and individual fund statements and schedules can be found on page 84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$1,345,693 at the close of the most recent fiscal year.

The largest portion of the City's net assets (68%) reflects its investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment, etc.),

City Of Burbank

Management's Discussion and Analysis

less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the City's net assets (26%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

An additional portion of the City's net assets (6%) represent resources that are subject to external restrictions on how they may be used. Of these restricted net assets, nearly all 6% is related to restrictions in the City's special revenue and capital projects funds, with less than 1% restricted for public safety functions.

TABLE 1- The City of Burbank's Net Assets as of June 30, 2011 and 2010 (000's):

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets :						
Current and other assets	\$ 508,520	\$ 518,512	197,072	179,358	705,592	697,870
Capital assets	755,445	764,337	419,145	397,817	1,174,590	1,162,154
Total assets	1,263,965	1,282,849	616,217	577,175	1,880,182	1,860,024
Liabilities :						
Current and other liabilities	50,692	56,160	36,027	38,315	86,719	94,475
Long-term liabilities	261,088	255,707	186,682	156,423	447,770	412,130
Total liabilities	311,780	311,867	222,709	194,738	534,489	506,605
Net Assets :						
Invested in capital assets net of related debt	666,460	690,072	247,901	260,770	914,361	950,842
Restricted	71,363	114,205	12,413	-	83,776	114,205
Unrestricted	214,362	166,631	133,194	121,667	347,556	288,298
Total net assets	\$ 952,185	\$ 970,908	393,508	382,437	1,345,693	1,353,345

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net assets decreased by \$7,652 during the current fiscal year. The key component of this decrease was the Agency's payment of \$10.5 million for the repayment of agency advance to City. More detailed analysis of major fund income is presented beginning on page 11.

City Of Burbank

Management's Discussion and Analysis

TABLE 2-The City's Changes in Net Assets (000's) for the years ended June 30, 2011 and 2010:

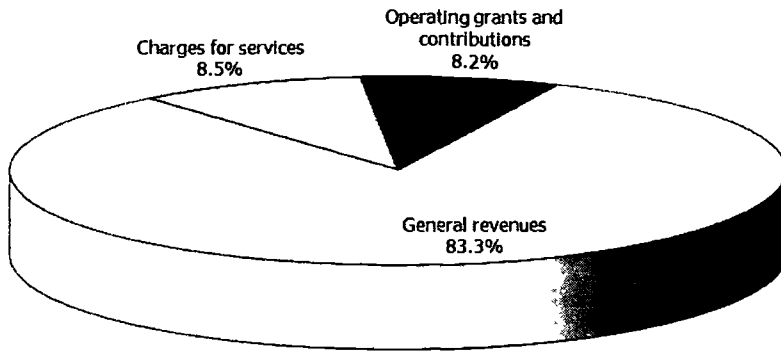
	Governmental Activities		Business-type Activities		Total	
	(as restated)		(as restated)		(as restated)	
	2011	2010	2011	2010	2011	2010
Revenues :						
Program revenues :						
Charges for services	\$ 19,866	\$ 21,696	280,908	305,232	300,774	326,928
Operating grants and contributions	19,238	18,404	9,071	530	28,309	18,934
Capital grants and contributions	-	-	4,120	2,659	4,120	2,659
General revenues :						
Property tax	76,308	79,803	-	-	76,308	79,803
Sales tax	29,907	24,948	-	-	29,907	24,948
Utility users tax	18,524	19,908	-	-	18,524	19,908
Motor-vehicle in-lieu tax	8,938	8,760	-	-	8,938	8,760
Investment earnings	14,315	17,631	3,327	3,771	17,642	21,402
Other	35,521	19,656	1,706	255	37,227	19,911
Total revenues	222,617	210,806	299,132	312,447	521,749	523,253
Expenses :						
General government	2,649	-	-	-	2,649	-
Police	43,161	45,118	-	-	43,161	45,118
Fire	31,648	32,169	-	-	31,648	32,169
Public works	55,699	47,947	-	-	55,699	47,947
Community Development	70,190	63,735	-	-	70,190	63,735
Parks & Recreation	20,363	30,113	-	-	20,363	30,113
Library	7,014	7,370	-	-	7,014	7,370
Interest on long-term debt	21,970	21,781	-	-	21,970	21,781
Water reclamation & sewer	-	-	13,577	12,714	13,577	12,714
Nonmajor funds	-	-	2,669	20,216	2,669	20,216
Electric utility	-	-	223,891	218,051	223,891	218,051
Water utility	-	-	22,453	19,777	22,453	19,777
Refuse collection & disposal	-	-	14,117	13,796	14,117	13,796
Total expenses	252,694	248,233	276,707	284,554	529,401	532,787
Increase (decrease) in net assets before transfers	(30,077)	(37,427)	22,425	27,893	(7,652)	(9,534)
Transfers	11,354	11,667	(11,354)	(11,667)	-	-
Increase (decrease) in net assets	(18,723)	(25,760)	11,071	16,226	(7,652)	(9,534)
Net assets, July 1 (as restated)	970,908	996,668	382,437	366,211	1,353,345	1,362,879
Net assets, June 30	\$ 952,185	\$ 970,908	393,508	382,437	1,345,693	1,353,345

Governmental Activities. Governmental activities decreased the City's net assets by \$18,797. Total expenses increased by 10%, while general revenues and transfers increased by 6%.

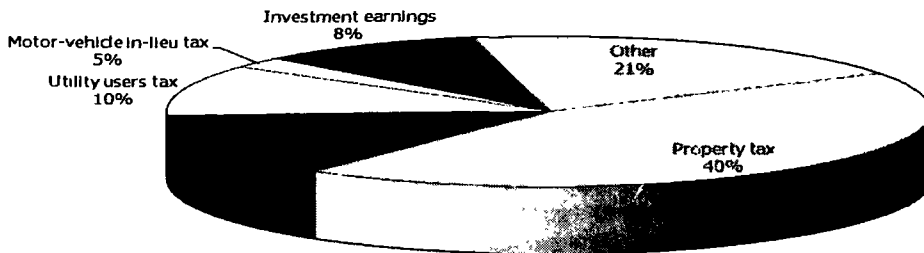
- *Investment earnings decreased by \$3,316 due to continuing changes in the investment market. Revenue decreased \$3,495 for property taxes, on continued housing sales due to current issues with housing and subprime mortgages. Revenue increased \$4,959, as anticipated during the budget process, for sales taxes.*

City Of Burbank
Management's Discussion and Analysis

Revenues - Governmental Activities



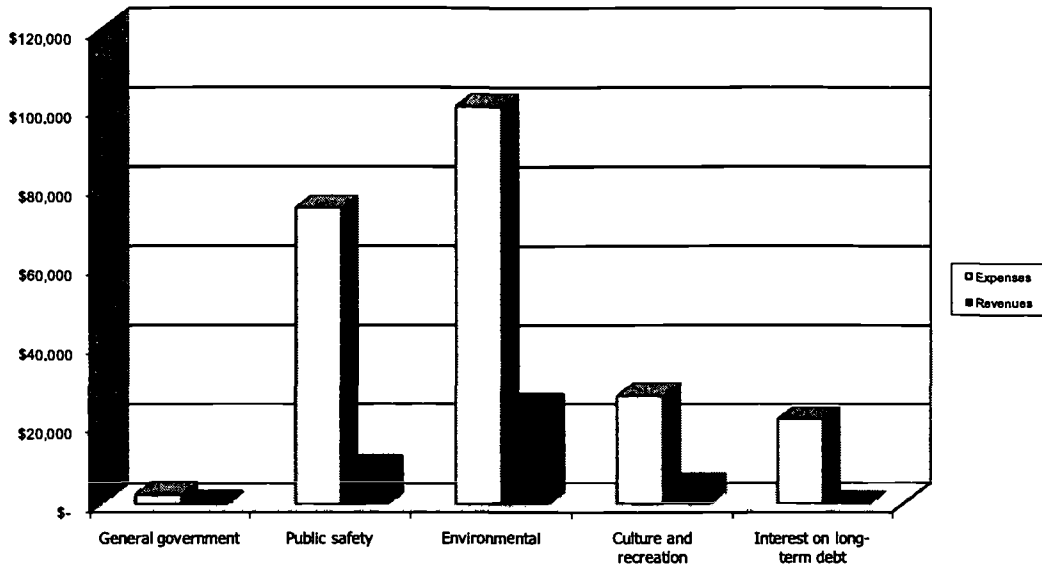
General Revenues - Governmental Activities



- *Taxes increased overall during the current year. Property taxes decreased 5%, and utility users taxes decreased 7%. Sales taxes increased 20%. The net overall increase in taxes was 1%, or \$1,149.*

City Of Burbank
Management's Discussion and Analysis

**Expenses and Program Revenues -
 Governmental**



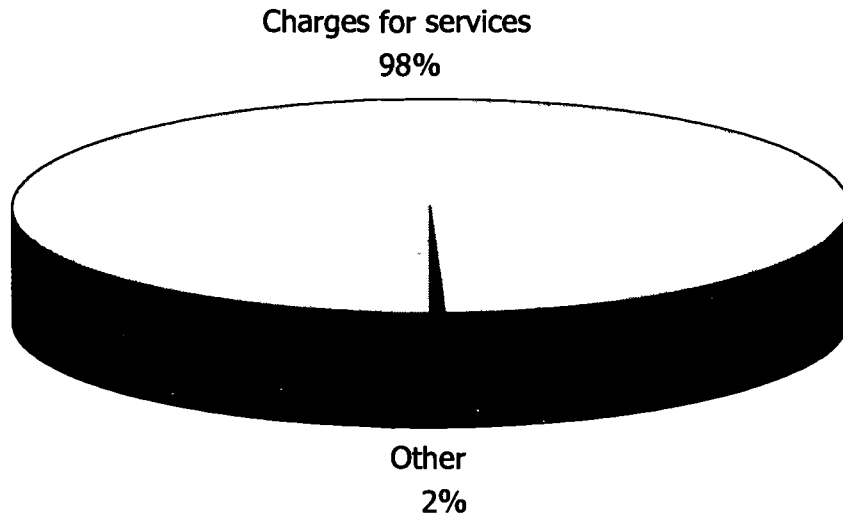
- *The charts above illustrate the City's governmental expenses and revenues by source. Environmental (Public Works and Community Development departments) is the largest function in expense (50%), followed by Public Safety (Police and Fire departments) (30%), and Culture and Recreation (Library, and Parks and Recreation departments, 11%). General revenues such as property, business, and sales taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (42%), followed by sales taxes (17%), utility users tax (11%), and investment earnings (8%).*

Business-type Activities. Business -type activities increased the City's net assets by \$11,071, accounting for 63% of the growth in the City's net assets, indicating that business-type activities had revenues sufficient to cover operations. The key elements of this increase are as follows:

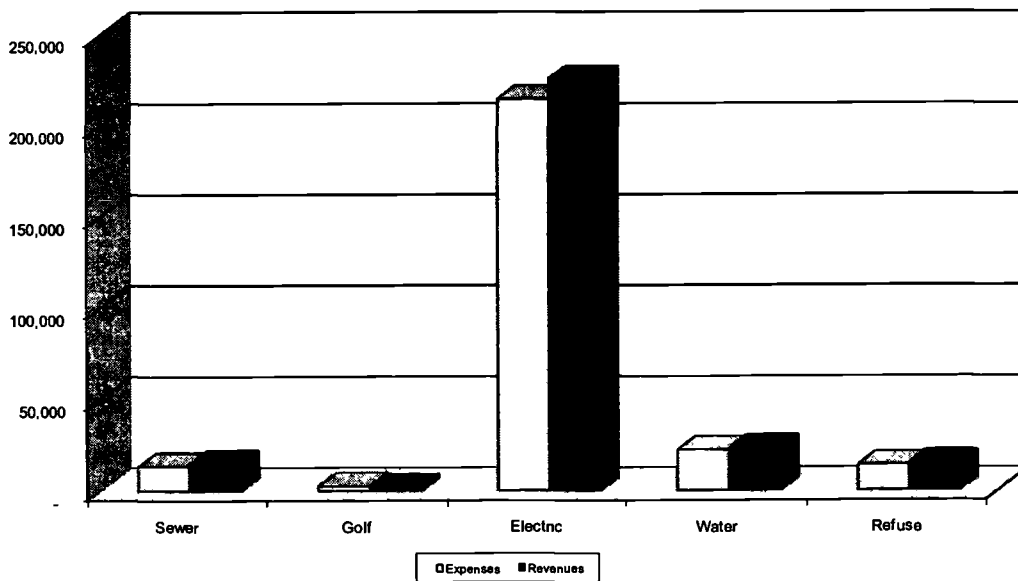
- *Rate increases were the primary factor leading to additional service charge revenue in all proprietary funds. The Electric utility fund had increased net assets of \$6,538; mainly due to improved expense management.*

City Of Burbank
Management's Discussion and Analysis

Revenues by Source - Business-type



Expenses and Program Revenues - Business-type



City Of Burbank

Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$359,742. Approximately 3% of fund balances (\$10,475) constitute *unassigned fund balances*. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$100,503), 2) to pay debt service (\$110,712), 3) Reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources (\$47,475), 4) to show amounts related to long-term notes (\$37,801), and 5) for a variety of other restricted purposes (\$52,776).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$46,871, while the total fund balance was \$100,907. As a measure of General Fund liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% of total General Fund expenditures of \$150,679, while total fund balance represents 67% of that same amount.

The fund balance of the City's General Fund decreased by \$7,613 during the current fiscal year. Key factors of this decrease are as follows:

- Grant revenues decreased by \$1,969 due to the downturn in the economy and less availability of Governmental dollars.
- Utility users tax were \$1,383 lower than estimated due to wired telecommunications dropping more than expected.
- Interest earnings decreased by \$1,301 due to the steady decline in interest rates.
- Unfunded pension liability payment of \$5,174
- Sales tax was \$4,959 higher due new retail businesses opening in the City.

Significant budget variances in the General fund, from original budget to final, included a \$405 increase in the police, \$741 for the fire department budget, \$379 for the Public Works budget and \$637 for the Parks and Recreation budget, composed of various budget entries to balance the budget, transfers in from holding accounts, and mid-year appropriation adjustments.

The Golden State debt service fund accounts for all Agency debt issued for the Golden State project area (now part of the Merged project area). At the end of the current fiscal year, the unassigned fund balance was zero, while total fund balance was \$13,736. The unassigned fund balance represents zero percent of total Golden State debt service fund expenditures of \$11,371, while the total fund balance represents 121% of that same amount. The fund balance of the Golden State debt service fund increased by \$1,175 during the current fiscal year. This is mainly attributable to a decrease in transfers out of \$3,570; to the Merged Capital project fund (for excess debt service cash), to the Youth Endowment Services (YES) fund for its portion of tax increment and to the Low and Moderate Income Housing fund for its portion of tax increment.

City Of Burbank

Management's Discussion and Analysis

The Merged capital projects fund holds all Agency capital project activity in the former Golden State, City Centre, and South San Fernando project areas. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$(32,987). The unassigned fund balance represents 0% of total Merged capital projects fund expenditures of \$5,586, while total fund balance represents -591% of that same amount. The fund balance of the Merged capital projects fund decreased by (11,859) during the current fiscal year. Reasons for this decrease are primarily due to a transfer of \$9,548 to the City for the Police and Fire station reconstruction project.

The Low and Moderate Income Housing (Low/Mod) fund holds all capital project activity required by the 20% set aside rule for redevelopment projects. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$77,202. The unassigned fund balance represents 0% of total Low/Mod fund expenditures of \$8,114. The fund balance of the Low/Mod fund increased by \$5,308 during the current fiscal year. This increase is attributable to unused budgeted expenditures of \$15,330 in administrative services and capital outlay. The key factors contributing to this are several family rehabilitation loans in process, but not completed, so the funding had not been disbursed at year end; the Focus Neighborhood multi-year capital project did not meet the projected unit acquisition in fiscal year 2007/08 so the money was carried over for future unit acquirement.

The General capital projects fund holds all general City capital project activity. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$65,670. This unassigned fund balance represents 0% of total General capital projects fund expenditures of \$14,011, while total fund balance represents 469% of that same amount. The fund balance of the General capital projects fund increased by \$12,317 during the current fiscal year. This result is primarily attributable to the fund functioning as expected; when projects are started, funds are either transferred immediately or on an as-needed basis. While over \$14,000 in capital expenses were incurred, nearly \$27,000 was received in transfers in, with the remainder being grant revenues and interest revenue received.

The Public Financing Authority (PFA) capital projects fund holds investments in Golden State and City Centre tax allocation bonds and records the debt service activity of its outstanding bonded indebtedness. At the end of the current fiscal year, the unassigned fund balance was zero, while total fund balance was \$90,337. Total fund balance represents 1,386% of total Public Financing Authority capital projects fund expenditures of \$6,518. The fund balance decreased by \$2,634 during the current fiscal year. This decrease is attributable to the payments on outstanding tax allocation bonds; as the fund pays down the PFA bonds outstanding, its assets are expected to decline, until all bonds are paid off and the funds' assets decrease to zero.

Proprietary Funds. The City's Proprietary Funds provide the same type of information found in the government wide financial statements, but in more detail.

Enterprise Funds. As of June 30, 2011, the unrestricted net assets of the enterprise funds totaled \$133,194 and total increase in unrestricted net assets was \$11,601. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The Water Reclamation and Sewer fund holds the City's sewer system enterprise. At the end of the current fiscal year, the unrestricted net assets were \$23,583, while total net assets were \$77,147. The unrestricted net assets represent 184% of total Water Reclamation and Sewer fund expenses of \$12,886, while total net assets represents 599% of that same amount. The net assets of the Water Reclamation and Sewer fund increased by \$1,756 during the current fiscal year. This increase is attributable to an increase in revenues of \$482 due to a 5% rate increase.

City Of Burbank **Management's Discussion and Analysis**

Also our budget is conservative and we continue to better manage the contract with the City of Los Angeles for the use of the Hyperion plant, thus reducing our financial obligation to them.

The Electric Utility fund holds the City's Electric power and distribution system. At the end of the current fiscal year, the unrestricted net assets were \$81,712, while total net assets were \$243,280. The unrestricted net assets represent 40% of total Electric Utility fund expenses of \$208,394, while total net assets represent 117% of that same amount. The net assets of the Electric Utility fund increased by \$6,538 during the current fiscal year. Revenues declined due to lower demand related to cooler than normal summer, weak economy and an increase in energy efficient appliances and lighting fixtures. It is not unexpected for both power sales and purchases to be significantly higher than budgets; it means that the City is prepared for instability in the electric markets, and able to ensure its ability to provide energy to its customers.

The Water Utility fund holds the City's water system enterprise. At the end of the current fiscal year, the unrestricted net assets were \$21,153, while total net assets were \$54,752. The unrestricted net assets represent 103% of total Water Utility fund expenses of \$21,322, while total net assets represent 257% of that same amount. The net assets of the Water Utility fund increased by \$2,299 during the current fiscal year. This increase is primarily attributable to increased revenues of \$1,163 caused by a 13.5% rate increase.

The Refuse Collection and Disposal fund holds the City's refuse collection and disposal enterprise. At the end of the current fiscal year, the unrestricted net assets were \$12,639, while total net assets were \$12,992. The unrestricted net assets represent 91% of total Refuse Collection and Disposal fund expenses of \$13,975, while total net assets represents 93% of that same amount. The net assets of the Refuse Collection and Disposal fund increased by \$1,382 during the current fiscal year. This increase is attributable to an increase in revenues of \$684, due to an 8% rate increase. The rate increase was established to cover anticipated rising operational expenses. Operational expenses rose \$365.

Internal Service Funds. The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance, and workers' compensation insurance, vehicle operations and maintenance, office equipment operations and maintenance, building replacement and maintenance, communication equipment operation and maintenance, and computer equipment operation and maintenance. As of June 30, 2011, unrestricted net assets of the internal service funds were \$46,109 and total decrease in net assets for these funds were \$13,442.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

General Fund Budgetary Highlights

The City adopts annual appropriated operating budgets for its governmental funds (General fund, special revenue funds, debt service funds, and capital project funds) and reports the results of operations on a budget comparison basis.

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for

City Of Burbank

Management's Discussion and Analysis

expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget to re-appropriate prior year approved projects and expenditures, as well as approving many other adjustments for the current year.

The General Fund reflected a net total favorable budget variance of \$14,667 when comparing actual amounts to the final budget for the current fiscal year. The largest savings came from non-departmental expenditures (\$4,233 savings due to holding accounts not being used).

General Fund revenue came in above estimates by \$1,764. The major contributor to this increase is an increase in taxes of \$1,080. Sales tax increased \$4,959 while property taxes remained flat due to a flat growth in assessed value.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities amounts to \$1,174,590 (net of accumulated depreciation of \$554,972) as of June 30, 2011, and \$1,162,154 (net of accumulated depreciation of \$509,242) as of June 30, 2010. This investment in capital assets includes land, buildings, utility systems, improvements other than buildings, infrastructure (roads, sidewalks, land held under easement, streetlights, etc.), machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets from 2010 to 2011 was 1.1 percent before depreciation (a decrease of 1.2% for governmental activities and an increase of 5.4% for business-type activities).

Governmental assets stayed flat. The increase in business-type capital assets primarily is comprised of the new Hollywood Way Substation for \$23,193.

The City has adopted a multi-year capital improvement program totaling over \$464 million over the next five years (the City budgets its capital program in rolling 5-year increments). The City budgets these projects in 12 major categories: community facilities, golf course, low moderate housing, municipal facilities, park and recreation, pedestrian access and roadway, redevelopment, refuse collection and disposal, transportation, wastewater, electric, and water. Among these categories, the major projects that were planned for the fiscal year 2010-11 included \$12,499 for municipal facilities, \$4,952 for pedestrian access and roadways and \$73,295 for various projects in the electric, water, wastewater, and refuse funds. The City had construction commitments of \$35,454 at June 30, 2011 and budgeted capital projects totaling \$92,607 for FY 2011.

City Of Burbank
Management's Discussion and Analysis

Table 3-The City's capital assets (net of accumulated depreciation) for June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital assets not being depreciated :						
Land	\$ 107,618	\$ 107,618	11,824	11,824	119,442	119,442
Land held under easements	345,277	345,277	-	-	345,277	345,277
Construction in progress	18,893	12,974	59,495	115,200	78,388	128,174
Internal service fund assets						
Construction in progress	2,384	13,958	-	-	2,384	13,958
Total capital assets not being depreciated :	474,172	479,827	71,319	127,024	545,491	606,851
Capital assets being depreciated :						
Land improvements	4,492	4,398	13,458	13,220	17,950	17,618
Rights to purchased power	-	-	1,335	1,335	1,335	1,335
Buildings & improvements	178,537	183,755	575,768	482,994	754,305	666,749
Infrastructure	280,241	270,920	-	-	280,241	270,920
Machinery & other	1,162	75	53,805	47,468	54,967	47,543
Internal service fund assets	75,273	60,450	-	-	75,273	60,450
Accumulated depreciation	(258,432)	(235,088)	(296,540)	(274,224)	(554,972)	(509,312)
Total capital assets being depreciated, net	281,273	284,510	347,826	270,793	629,099	555,303
Total net capital assets	\$ 755,445	\$ 764,337	419,145	397,817	1,174,590	1,162,154

Additional information on the City's capital assets can be found in notes to the basic financial statements on page 49 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$406,619, including current portion of \$14,465. Of this amount, \$5,555 represents community facilities district bonds issued for a parking structure, \$16,915 represents pension obligation bonds, issued to pay for police and fire unfunded accrued actuarial liability, \$213,539 represents tax allocation bonds issued for redevelopment projects, and \$170,610 represents revenue bonds issued for various business type activities. Additions to the City's bonded indebtedness were due to the Water fund issuing debt totaling \$36,740. Deductions from long-term debt include repayments of outstanding principal totaling \$17,729.

Table 4-The City's outstanding bonded debt for June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
CFD Bonds	\$ 5,555	\$ 5,860	-	-	5,555	5,860
Pension Obligation bonds	16,915	17,545	-	-	16,915	17,545
Revenue bonds	213,539	206,579	170,610	141,451	384,149	348,030
Total long-term debt	\$ 236,009	\$ 229,984	170,610	141,451	406,619	371,435

City Of Burbank

Management's Discussion and Analysis

Ratings on outstanding debt (not including debt considered fully defeased) are provided below. The ratings below are from Moody's Investor Services, Standard and Poor's, and Fitch, Inc. (Note that the insured rating is given rather than the underlying rating on insured issues.

Table 5-The City's Debt Ratings:

<u>Debt Issue</u>	<u>Moody's</u>	<u>S & P</u>	<u>Fitch's</u>
▪ 1991 Public Parking Facilities	-	-	-
▪ 1993A Golden State	A2	A	-
▪ 1993A Wastewater Revenue	Aa3	AA+*	-
▪ 2002A Waste Disposal(taxable)	A2*	AA+*	-
▪ 2002B Waste Disposal(tax exempt)	A2*	AA+*	-
▪ 2002 Electric Revenue	A1*	AA-*	-
▪ 2002 West Olive	-	BBB+*	-
▪ 2003A Golden State	A2*	A*	-
▪ 2003B South San Fernando	-	BBB+*	-
▪ 2003C City Centre	Aa3,Aa3*	AA*	-
▪ 2004 Pension Obligation	-	-	-
▪ 2005 Communities Facilities	-	-	-
▪ 2007A Golden State	A2	A*	-
▪ 2010A Electric Revenue	A1	AA-*	-
▪ 2010B Electric Revenue	A1	AA-*	-
▪ 2010A Water Revenue	-	AAA	-
▪ 2010B Water Revenue	-	AAA	-

* Starred rating is the underlying rating.

Additional information on the City's long term debt can be found in Note 8 of this report.

Economic Factors and Next Year's General Fund Budget

Revenues. The City's FY 2012 General Fund forecasted revenues total \$152.6M which reflects an increase of \$7.4M or 5.1% over FY 2011. Sales tax is forecasted to increase \$1.0M (5.0%) primarily due to increasing consumer, business and industry spending and the opening of new retail businesses. Utility users tax will increase \$.6M (3.0%) basically staying flat. Despite the real estate slowdown property tax is projected to increase \$.313M (1.2%) reflecting the mitigating effect Prop 13 has on assessed values (AV) in relation to current market trends. The City has a large number of pre-Prop 13 parcels which will continue to rise in AV, also when these properties are sold the AV will increase dramatically.

Expenditures. The City's General Fund operating budget for FY 2012 reflects an increase of 5.2% in expenditures. In the FY 2011-12 budget, various positions were frozen across the city, while increases due to MOU driven employee salary and benefits cost increases and increased energy costs caused the expenditures to increase slightly.

City Of Burbank
Management's Discussion and Analysis

Economic Factors. The City's unemployment rate was 10.1% in June of 2011. This compares favorably to the County of Los Angeles' unemployment rate of 12.3%.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Additional financial information is available on our website at <http://www.ci.burbank.ca.us>. Questions concerning any of the information in this report or request for additional financial information should be addressed the Director of Financial Services, 301 E. Olive Avenue, Burbank, CA 91502.

City Of Burbank

STATEMENT OF NET ASSETS

June 30, 2011

(in thousands)

	Governmental Activities	Business-type Activities	Total
Assets :			
Cash and investments (note 4)	\$ 412,701	145,443	558,144
Receivables, net (note 10)	14,382	18,558	32,940
Internal balances (note 7)	2,257	(2,257)	-
Intergovernmental receivables	399	-	399
Inventories	881	7,798	8,679
Prepaid items and deposits (note 16)	177	22,279	22,456
Land held for resale	526	-	526
Deferred charges and other assets	4,550	1,543	6,093
Pension/OPEB asset (note 19)	34,709	3,708	38,417
Developer loans receivable	37,938	-	37,938
Capital assets not being depreciated (note 5)	474,172	71,319	545,491
Capital assets, net of accumulated depreciation (note 5)	281,273	347,826	629,099
Total assets	1,263,965	616,217	1,880,182
Liabilities :			
Accounts payable	12,897	4,654	17,551
Accrued liabilities (note 13)	10,103	13,902	24,005
Intergovernmental payables	7	-	7
Deposits	6,936	10,699	17,635
Bond interest payable	453	1,015	1,468
Current portion of long-term liabilities (note 8)	20,296	5,757	26,053
Long-term liabilities, net of current portion (note 8)	261,088	186,682	447,770
Total liabilities	311,780	222,709	534,489
Commitments and Contingencies (Note 12)			
Net Assets :			
Invested in capital assets, net of related debt (note 2)	666,460	247,901	914,361
Restricted for :			
Debt service	10,210	12,413	22,623
Public safety	1,552	-	1,552
Environmental	59,601	-	59,601
Unrestricted	214,362	133,194	347,556
Total net assets	\$ 952,185	393,508	1,345,693

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF ACTIVITIES Year ended June 30, 2011 (in thousands)

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities :							
General government	\$ 2,649	101	383	-	(2,165)	-	(2,165)
Police	43,161	3,956	1,155	-	(38,050)	-	(38,050)
Fire	31,648	3,522	436	-	(27,690)	-	(27,690)
Public works	55,625	1,426	2,510	-	(51,689)	-	(51,689)
Community development	70,264	16,828	14,141	-	(39,295)	-	(39,295)
Parks and recreation	20,363	3,918	430	-	(16,015)	-	(16,015)
Library	7,014	184	183	-	(6,647)	-	(6,647)
Interest on long-term debt	21,970	-	-	-	(21,970)	-	(21,970)
Total Governmental Activities	252,694	29,935	19,238	-	(203,521)	-	(203,521)
Business-Type Activities :							
Water Reclamation and Sewer	13,577	14,941	-	-	-	1,364	1,364
Golf Activities	2,669	1,769	-	-	-	(900)	(900)
Electric Utility	214,840	225,901	-	2,275	-	13,336	13,336
Water Utility	22,453	23,281	-	1,845	-	2,673	2,673
Refuse Collection & Disposal	14,117	15,016	20	-	-	919	919
Total Business-Type Activities	267,656	280,908	20	4,120	-	17,392	17,392
Total	\$ 520,350	310,843	19,258	4,120	(203,521)	17,392	(186,129)
General revenues :							
Taxes:							
Property Tax					66,240	-	66,240
Sales Tax					29,907	-	29,907
Utility Users Tax					18,524	-	18,524
Franchise Tax					4,559	-	4,559
Motor Vehicle In-lieu Tax (Intergovernmental, unrestricted)					8,938	-	8,938
Transient Occupancy Tax					5,686	-	5,686
Transient Parking Tax					2,886	-	2,886
Other taxes					11,369	1	11,370
Unrestricted investment earnings					14,315	3,327	17,642
Grants/contributions not restricted to specific programs					1,912	-	1,912
Miscellaneous					9,108	1,705	10,813
Transfers (note 7)					11,354	(11,354)	-
Total general revenues and transfers					184,798	(6,321)	178,477
Change in net assets					(18,723)	11,071	(7,652)
Net assets, July 1, 2010 (as restated, see Note 21)					970,908	382,437	1,353,345
Net assets, June 30, 2011					\$ 952,185	393,508	1,345,693

See accompanying notes to basic financial statements

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

(in thousands)

	General	Special Revenue	Debt Service		Capital Projects
		Low/Mod Income Housing	Golden State	Public Fin. Authority	Merged Proj. Area
Assets :					
Pooled cash and cash investments (note 4)	\$ 63,662	39,288	-	8,153	6,026
Restricted non-pooled cash					
and cash equivalents (note 4)	-	-	13,048	25,197	-
Restricted investments (note 4)	-	-	-	56,955	-
Receivables, net (note 9)	9,591	37,938	688	32	207
Interfund receivables (note 7)	686	-	-	-	-
Intergovernmental receivables	313	-	-	-	-
Inventories	70	-	-	-	-
Pre items and deposits (note 15)	54	-	-	-	28
Land held for resale	-	526	-	-	-
Advances receivable (note 7)	43,188	-	-	-	2,757
Total assets	\$ 117,564	77,752	13,736	90,337	9,018
Liabilities and Fund balances :					
Liabilities :					
Accounts payable	\$ 436	550	-	-	370
Accrued liabilities (note 12)	10,103	-	-	-	-
Deferred revenue (note 19)	1,951	-	-	-	-
Interfund payable (note 7)	-	-	-	-	-
Intergovernmental payables	7	-	-	-	-
Deposits	2,833	-	-	-	-
Advances payable (note 7)	1,327	-	-	-	41,635
Total liabilities	16,657	550	-	-	42,005
Fund balances :					
Nonspendable:					
Intercity advances	43,188	-	-	-	-
Land held for resale	-	-	-	-	-
Notes receivable	-	-	-	-	-
Inventories	70	-	-	-	-
Change and imprest	191	-	-	-	-
Prepaid items	54	-	-	-	-
Restricted :					
Transportation	-	-	-	-	-
Federal and state grants	147	-	-	-	-
Public safety	-	-	-	-	-
Debt service	-	-	13,736	90,337	-
Redevelopment	-	77,202	-	-	2,807
Capital projects	2	-	-	-	-
Committed :					
Transportation	-	-	-	-	-
Assigned	10,384	-	-	-	-
Unassigned	46,871	-	-	-	(35,794)
Total fund balances (deficits)	100,907	77,202	13,736	90,337	(32,987)
Total liabilities and fund balances	\$ 117,564	77,752	13,736	90,337	9,018

See accompanying notes to basic financial statements

(continued)

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

(in thousands)

	Capital Projects General Cap. Proj.	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Assets :			
Pooled cash and cash investments (note 4)	\$ 57,029	39,124	213,282
Restricted non-pooled cash and cash equivalents (note 4)	5,095	9,327	52,667
Restricted investments (note 4)	9,897	-	66,852
Receivables, net (note 9)	213	3,014	51,683
Interfund receivables (note 7)	-	103	789
Intergovernmental receivables	13	73	399
Inventories	-	294	364
Prepaid items and deposits (note 15)	-	38	120
Land held for resale	-	-	526
Advances receivable (note 7)	680	1,530	48,155
Total assets	\$ 72,927	53,503	434,837
Liabilities and Fund balances :			
Liabilities :			
Accounts payable	\$ 2,552	6,944	10,852
Accrued liabilities (note 13)	-	-	10,103
Deferred revenue (note 19)	-	-	1,951
Interfund payable (note 7)	-	304	304
Intergovernmental payables	-	-	7
Deposits	4,000	15	6,848
Advances payable (note 7)	680	1,388	45,030
Total liabilities	7,232	8,651	75,095
Fund balances (Note 9):			
Nonspendable:			
Intercity advances	-	1,530	44,718
Land held for resale	-	-	-
Notes receivable	-	-	-
Inventories	-	294	364
Change and imprest	-	-	191
Prepaid items	-	10	64
Restricted :			
Transportation	-	5,329	5,329
Federal and state grants	-	4,393	4,540
Public safety	-	1,292	1,292
Debt service	-	10,666	114,739
Redevelopment	-	-	80,009
Capital projects	-	1,543	1,545
Committed:			
Transportation	-	20,397	20,397
Assigned	65,695	-	76,079
Unassigned	-	(602)	10,475
Total fund balances (deficits)	65,695	44,852	359,742
Total liabilities and fund balances	\$ 72,927	53,503	434,837

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

June 30, 2011

(in thousands)

Fund balances of governmental funds	\$ 359,742
Amounts reported for governmental activities in the statement of net assets are different because :	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	755,445
Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.	(249,868)
Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as a payable in the governmental funds.	(453)
Bond issuance costs, and pension payments in excess of the annual required contribution, are not considered financial resources in the governmental funds; however in the statement of net assets, an asset is recognized.	39,259
Deferred revenue is recognized on the governmental funds balance sheet for certain notes, which do not meet the criteria for availability, and are thus deferred under modified accrual. This criteria is not applicable on the statement of net assets.	1,951
Internal service funds are used by management to charge the costs of the City's self-insurance programs and equipment rental and replacement operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Net assets, less capital assets and long-term liabilities disclosed above, are shown here.	<u>46,109</u>
Net assets of governmental activities	<u>\$ 952,185</u>

See accompanying notes to basic financial statements

City Of Burbank

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS**
Year ended June 30, 2011
(in thousands)

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>
	<u>General</u>	<u>Low/Mod Income Housing</u>	<u>Golden State</u>	<u>Public Fin. Authority</u>	<u>Merged Proj. Area</u>
Revenues :					
Taxes	\$ 82,917	10,069	20,689	-	-
Licenses & permits	3,798	-	-	-	-
Fines, forfeitures and penalties	2,340	-	-	-	-
Use of money or property	1,718	548	2,306	3,884	563
Intergovernmental	10,459	-	-	-	-
Charges for services	29,761	227	-	-	351
Total revenues	<u>130,993</u>	<u>10,844</u>	<u>22,995</u>	<u>3,884</u>	<u>914</u>
Expenditures :					
General government :					
City council	550	-	-	-	-
City attorney	3,444	-	-	-	-
City clerk	1,010	-	-	-	-
City treasurer	653	-	-	-	-
City manager	2,049	-	-	-	-
Financial services	4,214	-	-	-	-
Management services	4,868	-	-	-	-
Administrative services	-	3,123	-	-	5,561
Information technology	4,373	-	-	-	-
Non-departmental	6,761	-	-	-	-
Total general government	<u>27,922</u>	<u>3,123</u>	<u>-</u>	<u>-</u>	<u>5,561</u>
Public safety :					
Police	42,372	-	-	-	-
Fire	30,180	-	-	-	-
Total public safety	<u>72,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Environmental :					
Community development	8,767	-	-	-	-
Public works	15,710	-	-	-	-
Total environmental	<u>24,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Culture and recreation :					
Library	6,409	-	-	-	-
Parks and recreation :					
Parks	8,393	-	-	-	-
Recreation	7,820	-	-	-	-
Special community activities	2,476	-	-	-	-
Total parks and recreation	<u>18,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total culture and recreation	<u>25,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to basic financial statements

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City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
Year ended June 30, 2011

(in thousands)

	Special Revenue		Debt Service		Capital Projects
	General	Low/Mod Income Housing	Golden State	Public Fin. Authority	Merged Proj. Area
Capital outlay :					
Street improvements	-	-	-	-	-
General capital improvements	-	4,991	-	-	25
Total capital outlay	-	4,991	-	-	25
Debt service :					
Principal retirement	630	-	3,815	3,410	-
Interest and finance charges	-	-	7,556	3,108	-
Total debt service	630	-	11,371	6,518	-
Total expenditures	150,679	8,114	11,371	6,518	5,586
Excess (deficiency) of revenues over expenditures	(19,686)	2,730	11,624	(2,634)	(4,672)
Other financing sources (uses) :					
Transfers in (note 7)	15,200	2,578	-	-	12,691
Transfers out (note 7)	(3,127)	-	(10,449)	-	(19,878)
Total other financing sources (uses)	12,073	2,578	(10,449)	-	(7,187)
Net change in fund balances	(7,613)	5,308	1,175	(2,634)	(11,859)
Fund balances (deficits), July 1, 2010	108,520	71,894	12,561	92,971	(21,128)
Fund balances (deficits), June 30, 2011	\$ 100,907	77,202	13,736	90,337	(32,987)

See accompanying notes to basic financial statements

(continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS

Year ended June 30, 2011

(in thousands)

	Capital Projects General Cap. Proj.	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Revenues :			
Taxes	-	23,176	136,851
Licenses & permits	-	-	3,798
Fines, forfeitures and penalties	-	-	2,340
Use of money or property	613	1,600	11,232
Intergovernmental	1,912	17,233	29,604
Charges for services	25	16,402	46,766
Total revenues	<u>2,550</u>	<u>58,411</u>	<u>230,591</u>
Expenditures :			
General government :			
City council	-	-	550
City attorney	-	-	3,444
City clerk	-	-	1,010
City treasurer	-	-	653
City manager	-	-	2,049
Financial services	-	-	4,214
Management services	-	-	4,868
Administrative services	-	3,931	12,615
Information technology	-	-	4,373
Non-departmental	-	-	6,761
Total general government	<u>-</u>	<u>3,931</u>	<u>40,537</u>
Public safety :			
Police	-	280	42,652
Fire	-	-	30,180
Total public safety	<u>-</u>	<u>280</u>	<u>72,832</u>
Environmental :			
Community development	-	35,897	44,664
Public works	-	-	15,710
Total environmental	<u>-</u>	<u>35,897</u>	<u>60,374</u>
Culture and recreation :			
Library	-	-	6,409
Parks and recreation :			
Parks	-	-	8,393
Recreation	-	-	7,820
Special community activities	-	115	2,591
Handicapped transportation	-	-	-
Total parks and recreation	<u>-</u>	<u>115</u>	<u>18,804</u>
Total culture and recreation	<u>-</u>	<u>115</u>	<u>25,213</u>

See accompanying notes to basic financial statements

(continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS Year ended June 30, 2011

(in thousands)

	Capital Projects General Cap. Proj.	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Capital outlay :			
Street improvements	-	3,525	3,525
General capital improvements	14,011	-	19,027
Total capital outlay	14,011	3,525	22,552
Debt service :			
Principal retirement	-	1,735	9,590
Interest and finance charges	-	11,343	22,007
Total debt service	-	13,078	31,597
Total expenditures	14,011	56,826	253,105
Excess (deficiency) of revenues over expenditures	(11,461)	1,585	(22,514)
Other financing sources (uses) :			
Transfers in (note 7)	26,789	11,995	69,253
Transfers out (note 7)	(2,986)	(20,959)	(57,399)
Total other financing sources (uses)	23,803	(8,964)	11,854
Net change in fund balances	12,342	(7,379)	(10,660)
Fund balances (deficits), July 1, 2010	53,353	52,231	370,402
Fund balances (deficits), June 30, 2011	65,695	44,852	359,742

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year ended June 30, 2011 (in thousands)

Net change in fund balances - total governmental funds	\$ (10,660)
Amounts reported for governmental activities in the statement of activities are different because :	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(8,406)
The issuance of long-term debt such as bonds provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,717
Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as an expense in the governmental fund statements. This difference between the prior year's accrued interest expense and the current year's accrued interest expense is reported in the statement of activities.	37
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	941
Internal service funds are used by management to charge the costs of the City's self-insurance programs and equipment rental and replacement operations, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.	(13,442)
In accordance with GASB 27 and GASB 45, a net Pension asset and OPEB asset have been established for the government wide statements, as these assets do not impact current financial resources and are therefore not reported in governmental funds. This is total change in net pension and OPEB asset.	8,610
Some revenues reported in the statement of activities do not increase current financial resources and therefore are not reported as revenues in governmental funds.	<u>(6,520)</u>
Change in net assets of governmental activities	<u>\$ (18,723)</u>

See accompanying notes to basic financial statements

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL

GENERAL FUND

Year ended June 30, 2011

(in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues :				
Taxes	\$ 81,837	81,837	82,917	1,080
Licenses & permits	3,662	3,662	3,798	136
Fines, forfeitures and penalties	3,072	3,072	2,340	(732)
Use of money or property	1,776	2,764	1,718	(1,046)
Intergovernmental	9,651	9,662	10,459	797
Charges for services	29,128	28,232	29,761	1,529
Total revenues	129,126	129,229	130,993	1,764
Expenditures :				
General government :				
City council	549	576	550	26
City attorney	3,624	3,645	3,444	201
City clerk	1,098	1,177	1,010	167
City treasurer	700	703	653	50
City manager	2,151	2,151	2,049	102
Financial services	4,414	4,469	4,214	255
Management services	5,285	5,320	4,868	452
Information technology	4,891	4,920	4,373	547
Non-departmental	7,203	10,994	6,761	4,233
Total general government	29,915	33,955	27,922	6,033
Public safety :				
Police	45,004	45,409	42,372	3,037
Fire	29,153	29,894	30,180	(286)
Total public safety	74,157	75,303	72,552	2,751
Environmental :				
Community development	9,280	9,391	8,767	624
Public works	16,099	16,478	15,710	768
Total environmental	25,379	25,869	24,477	1,392
Culture and recreation :				
Library	6,614	6,667	6,409	258
Parks	8,140	8,411	8,393	18
Recreation	7,554	8,191	7,820	371
Special community activities	2,630	2,698	2,476	222
Total culture and recreation	24,938	25,967	25,098	869

See accompanying notes to basic financial statements

(Continued)

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL GENERAL FUND Year ended June 30, 2011

(in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service :				
Principal retirement	630	630	630	-
Total debt service	630	630	630	-
Total expenditures	155,019	161,724	150,679	11,045
Excess (deficiency) of revenues over expenditures	(25,893)	(32,495)	(19,686)	12,809
Other financing sources (uses) :				
Transfers in	13,342	13,342	15,200	1,858
Transfers out	(800)	(3,127)	(3,127)	-
Total other financing sources (uses)	12,542	10,215	12,073	1,858
Net change in fund balances (deficits)	(13,351)	(22,280)	(7,613)	14,667
Fund balance, July 1, 2010	108,520	108,520	108,520	-
Fund balance, June 30, 2011	\$ 95,169	86,240	100,907	14,667

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011
(in thousands)

	Business-type activities - Enterprise funds					Total	Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds		Internal Service Funds
Assets :							
Current assets :							
Pooled cash and investments (note 4)	\$ 20,803	62,110	24,715	6,973	253	114,854	79,900
Accounts receivable (note 9)	1,186	12,871	2,626	1,450	31	18,164	306
Interest receivable (note 9)	86	142	61	105	-	394	331
Interfund receivable (note 7)	-	-	-	-	-	-	11
Inventories	-	6,212	1,586	-	-	7,798	517
Prepaid expenses (note 15)	106	21,403	460	300	10	22,279	57
Pension/OPEB Asset (note 19)	-	3,708	-	-	-	3,708	-
Total current assets	22,181	106,446	29,448	8,828	294	167,197	81,122
Non-current assets :							
Restricted pooled cash and investments (note 4)	-	-	-	18,176	-	18,176	-
Restricted non-pooled investments (note 4)	1,459	9,441	153	1,360	-	12,413	-
Deferred bond issuance costs	659	196	184	504	-	1,543	-
Advances receivable (note 7)	100	1,018	153	93	-	1,364	-
Total other non-current assets	2,218	10,655	490	20,133	-	33,496	-
Capital assets (note 5) :							
Land	5,316	2,734	309	3,454	11	11,824	-
Land improvements	6,096	-	-	6,326	1,036	13,458	-
Rights to purchased power	-	1,335	-	-	-	1,335	-
Buildings and improvements	114,455	351,217	94,702	6,436	8,958	575,768	11,802
Machinery and equipment	2,356	33,097	4,724	13,230	398	53,805	63,471
Construction in progress	69	43,811	15,520	45	50	59,495	2,384
Less accumulated depreciation	(58,828)	(170,955)	(43,874)	(20,688)	(2,195)	(296,540)	(41,956)
Total capital assets, net of accumulated depreciation	69,464	261,239	71,381	8,803	8,258	419,145	35,701
Total non-current assets	71,682	271,894	71,871	28,936	8,258	452,641	35,701
Total assets	93,863	378,340	101,319	37,764	8,552	619,838	116,823

See accompanying notes to basic financial statements

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City Of Burbank
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011
(in thousands)

	Business-type activities - Enterprise funds					Total	Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds		Activities- Internal Service Funds
Liabilities :							
Current liabilities :							
Accounts payable	28	2,930	1,509	122	65	4,654	2,045
Accrued expenses (note 12)	435	7,900	5,453	88	25	13,901	-
Accrued payroll (note 12)	1	-	-	-	-	1	-
Compensated absences payable (note 8)	-	217	37	34	-	288	-
Interfund payable (note 7)	-	445	51	-	-	496	-
Customer deposits	133	9,229	973	364	-	10,699	88
Bond interest payable	61	795	90	69	-	1,015	-
Current portion of revenue bonds (note 8)	710	3,535	480	550	-	5,275	-
Current portion of loan payable (note 8)	-	-	194	-	-	194	-
Outstanding claims self insurance (note 16)	-	-	-	-	-	-	8,706
Total current liabilities	1,368	25,051	8,787	1,227	90	36,523	10,839
Long-term liabilities (net of current portion) (note 8) :							
Revenue bonds	15,190	105,577	36,668	7,900	-	165,335	-
Landfill closure & post closure (note 8)	-	-	-	15,078	-	15,078	-
Loan payable (note 8)	-	-	440	-	-	440	-
Compensated absences (note 8)	158	4,432	672	567	-	5,829	239
Outstanding claims - self insurance (note 16)	-	-	-	-	-	-	22,571
Advances payable (note 7)	-	-	-	-	3,125	3,125	1,364
Total long-term liabilities (net of current portion)	15,348	110,009	37,780	23,545	3,125	189,807	24,174
Total liabilities	16,716	135,060	46,567	24,772	3,215	226,330	35,013
Net assets :							
Invested in capital assets, net of related debt	53,564	152,127	33,599	353	8,258	247,901	35,701
Restricted for debt service	1,459	9,441	153	1,360	-	12,413	-
Unrestricted (deficit)	22,124	81,712	21,000	11,279	(2,921)	133,194	46,109
Total net assets	\$ 77,147	243,280	54,752	12,992	5,337	393,508	81,810

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2011
(in thousands)

	Business-type activities - Enterprise funds						Governmental
	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
Operating revenues :							
Sales of water and power	\$ -	219,259	22,656	-	-	241,915	-
Charges for services	14,941	6,642	625	15,016	1,769	38,993	27,275
Total operating revenues	14,941	225,901	23,281	15,016	1,769	280,908	27,275
Operating expenses :							
Operations and maintenance	6,346	41,981	2,248	8,240	2,071	60,886	32,189
Purchased water and power	-	152,285	16,466	-	-	168,751	-
Inspection and investigation	1,797	-	-	-	-	1,797	-
Design and permits	895	-	-	182	-	1,077	-
Refuse disposal	5	-	-	2,623	-	2,628	-
Recycling	-	-	-	1,651	-	1,651	-
Depreciation	3,843	14,128	2,608	1,279	575	22,433	11,513
Total operating expenses	12,886	208,394	21,322	13,975	2,646	259,223	43,702
Operating income (loss)	2,055	17,507	1,959	1,041	(877)	21,685	(16,427)
Nonoperating income (expense) :							
Interest income	401	2,167	317	442	-	3,327	1,247
Intergovernmental	-	-	-	20	-	20	-
Other local taxes	-	-	1	-	-	1	1,532
Gain/(loss) on disposal of capital assets	-	542	-	261	-	803	332
Interest expense	(691)	(6,988)	(1,131)	(403)	(23)	(9,236)	-
Other income/(expense) - net	(9)	1,371	326	21	(4)	1,705	374
Total nonoperating income (expense)	(299)	(2,908)	(487)	341	(27)	(3,380)	3,485
Income (loss) before capital contributions and transfers	1,756	14,599	1,472	1,382	(904)	18,305	(12,942)
Capital contributions	-	2,275	1,845	-	-	4,120	-
Transfers out (note 7)	-	(10,336)	(1,018)	-	-	(11,354)	(500)
Change in net assets	1,756	6,538	2,299	1,382	(904)	11,071	(13,442)
Net assets, July 1, 2010	75,391	236,742	52,453	11,610	6,241	382,437	95,252
Net assets, June 30, 2011	\$ 77,147	243,280	54,752	12,992	5,337	393,508	81,810

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year ended June 30, 2011
(in thousands)

	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds	Total	Government Activities- Internal Service Funds
Cash flows from operating activities :							
Cash received from customers	\$ 15,120	225,757	22,832	15,475	1,766	280,950	27,283
Cash paid to suppliers	(9,408)	(171,424)	(14,097)	(8,207)	(2,354)	(205,490)	(24,128)
Cash paid to employees	(1,482)	(27,034)	(4,003)	(4,276)	-	(36,795)	(2,831)
Net cash provided by (used in) operating activities	<u>4,230</u>	<u>27,299</u>	<u>4,732</u>	<u>2,992</u>	<u>(588)</u>	<u>38,665</u>	<u>324</u>
Cash flows from noncapital financing activities :							
Paid to City of Burbank	-	-	-	-	(125)	(125)	-
Proceeds from other governmental agencies	-	9,052	-	-	-	-	-
Proceeds from other funds	-	-	-	-	-	-	374
Advances from other funds	52	-	-	50	-	102	-
Proceeds - loan from general fund	-	-	-	-	1,000	1,000	-
Other income (expense)	(9)	1,371	327	41	(4)	1,726	1,532
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	(10,336)	(1,018)	-	-	(11,354)	(500)
Net cash provided by (used in) noncapital financing activities	<u>43</u>	<u>87</u>	<u>(691)</u>	<u>91</u>	<u>871</u>	<u>(8,651)</u>	<u>1,406</u>
Cash flows from capital and related financing activities :							
Contributed capital	-	2,275	1,845	-	-	4,120	-
Proceeds from sales of capital assets	-	542	-	261	-	803	332
Acquisition and construction of assets	(968)	(34,603)	(17,203)	(36)	(7)	(52,817)	(4,184)
Principal payments - bonds	(680)	(3,805)	(410)	(515)	-	(5,410)	-
Principal payments - loan payable	-	-	(9,237)	-	-	(9,237)	-
Proceeds from debt issuance	-	-	36,740	-	-	36,740	-
Interest paid	(691)	(6,988)	(1,050)	(399)	(23)	(9,151)	-
Net cash used in capital and related financing activities	<u>(2,339)</u>	<u>(42,579)</u>	<u>10,685</u>	<u>(689)</u>	<u>(30)</u>	<u>(34,952)</u>	<u>(3,852)</u>
Cash flows from investing activities :							
Interest received	424	2,207	280	461	-	3,372	1,373
Sales of restricted investments	-	1,861	535	334	-	2,730	-
Net cash provided by investing activities	<u>424</u>	<u>4,068</u>	<u>815</u>	<u>795</u>	<u>-</u>	<u>6,102</u>	<u>1,373</u>
Net increase (decrease) in cash and cash equivalents	2,358	(11,125)	15,541	3,189	253	1,164	(749)
Cash and cash equivalents, July 1, 2010	18,445	73,235	9,174	21,960	-	122,814	80,649
Cash and cash equivalents, June 30, 2011	<u>\$ 20,803</u>	<u>62,110</u>	<u>24,715</u>	<u>25,149</u>	<u>253</u>	<u>133,030</u>	<u>79,900</u>

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
ALL PROPRIETARY FUND TYPES
Year ended June 30, 2011
(in thousands)

	Water Rec & Sewer	Electric Utility	Water Utility	Refuse Collection & Disposal	Nonmajor Enterprise Funds	Total	Government Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :							
Operating income (loss)	\$ 2,055	17,507	1,959	1,041	(877)	21,685	(16,427)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities :							
Depreciation	3,843	14,128	2,608	1,279	575	22,433	11,509
(Increase) decrease in accounts receivable	179	(144)	(449)	459	(3)	42	8
(Increase) decrease in due to/from City of Burbank	-	(463)	(48)	-	-	(511)	-
(Increase) decrease in advances receivable	-	575	87	-	-	662	-
Increase (decrease) in inventories	-	(1,417)	312	-	-	(1,105)	(120)
(Increase) decrease in prepaid items	(106)	(2,615)	(460)	(300)	1	(3,480)	(21)
(Increase) decrease in deferred bond issuance cost	(28)	(120)	(2,161)	12	-	-	-
Increase in outstanding claims payable	-	-	-	-	-	-	6,652
Increase (decrease) in accrued expense	(1,750)	3,534	3,450	-	(284)	4,950	(1,091)
Increase (decrease) in compensated absences	24	(407)	(53)	12	-	(424)	(106)
Increase (decrease) in deferred revenue	-	-	-	-	-	-	(80)
Increase (decrease) in interfund payable	-	445	51	-	-	-	-
Increase (decrease) in accrued payroll	1	(12)	(1)	-	-	(12)	-
Increase (decrease) in customer deposits	12	(3,712)	(563)	68	-	(4,195)	-
Increase in landfill closure and postclosure liabilities	-	-	-	421	-	421	-
Other nonoperating revenue	-	-	-	-	-	-	-
Other nonoperating expense	-	-	-	-	-	-	-
Total adjustments	2,175	9,792	2,773	1,951	289	18,781	16,751
Net cash provided by (used in) operating activities	\$ 4,230	27,299	4,732	2,992	(588)	38,665	324
Noncash investing, capital, and financing activities :							
Increase (decrease) in fair value of investments	\$ (39)	53	(249)	224	(5)	(16)	(14)

See accompanying notes to basic financial statements

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - Reporting Entity

Included within the financial reporting entity, "City of Burbank" (the City), are the Burbank Redevelopment Agency (the Agency), the Burbank Parking Authority (the Parking Authority), the Public Facilities Financing Authority (PFFA), the Burbank Public Financing Authority (PFA), the Burbank Community Services Fund (BCSF), the Burbank Youth Endowment Services (YES), and the Burbank Housing Authority (Housing Authority). Although these entities are legally separate from each other, the City Council acts as the governing board of each entity; accordingly, the financial activities of these component units are blended in the accompanying basic financial statements. A description of the entities follows.

City of Burbank

The City was incorporated in July 1911, under the general laws of the State of California. The City Charter was adopted in January 1927, and most recently amended in April 2007. The City provides a full range of municipal services as contemplated by statute or charter. Services provided include public safety (police and fire), street construction and maintenance, sanitation, refuse collection, electric, water and sewer utilities, culture and recreation, public improvements, planning and zoning, housing and community development, and general administrative and support services.

Burbank Redevelopment Agency

The Agency was established in May 1970, and is a separate governmental entity as prescribed in the California community redevelopment law and set forth in the health and safety code of the State of California. California community redevelopment law provides that, on adoption of a redevelopment plan, all future incremental tax revenues attributable to increases in the tax base within a project shall be paid into a special fund of the Agency to pay the principal and interest on loans, advances and other indebtedness of the Agency.

The Agency currently has designated two principal project areas, the highlights of which are as follows:

Merged Project Area – This project area was adopted on October 26, 2004 by Ordinance 3654 and made effective December 4, 2004. The former Golden State, City Centre, and South San Fernando Project Areas make up the new Merged Project Area.

The Golden State Project was adopted in December 1970, to eliminate blight and create an improved industrial community. This project encompasses approximately 1,100 acres, including the Bob Hope Airport.

The City Centre Project was adopted in October 1971, to eliminate blight in the central business district of the City and to revitalize its commercial and retail climate. It encompasses approximately 200 acres, and the Agency is developing office, retail, restaurant, and other commercial facilities.

The South San Fernando Project was adopted in June 1997, and encompasses 468 acres. The project area was formed to eliminate blight, encourage development of properties supporting alternative transportation, and remove impediments to development by assembling properties into reasonable sizes and shapes.

The West Olive Project encompasses 128 acres and was adopted in December, 1976, to eliminate blight and to retain and encourage expansion of media-related business. In June 2001 the project was amended to enable the project area to continue to receive tax increment.

The Agency's financial data and transactions are included in the accompanying basic financial statements within the debt service and capital projects fund categories. Separate financial statements of the Agency are available from the City.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Burbank Parking Authority

The Burbank Parking Authority is a public financing agency established by the City in May 1970, under the State of California Parking Law of 1949 to provide public parking facilities on a citywide basis. The Parking Authority's financial data and transactions are included in the accompanying basic financial statements within the capital projects funds category. Separate financial statements are not available for the Parking Authority.

Public Facilities Financing Authority

The Public Facilities Financing Authority (PFFA) was established in May 1987 by the City Council. The formation of the PFFA creates a financing entity through which Certificates of Participation can be issued for the proposed remodeling of various City buildings, the construction of a parking facility in the City Centre area, and various other additions or improvements to the City's infrastructure. Separate financial statements for the PFFA are not available. At June 30, 2011, the PFFA had no assets, liabilities or fund equity, nor did it enter into any financial transactions during the fiscal year.

Burbank Public Financing Authority

The Burbank Public Financing Authority (PFA) was established in March 1993, as a joint exercise of powers agreement (JPA) between the City of Burbank and the Redevelopment Agency. The purpose of the JPA is to provide for the financing of public capital improvements and for working capital requirements of the members, through the acquisition by the PFA of such capital improvements and for the purchase by the PFA of obligations of either of the members. Separate financial statements for the PFA are not available; financial data is presented in the basic financial statements as the Public Financing Authority debt service fund.

Burbank Community Services Fund

The Burbank Community Services Fund (Special revenue fund) was established in July 1998 as a 501 (C) (3) corporation. The purpose of this fund is to assist with support services, volunteer services, and educational services related to the development and maintenance of public facilities in the City of Burbank. Separate financial statements are not available for this fund; financial data is presented in the nonmajor funds column of the basic financial statements.

Burbank Youth Endowment Services Fund

The Youth Endowment Services (YES) capital projects fund was established in January 1991 as a 501 (C) (3) nonprofit corporation. The purpose of the YES fund is to provide youth-oriented facilities and programs, within and nearby the City's Redevelopment project areas. Each Redevelopment project area contributes 5% of the growth in tax increment above January 1991 values to the YES fund to fund these facilities and programs. The YES fund financial data and transactions are included in the accompanying basic financial statements as a capital projects fund. Separate financial statements are not available for the YES fund.

Burbank Housing Authority

The Housing Authority, established by the City Council in June 1975, is responsible for the administration of a federally funded housing assistance payments project undertaken by the City.

The Housing Authority created the City's housing assistance payments and affordable housing programs by separate agreements with the Department of Housing and Urban Development (HUD) in November 1975, as amended December 1976, March 1982, and May 1987.

The agreements state that HUD and the Housing Authority will provide an annual contribution of funds, in accordance with section 8 of the United States Housing Act of 1937, in order to provide decent, safe and sanitary dwellings for low to moderate income families, and to increase the supply and quality of affordable housing within the City. The Housing Authority's financial data and transactions are included in the accompanying basic financial statements as special revenue funds. Separate financial statements are not available for the Housing Authority.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B - Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues, and are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C - Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar nonexchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available and susceptible to accrual. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (e.g., sales, tax, property taxes, franchise taxes, motor vehicle fees, utility users taxes, etc.). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEBs, are recorded only when payment is due.

Property taxes when levied for and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City.

The City reports the following major governmental funds :

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Low / Moderate Income Housing Capital Projects - This fund is used to account for the 20% set aside dollars required to be used for housing projects under California redevelopment law.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Golden State Debt Service - This fund accounts for all debt service activities within that portion of the Merged Project Area known as the Golden State area.

Public Financing Authority Debt Service - This fund is used to account for all debt service within the Public Financing Authority.

Merged Project Area Capital Projects - This fund is used to account for all capital projects and their administration within the areas previously described as Golden State Project, City Centre Project, and South San Fernando Project.

General Capital Projects - This fund is used to account for all multiple-year capital projects undertaken by the City.

The City reports the following major proprietary funds :

Water Reclamation and Sewer - This fund is used to account for the operation and maintenance of the Water Reclamation Plant and Sewage System.

Electric Utility - To account for the production, distribution, and transmission of electric energy to residents and businesses located within the City.

Water Utility - To account for the transmission of potable water, and reclaimed water to residents and businesses in the City.

Refuse Collection and Disposal - To account for the activities involved in the collection and disposal of refuse throughout the City.

Additionally, the City reports the following fund type :

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. These services include liability insurance, workers' compensation insurance, and maintenance and financing of office equipment, vehicles, municipal buildings, communication equipment, and computer equipment.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal service fund charges to business-type activities and other charges between business-type activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

D - Inventories and prepaid items

All inventories are valued at cost, using the standard cost method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

E - Land held for resale

Land held for resale is recorded at the lower of cost or estimated net realizable value. Estimated net realizable value is determined by an agreed upon sales price with potential developers, when applicable. Amounts recorded as land held for resale are offset by a reservation of fund balance in the fund financial statements, since those amounts are not available spendable resources.

F - Capital Assets

Capital assets, which include property, plant, equipment, easements, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, including land held under easements. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

	<u>Estimated useful life</u>
Buildings and improvements	20 to 40 years
Infrastructure	20 to 65 years
Machinery and equipment (except vehicles)	5 to 20 years
Production plant	30 years
Boiler plant	20 years
Transmission structures	40 years
Transmission equipment	20 to 40 years
Poles, towers and fixtures	20 to 40 years
Distribution stations	30 to 40 years
Transformers	20 to 40 years
Meters	15 to 20 years
Water services	40 years
Vehicles	5 to 20 years
Office equipment	3 to 15 years

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum accumulation of vacation leave is limited to the total number of hours accruable for two years, unless approved otherwise by the department head or City Manager. The maximum accumulation of in-lieu time is between 200 to 300 hours, depending upon the employee's bargaining unit. Employees are paid 100% of their accumulated vacation or in-lieu time when they terminate employment for any reason.

Employees may accumulate sick leave without limitation as to the number of accumulated hours. Accumulated sick pay is paid at 50% of the total value; but only under one of the following conditions : (a) at retirement or death, provided the employee has been employed by the City for over 5 years and is over 50 years of age; (b) at time of layoff. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Executive and management employees do not earn vacation or sick leave. They instead earn universal time. This leave is capped at 1040 hours for management employees. Universal leave is reported as part of the compensated absences accrual.

H - Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments are reported as debt service expenditures.

I - Net Assets and Fund Equity

In accordance with GASB statement 54, the governmental funds report nonspendable, restricted, committed, and assigned fund balances to show the level of constraint governing the use of the funds. Nonspendable fund balances include amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Restricted fund balances are restricted for specific purposes by third parties or enabling legislation. Committed fund balances include amounts that can be used only for specific purposes determined by formal action of the Council. Assigned fund balances comprise amounts intended to be used by the City for specific purposes as determined by the Council. Unassigned fund balance is the remaining fund balance after all of the above classifications and should only be reported in the general fund or resulting deficit fund balance in any other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and the unrestricted resources as necessary. When committed and assigned resources are available for use, it is the City's policy to use committed resources first and then assigned resources, as they are needed.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments).

J - Cash and Investments

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. Each fund's portion of the pooled cash and investments are displayed on the balance sheet-governmental funds, or the statement of net assets-proprietary funds.

Interest earned on pooled cash and investments is allocated monthly to the various funds based on average daily balances. Interest income from cash and investments with fiscal agents and in the deferred compensation plan is credited directly to the related funds. The City manages its pooled idle cash and investments under a formal investment policy that is reviewed and adopted annually by the City Council and that follow the guidelines of the State of California Government Code. The City's investment policy specifically authorizes the City to invest in treasury bills, treasury notes, federal agency securities, bankers' acceptances, negotiable and nonnegotiable certificates of deposit, commercial paper, the California Local Agency Investment Fund (LAIF), the Los Angeles County Pooled Investment Fund, and money market mutual funds.

The City's investments are reported at fair value. LAIF operates in accordance with the state laws and regulation of California. The reported value of the pool is the same as the fair value of the pool shares.

For purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents includes all pooled cash investments, non-pooled restricted cash and restricted investments with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

K - Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Assessed values are determined on an annual basis by the Los Angeles County Assessor as of January 1. Taxes are levied annually and become a lien on real property at July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The Low and Moderate Income Housing fund has outstanding developer notes receivable with the Burbank Housing Corporation (BHC). The terms of the notes are fifty-five years with a stated annual interest rate of 3%. At the end of each notes' term, the City will receive either; A) the outstanding principal and interest on the loans or, b) as first lien holder on the underlying land and buildings, will receive the properties back. If the City receives the properties, after their respective fifty-five year term is over, in lieu of full payment of unpaid principal and interest from the BHC, those properties can then be used for any purpose the City chooses. The City records notes receivable at the lesser of a) the aggregate outstanding principal and interest balances on the notes receivable, or b) the estimated aggregate values of the underlying properties at the end of their respective note receivable term. (i.e.; estimated value fifty-five years after the start of each loan, not present valued back to June 30, 2011. The City reports the notes receivable balance in restricted fund balance in the governmental funds statements and in restricted net assets in governmental activities in the entity-wide statements.

The Community Development and Block Grant (CDBG) and HOME funds give loans to the BHC and to individuals meeting eligibility criteria. The loans have various term lengths with stated interest rates ranging from 0% to 6%. The loans are scheduled to be forgiven at the end of their respective terms. The City records the notes receivable balance, and an allowance for doubtful accounts equal to 100% of the outstanding note balance. See note 9 for discussion regarding the change in accounting estimate for the Low and Moderate income housing fund and CDBG and HOME funds.

L - Self-Insurance Program

The City has self-insurance programs to provide for general liability and workers' compensation claims. These activities are accounted for in the Self-Insurance internal service fund, a proprietary fund type. Fund revenues are primarily premium charges to other funds and are planned to match estimated payments, including both reported and incurred but not reported claims, operating expenses, and reinsurance premiums. The fund expenses the estimated liability for claims in cases where such amounts are reasonably determinable and where the liability is likely.

The City is self-insured for individual claims up to \$2,000 for worker's compensation, and \$1,000 for general liability. Losses in excess of these amounts are covered through commercial insurance policies, up to statutory limits, for individual claims. See note 16, Self-insurance, for additional information on the City's self-insurance programs.

M - Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A - Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statements include a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation begins by stating that "Governmental funds report capital outlays as expenditures." The details of this difference are explained below :

Additions to work in progress during FY 10/11 :	\$ 6,263
Gain(loss) on Governmental activities capital assets	\$ (377)
Depreciation expense FY 10/11 :	(14,292)
Net adjustment	<u>\$ (8,406)</u>

Another element of that reconciliation begins by stating that "The issuance of long-term debt such as bonds provides current financial resources to governmental funds." The details of this difference are explained below :

Principal payments for FY 10/11 :	\$ 9,590
Bond issuance cost amortization for FY 10/11 :	1,127
Net adjustment	<u>\$ 10,717</u>

Another element of that reconciliation states that "Some revenues and expenditures reported in the statement of activities do not increase current financial resources and therefore are not reported as revenues in governmental funds." The details of this difference are explained below :

Reversal of prior years accrual for certain sales tax payments - Triple Flip 09/10	(979)
Current year accrual for certain sales tax payments - Trip Flip 10/11	1,080
Sales tax clean up for June 30, 2011	687
Capital lease paydown	49
Other adjustments	(7,357)
Net adjustment	<u>\$ (6,520)</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (continued)

B - Explanation of computation of certain items on statement of net assets

The statement of net assets includes an element titled "Invested in capital assets, net of related debt". The details of this computation are explained below :

Proprietary funds :

Capital assets, net of accumulated depreciation	\$ 419,145
All revenue bonds, current and long term portions	(170,610)
Loan payable	(634)
Invested in capital assets, net of related debt	<u>\$ 247,901</u>

Governmental funds :

Capital assets of internal service funds, net of accumulated depreciation	\$ 35,701
Governmental assets, net of accumulated depreciation	824,273
Community facilities district bonds	(5,555)
Tax allocation bonds	(213,539)
Less non-capital debt : Golden State 2003 Series A bonds	
Golden State portion	21,090
South San Fernando bonds	4,490
Invested in capital assets, net of related debt	<u>\$ 666,460</u>

(3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations

During the year, several supplemental budget appropriations were adopted by the City Council as amendments to the annual budget. Such appropriations are as follows: \$9,548 Police/Fire headquarters reconstruct project; \$5,800 Lundigan park youth center project; \$3,320 SERAF obligation; \$1,000 for infrastructure replacement costs; \$630 for additional principal payments on Pension obligation bonds; and \$553 for compensated absences.

Appropriated Budget and Budgetary Control

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General, Special Revenue (except for the Drug Asset Forfeiture fund), Debt Service and Capital Projects funds. The budgets are presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America. Certain multi-year capital improvements and other projects are budgeted on a project-length basis. Additionally, appropriations for the Drug Asset Forfeiture fund occur based on actual cash receipts and do not lapse at year end. A comparison of these budgets with current year expenditures would not be meaningful, due to the multi-year nature of these projects. As a result, no statements of revenues, expenditures and changes in fund balances – budget and actual are presented for the Public Improvements special revenue fund, the Disaster Relief special revenue fund, the Drug Asset Forfeiture special revenue fund, and the General City Capital Projects fund.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, (continued)

The level of appropriated budgetary control is at the functional departmental level. The City Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the City Council by a 3/5 vote. These appropriations, representing amendments to the budget during the year, were significant in relationship to the original budget as adopted and are more fully described above. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

The City uses an "encumbrance system". Under this procedure, commitments such as purchase orders and contracts at year-end are recorded as reserved fund balance.

The City Council adopts budgets for the Enterprise and Internal Service funds. All Proprietary fund types are accounted for on the economic resources measurement focus and the accrual basis of accounting. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.

For the fiscal year ended June 30, 2011, the following funds reflected expenditures in excess of budgeted amounts : West Olive debt service, an excess of \$928. Also, the general fund had expenditures in excess of budgeted amounts in the following department: Fire Department an excess of \$286.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows :

	Govern- mental	Business Type	Internal Service	Total
Pooled cash and investments	\$ 213,282	114,854	79,900	\$ 408,036
Restricted pooled cash and investments	-	18,176	-	18,176
Restricted non-pooled cash and cash equivalents	52,667	-	-	52,667
Restricted investments	66,852	12,413	-	79,265
Total	<u>\$ 332,801</u>	<u>145,443</u>	<u>79,900</u>	<u>\$ 558,144</u>
Cash on hand				\$ 206
Demand deposits				2,665
Investments				555,273
Total				<u>\$ 558,144</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (Code) (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the Code or the City's investment policy.

Authorized Investment Type	Authorized By City Policy	Maximum Maturity **	Maximum Percentage of Portfolio	Maximum Investment One Issuer
Agency-U.S. Federal Agency	Yes	5 years	90%	None
Corporate-medium term notes	Yes	5 years	30%	5%
LAIF-Local Agency Invest. Fund	Yes	N/A	None	None
U.S. Treasury obligations	Yes	5 years	100%	None
Banker's acceptances	No	N/A	N/A	N/A
Commercial paper	No	N/A	N/A	N/A
Timed certificates of deposit	Yes	5 years	40%	\$250
Negotiable certificates of deposit	Yes	5 years	20%	\$250
Money market mutual funds	Yes	90 days	15%	None
State and Local Agency Obligations	Yes	5 years	15%	5%
Repurchase agreements	No	N/A	N/A	N/A
Reverse repurchase agreements	No	N/A	N/A	N/A
Mutual funds	No	N/A	N/A	N/A
Mortgage pass-through securities	No	N/A	N/A	N/A
County pooled investment funds	No	N/A	N/A	N/A

* * No single investment shall be purchased with a term to maturity at the date of purchase that exceeds five years, without the approval also of the Financial Services Director, with the maximum allowed not to exceed 5% of the portfolio from over five years to ten year maturities. Also, the City has investments with fiscal agents outside the normal investment policy.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment One Issuer
Investment Agreements	N/A	None	None
LAIF-Local Agency Invstmt Fund	N/A	None	None
Money Market	N/A	None	None
Government bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None

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 Entity 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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity :

	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Agency-U.S. Federal Agency	\$ 204,434	15,099	-	184,074	5,261
Corporate-Medium Term Notes	37,218	11,581	25,637	-	-
LAIF-2010B Electric Revenue Bond	21,406	21,406	-	-	-
LAIF-2010A Water Revenue Bond	3,903	3,903	-	-	-
LAIF-2010B Water Revenue Bond	11,535	11,535	-	-	-
LAIF-BUSD Joint Use Agreement	9,913	9,913	-	-	-
LAIF-Local Agency Invst Fund	144,828	144,828	-	-	-
Held by bond trustee:					
Investment Agreements	14,940	-	-	-	14,940
LAIF-Local Agency Invst Fund	5,095	5,095	-	-	-
Money Market	19,656	19,656	-	-	-
Pledge Bonds - City debt issue	56,955	-	-	-	56,955
U.S. Treasury Obligations	25,390	213	6,317	18,860	-
	<u>\$ 555,273</u>	<u>243,229</u>	<u>31,954</u>	<u>202,934</u>	<u>77,156</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB 40 does not require disclosure as to credit risk :

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

	Total	Minimum Legal Rating	Exempt From Disclosure	Not Rated	
Agency-U.S. Federal Agency	\$ 204,434	A	N/A	-	
Corporate-Medium Term Notes	37,218	A	N/A	2,637	
LAIF-2010B Electric Revenue Bond	21,406	N/A	N/A	21,406	
LAIF-2010A Water Revenue Bond	3,903	N/A	N/A	3,903	
LAIF-2010A Water Revenue Bond	11,535	N/A	N/A	11,535	
LAIF-BUSD Joint Use Agreement	9,913	N/A	N/A	9,913	
LAIF-Local Agency Invstmt Fund	144,828	N/A	N/A	144,828	
Held by bond trustee:					
Investment Agreements	14,940	A	N/A	-	
LAIF-Local Agency Invst Fund	5,095	N/A	N/A	5,095	
Money Market	19,656	Aaa	N/A	-	
Pledge bonds - City debt issue	56,955	N/A	N/A	56,955	
U.S. Treasury Obligations	25,390	Aaa	N/A	-	
Totals	<u>\$ 555,273</u>			<u>256,272</u>	
		Rating as of year end			
		Aaa	Aa	A	Ba
Agency-U.S. Federal Agency	\$ 204,434	-	-	-	-
Corporate-Medium Term Notes	-	-	10,392	24,189	-
Held by bond trustee:					
Investment Agreements	-	-	8,204	6,736	-
Money Market	19,656	-	-	-	-
U.S. Treasury Obligations	25,390	-	-	-	-
Totals	<u>\$ 249,480</u>	<u>18,596</u>	<u>30,925</u>	<u>-</u>	<u>-</u>

Concentration of Credit Risk

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. Investments in any one issuer (other than US Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows :

Federal Home Loan Bank - U.S. Federal Agency - \$79,989
 FHLMC Debentures - U.S. Federal Agency - \$59,045
 FNMA - U.S. Federal Agency - \$26,027
 Federal Farm Credit Bank - \$39,373

Custodial Credit Risk

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

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code, section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows.

Governmental activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 107,618	-	-	107,618
Land held under easements	345,277	-	-	345,277
Construction in progress	12,630	14,849	(8,586)	18,893
Internal service fund assets :				
Construction in progress	13,958	2,300	(13,874)	2,384
Total capital assets not being depreciated	<u>479,483</u>	<u>17,149</u>	<u>(22,460)</u>	<u>474,172</u>
Capital assets being depreciated :				
Land Improvements	\$ 4,398	94	-	4,492
Accumulated depreciation	(3,756)	(342)	-	(4,098)
Buildings & Improvements	183,755	7,866	(13,084)	178,537
Accumulated depreciation	(95,418)	(7,068)	42	(102,444)
Infrastructure	270,920	11,549	(2,228)	280,241
Accumulated depreciation	(104,113)	(6,486)	1,126	(109,473)
Machinery & other	75	1,087	-	1,162
Accumulated depreciation	(62)	(399)	-	(461)
Internal service fund assets :				
Buildings and improvements	10,117	1,695	(10)	11,802
Accumulated depreciation	(2,082)	(706)	3	(2,785)
Machinery & other	50,333	17,946	(4,808)	63,471
Accumulated depreciation	(29,657)	(10,804)	1,290	(39,171)
Total capital assets being depreciated, net	<u>284,510</u>	<u>14,432</u>	<u>(17,669)</u>	<u>281,273</u>
Total net capital assets - governmental activities	<u>\$ 763,993</u>	<u>31,581</u>	<u>(40,129)</u>	<u>755,445</u>

Depreciation charged to governmental functions on the statement of activities during the year is as follows; \$2,165 General Government, \$973 to Police, \$1,251 to Fire, \$9,871 to Public Works, \$2,439 to Community Development, \$1,939 to Parks and Recreation, \$626 to Library, and \$6,542 to Information Technology.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Total Enterprise fund type capital assets are as follows :

All Business-type activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 11,824	-	-	11,824
Construction in progress	115,197	44,360	(100,062)	59,495
Total capital assets not being depreciated	<u>127,021</u>	<u>44,360</u>	<u>(100,062)</u>	<u>71,319</u>
Capital assets being depreciated :				
Land improvements	13,220	238	-	13,458
Accumulated depreciation	(7,649)	(552)	-	(8,201)
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(455)	-	(43)	(498)
Buildings & Improvements	482,506	98,334	(5,072)	575,768
Accumulated depreciation	(235,019)	(16,872)	208	(251,683)
Machinery & other	47,957	8,308	(2,460)	53,805
Accumulated depreciation	(31,101)	(5,188)	131	(36,158)
Total capital assets being depreciated, net	<u>270,794</u>	<u>84,268</u>	<u>(7,236)</u>	<u>347,826</u>
Total net capital assets - business-type activities	<u>\$ 397,815</u>	<u>128,628</u>	<u>(107,298)</u>	<u>419,145</u>

Water Reclamation & Sewer fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 5,316	-	-	5,316
Construction in progress	20,743	337	(21,011)	69
Total capital assets not being depreciated	<u>26,059</u>	<u>337</u>	<u>(21,011)</u>	<u>5,385</u>
Capital assets being depreciated :				
Land improvements	6,096	-	-	6,096
Accumulated depreciation	(2,428)	(316)	-	(2,744)
Buildings & Improvements	93,105	21,352	(2)	114,455
Accumulated depreciation	(50,851)	(3,370)	1	(54,220)
Machinery & other	2,066	290	-	2,356
Accumulated depreciation	(1,707)	(157)	-	(1,864)
Total capital assets being depreciated, net	<u>46,281</u>	<u>17,799</u>	<u>(1)</u>	<u>64,079</u>
Total net capital assets - Water reclamation and sewer	<u>\$ 72,340</u>	<u>18,136</u>	<u>(21,012)</u>	<u>69,464</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Electric Utility fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 2,734	-	-	2,734
Construction in progress	76,591	29,005	(61,785)	43,811
Total capital assets not being depreciated	<u>79,325</u>	<u>29,005</u>	<u>(61,785)</u>	<u>46,545</u>
Capital assets being depreciated :				
Land improvements	-	-	-	-
Accumulated depreciation	-	-	-	-
Rights to purchased power	1,335	-	-	1,335
Accumulated depreciation	(455)	-	(43)	(498)
Buildings & Improvements	297,614	58,529	(4,926)	351,217
Accumulated depreciation	(138,844)	(10,556)	60	(149,340)
Machinery & other	28,511	6,952	(2,366)	33,097
Accumulated depreciation	(17,670)	(3,572)	125	(21,117)
Total capital assets being depreciated, net	<u>170,491</u>	<u>51,353</u>	<u>(7,150)</u>	<u>214,694</u>
Total net capital assets - Electric utility	<u>\$ 249,816</u>	<u>80,358</u>	<u>(68,935)</u>	<u>261,239</u>

Water Utility fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 309	-	-	309
Construction in progress	16,777	14,964	(16,221)	15,520
Total capital assets not being depreciated	<u>17,086</u>	<u>14,964</u>	<u>(16,221)</u>	<u>15,829</u>
Capital assets being depreciated :				
Buildings & Improvements	76,772	17,930	-	94,702
Accumulated depreciation	(38,525)	(2,295)	-	(40,820)
Machinery & other	4,017	736	(29)	4,724
Accumulated depreciation	(2,564)	(490)	-	(3,054)
Total capital assets being depreciated, net	<u>39,700</u>	<u>15,881</u>	<u>(29)</u>	<u>55,552</u>
Total net capital assets - Water utility	<u>\$ 56,786</u>	<u>30,845</u>	<u>(16,250)</u>	<u>71,381</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Refuse Collection & Disposal fund capital assets are as follows :

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated :				
Land	\$ 3,454	-	-	3,454
Construction in progress	599	49	(603)	45
Total capital assets not being depreciated	4,053	49	(603)	3,499
Capital assets being depreciated :				
Land improvements	6,326	-	-	6,326
Accumulated depreciation	(5,029)	(109)	-	(5,138)
Buildings & Improvements	6,117	319	-	6,436
Accumulated depreciation	(5,425)	(225)	-	(5,650)
Machinery & other	12,965	330	(65)	13,230
Accumulated depreciation	(8,961)	(945)	6	(9,900)
Total capital assets being depreciated, net	5,993	(630)	(59)	5,304
Total net capital assets - Refuse collection & disposal	\$ 10,046	(581)	(662)	8,803

(6) DEFINED CONTRIBUTION AND PENSION PLANS

Defined Contribution Plans

Welfare Benefit Plan (VEBA)

The Trust (The Plan) is a defined contribution plan established by the City of Burbank to provide post retirement medical benefits primarily to members of the Burbank Police Officer's Association. At June 30, 2011, there were 146 active participants and 74 retired participants. Plan members are required to contribute their final vested sick pay at retirement. The City is required to contribute 1.5% of the Burbank Police Officer's Association annual covered salary. Plan provisions and contribution requirements are established and may be amended by the City Council of the City. Investments are self directed by each plan participant.

The Plan's financial statements are prepared using the accrual basis of accounting, and the statements are available at the City of Burbank, 275 E Olive Ave, Burbank CA 91502. The employer and plan member contributions are recognized in the period that the contributions are made; contributions totaled \$542 for the fiscal year ended June 30, 2011. Plan investments are reported at fair value. At June 30, 2011, the fair value of plan assets was \$4,398.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) DEFINED CONTRIBUTION AND PENSION PLANS, (continued)

Post Employment Health Plan (PEHP)

The Plan is a defined contribution plan established by the City of Burbank in February 2006 to provide retirement medical benefits primarily to members of the Burbank Fire Fighter's Association (BFF) and the Burbank Fire Fighter's Chief Officers' Unit (BFF-COU). The Plan is a multi-employer trust comprised of over 800 public sector entities across the United States and is administered by Nationwide Retirement Solutions. At June 30, 2011 there were 115 active, and 25 retired participants. BFF and BFF-COU plan members are required to contribute the balance of their accumulated leave balance upon retirement or separation to their individual plan accounts. The BFF and BFF-COU take a vote of the membership annually in October to ascertain the dollar amount to be deposited from their accumulated leave balance into the Universal Reimbursement Account, and any remaining balance is deposited into the Insurance Reimbursement Premium Account.

Plan provisions and contribution requirements are established and may be amended by the City Council of the City to the extent allowed by the Internal Revenue Code. Participants may elect to have their contributions and earnings directed to an investment option of their choice and these investments are self directed by each plan participant. The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City contributed \$417 to the plan during the year ended June 30, 2011.

Defined Benefit Plan

Plan Description

The City of Burbank contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office : 400 P Street, Sacramento CA 95814.

Funding Policy

During the year ended June 30, 2011 participants are required to contribute 8% of their annual covered salary. Safety employees contribute 9%. The City makes the contributions required of City employees on their behalf and for their account, except for the IBEW whom contributes 8% on their own. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 10.493%; for fire employees the rate is 13.370%; for police employees the rate is 21.640%. The contribution requirements of plan members and the City are established and may be amended by PERS. Future contributions at an actuarially determined rate are as follows: miscellaneous employees 15.778% for fiscal year 2011-12 and 16.334% for fiscal year 2012-13; fire employees 19.313% for fiscal year 2011-12 and 19.070% for fiscal year 2012-13; for police employees 28.214% for fiscal year 2011-12 and 29.112% for fiscal year 2012-13.

All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year closed period. In addition, all gains or losses are tracked, and 10% of the net unamortized accumulated gain or loss is amortized each year. Finally, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) BENEFIT AND PENSION PLANS, (continued)

	Fiscal Yr	Annually required contribution	% of ARC contributed	Net pension obligation (overpayment)
Police	6/30/2011	5,724	100%	-
Fire	6/30/2011	3,238	100%	-
Miscellaneous	6/30/2011	12,402	142%	(5,174)

Schedule of funding progress

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Excess) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
		(A)	(B)	(B-A)	(A/B)	(C)	{(B-A)/C}
	6/30/2010	876,293	1,017,725	141,432	86.1%	112,417	125.8%

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2011 is shown below :

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 years (nonsafety), 32 years (safety) from the valuation date
Asset Valuation Method	15 year smoothed market
Actuarial Assumptions :	
Investment rate of return	7.75% (net of administrative expenses)
Projected salary increases	3.25% to 14.45% depending on age, service, and type of employment.
Inflation	3.00%
Payroll growth	3.25%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of .25%.

The schedule of funding progress, which has been included in the accompanying *Required Supplementary Information*, shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. It presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Burbank

Year Ended June 30, 2011

(In thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2011 is as follows :

Fund	Interfund		Transfers	
	Receivable	Payable	In	Out
General fund	\$ 686	-	15,200	3,127
Golden State				
debt service	-	-	-	10,449
Merged				
capital projects	-	-	12,691	19,878
Low / Mod housing	-	-	2,578	-
General capital projects	-	-	26,789	2,986
Water recl & sewer	-	-	-	-
Electric utility	-	445	-	10,336
Water utility	-	51	-	1,018
Refuse coll. & disp.	-	-	-	-
Nonmajor prop. fund	-	-	-	-
Nonmajor				
governmental funds	103	304	11,995	20,959
Internal service funds	11	-	-	500
Total interfund				
receivable / payable /				
transfers	\$ 800	800	69,253	69,253

Composition and purpose of interfund transfers is as follows :

Nonmajor governmental funds transfers in of \$11,995 the majority includes \$2,291 for the Street Lighting fund transferred from Electric Utility fund for in-lieu of taxes payments; \$3,152 from West Olive debt service fund to capital projects fund, for excess tax increment not required for debt service; \$1,713 for Youth Endowment from various Redevelopment funds for required YES (Youth Endowment Services) funds; \$586 from City Centre Debt Service Fund to CFD fund to pay for annual principal and interest payments; \$1,327 from General fund to reimburse Section 8 HAP reserve per council resolution 28351; and \$10 from Prop C to Prop A for dues related to San Fernando Valley council of governments.

General fund transfers in of \$15,200 include \$8,045 from Electric Utility fund, and \$1,018 from Water Utility fund, for in-lieu of taxes payments; \$1,643 from the Gas Tax fund for maintenance of city streets; \$2,500 from RDA for RDA share of PERS unfunded liability per resolution 2246; \$750 from Library for one-time transfer from capital holding account; and street trees; and \$453 from various Redevelopment funds for required tax sharing payments. Low / Mod Housing transfers in of \$12,727 transferred from the Golden State debt service fund \$5,214, City Centre debt service fund \$2,045, West Olive debt service fund \$2,272, and South San Fernando debt service fund \$618, all for required contributions of low/moderate income housing dollars; and \$2,578 from the HOME fund for property acquisitions.

General Capital Projects fund transfers in of \$26,789 includes \$1,800 in transfers from the General fund for various multi-year capital projects; \$16,698 from the Merged Capital Projects fund for various street improvement projects; \$5,800 from the YES fund for Lundigan Park improvements; \$2,488 from the West Olive capital projects fund for Johnny Carson Park improvements. Merged capital projects fund transfers in of \$12,691 come from debt service funds, a routine transfer of remaining cash balances.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

The composition of interfund advances as of June 30, 2011 is as follows :

Advances from City :

The City and the Agency entered into agreements by resolutions R504, R787 and R1177 to loan an aggregate amount of \$1,778 to the City Centre project for the purchase of land. Interest is 7% payable quarterly. There is no payment schedule for the principal portion of this advance; repayment will be made as the funds become available in the future. \$ 1,778

The general fund advanced the golf fund \$2.5 million for construction of the new clubhouse. The terms of the advance are per resolution 27488, passed on June 19, 2007. The term of the advance is 20 years; the interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) using a 12 month average plus .5%. This advance will be recalculated every January, with the first repayment date as January 2009. \$ 2,125

The general fund advanced the golf fund \$1.0 million to make the golf fund fiscally solvent. The terms of the advance are per resolution 28347, passed on June 7, 2011. The term of the advance is 20 years; the interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) using a 12 month average plus .5%. This advance will be recalculated every January, with the first repayment date as January 2014. \$ 1,000

The City and the Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre project necessary for land acquisition and related expenses. The advances are non-interest bearing and there is no repayment schedule. Repayment of the advance will be made as funds become available. \$ 35,101

From 1977 through 1979, the City and the Agency entered into agreements to loan funds aggregating \$225 to the West Olive Project. These agreements bear 7% interest per year, payable quarterly, and have no principal repayment schedule. \$ 225

Advance secured by \$25,000 Golden State Redevelopment Project Subordinated Taxable Tax Allocation Private Placement Bond Issue of 1993, interest is due semi-annually on June 1 and December 1, with a principal maturity date of December 1, 2043 (or a mutually agreeable time). The interest rate varies as it is indexed to yield on the Local Agency Investment Fund (LAIF) plus 1%. The principal and interest are secured by an irrevocable pledge of tax revenues. The bond was issued for the purpose of aiding in the financing and construction of redevelopment projects. Most of this obligation was paid off during FY 2003-04. \$ 2,355

From 1998 to 1999, the General fund advanced \$1,118 to the Public Improvements fund, to pre-fund the development impact activity for the Police / Fire facility construction. As revenue is accumulated within Public Improvements, repayments are made on this advance; there is no interest charged, nor is there a specified repayment schedule. \$ 413

The City and the Agency entered into an agreement to loan to the Agency an aggregate amount of \$191 representing project formation costs of the South San Fernando project area. The advance is not interest bearing. Repayment of the principal will be made as future tax increment becomes available. \$ 191

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

Advances to City :

The Agency advanced the City \$1,327 in order for the City to reimburse the Housing Authority administrations reserve per resolution R-2255 on June 14, 2011. This loan is payable only out of the existing advances owed to the City, to be paid at the end of ten years post project area sunset/abolishment, whichever comes first. There is no repayment schedule. \$ 1,327

Advances from Redevelopment Projects :

From 1978 to 1982, the Agency's West Olive Project entered into agreements wherein the Golden State Project (now the Merged Project Area) loaned funds aggregating \$750 to the West Olive Project. The advance is not interest bearing and there is no repayment schedule. Repayment of the advance will be made as future tax increment becomes available. \$ 750

In 2003, the City and the Agency entered into a funding agreement to secure the lease of a future transportation site (Americold). The South San Fernando project area loaned funds to the City, which in turn loaned them to the Golden State project. The advance is not interest bearing and there is no repayment schedule. \$ 1,360

In October 1991, the Agency's West Olive Project advanced \$1,530 to the City Centre Project, (Now the Merged Project Area). The advance is not interest bearing and shall be repaid as future tax increment becomes available. \$ 1,530

Total advances outstanding at June 30, 2011 \$ 48,155

Generally accepted accounting principles require the City to only record advances for which collectability can be established. The following note does not meet this criterion and is therefore not reflected within the financial statements, yet is listed here to evidence its existence :

The City and the Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre project necessary for payments on an Agency disposition and development agreement. These payments ceased in June 2005. The advances bear 6% interest per year and the repayment schedule begins in fiscal year 2016-2017 per resolution R-2246 and 28,301. \$ 12,228

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

A breakdown of all items as stated on the statement of net assets :

Fund	Internal Balances		Transfers	
	Governmental	Business-Type	Governmental	Business-Type
Governmental funds				
interfund receivable	\$ 3,914	-	\$ -	-
transfers in	-	-	69,253	-
interfund payable	(304)	-	-	-
transfers out	-	-	(57,399)	-
Internal service funds				
interfund receivable	11	-	-	-
interfund payable	(1,364)	-	-	-
transfers out	-	-	(500)	-
Proprietary funds				
interfund receivable	-	1,364	-	-
transfers out	-	-	-	(11,354)
interfund payable	-	(3,621)	-	-
Totals	<u>\$ 2,257</u>	<u>(2,257)</u>	<u>\$ 11,354</u>	<u>(11,354)</u>

(8) LONG TERM LIABILITIES

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year
Governmental activities :					
Community facilities district bonds	\$ 5,860	-	(305)	5,555	320
Pension obligation bonds	17,545	-	(630)	16,915	740
Tax allocation bonds	223,529	-	(9,990)	213,539	9,030
Compensated absences	14,800	558	(1,499)	13,859	1,500
Total non-internal service debt	261,734	558	(12,424)	249,868	11,590
Claims payable from self-insurance funds (note 17)	24,625	13,387	(6,735)	31,277	8,706
Compensated absences - payable from internal service funds	346	286	(393)	239	-
Total governmental activities	<u>286,705</u>	<u>14,231</u>	<u>(19,552)</u>	<u>281,384</u>	<u>20,296</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG TERM LIABILITIES, (continued)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year
Business-type activities :					
Water Reclamation & Sewer :					
Revenue bonds	\$ 16,595	-	(695)	15,900	710
Compensated absences - payable from enterprise funds	134	164	(140)	158	-
Subtotal	16,729	164	(835)	16,058	710
Refuse Collection & Disposal :					
Revenue bonds	8,967	-	(517)	8,450	550
Other long-term liabilities	14,705	373	-	15,078	-
Compensated absences - payable from enterprise funds	589	44	(32)	601	34
Subtotal	24,261	417	(549)	24,129	584
Electric Utility :					
Revenue bonds	113,055	140	(4,083)	109,112	3,535
Compensated absences - payable from enterprise funds	5,056	411	(818)	4,649	217
Subtotal	118,111	551	(4,901)	113,761	3,752
Water Utility :					
Revenue bonds	2,834	37,856	(3,542)	37,148	480
Other long-term liabilities	823	-	(189)	634	194
Compensated absences - payable from enterprise funds	762	23	(76)	709	37
Subtotal	4,419	37,879	(3,807)	38,491	711
Total business-type activities :					
Revenue bonds	141,451	37,996	(8,837)	170,610	5,275
Other long-term liabilities	15,528	373	(189)	15,712	194
Compensated absences - payable from enterprise funds	6,541	642	(1,066)	6,117	288
Subtotal	163,520	39,011	(10,092)	192,439	5,757
Total long-term liabilities	\$ 450,225	53,242	(29,644)	473,823	26,053

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

GOVERNMENTAL ACTIVITIES

Community Facilities District Bonds (CFD)

2005 Community Facilities District (CFD) Tax Revenue Bonds

The bonds are due in annual installments from \$295 to \$565 through December 1, 2023. Interest at various rates ranging from 4.00% to 5.20% is payable semiannually on June 1 and December 1. The bonds are collateralized by first pledge of all the tax increment revenues and special tax revenues. The purpose of the bonds is to finance a portion of the costs of a parking garage in the downtown area.

\$ 5,555

Pension Obligation Bonds (POB)

The bonds are due in annual installments from \$260 to \$2,510 through June 1, 2023. Interest is fixed at 5.93%. The bonds provided funds to pay the City's unfunded pension obligation related increased safety salaries, in lieu of reducing this obligation over a number of years directly through PERS.

\$ 16,915

Tax Allocation Bonds

\$69,000 Golden State Redevelopment Project Tax Allocation Bonds 1993 Series A

The bonds are due in annual installments from \$410 to \$4,655 through December 1, 2024. Interest at various rates ranging from 2.75% to 6.25% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provided funds for (i) the acquisition and construction of various projects (ii) the advance refunding of the Agency's outstanding Golden State Redevelopment Project First Lien Tax Allocation Bonds, 1985 Series A; and (iii) the advance refunding of the Agency's outstanding Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds, 1985 Series A. A portion of these bonds are owned by the Public Financing Authority as discussed below.

\$ 44,395

\$87,265 Public Financing Authority (Golden State) Tax Allocation Bonds 2003 Series A

The bonds are due in annual installments from \$780 to \$6,620 through December 1, 2024. Interest at various rates ranging from 1.625% to 5.50% is payable semiannually on June 1 and December 1. These bonds are secured by a pledge of certain tax increment revenues, and other amounts payable to the Agency. The bonds provided funds for :

Golden State Portion

(i) the acquisition and construction of various projects.

\$ 21,090

Public Financing Authority Portion

(ii) the purchase by the PFA of a portion (\$50,240) of the Agency's outstanding 1993 Golden State Redevelopment Project Tax Allocation Bonds, 1993 Series A.

\$ 46,115

2007 Series A Golden State

The bonds are due in annual installments from \$50 to \$2,995 through December 1, 2043. Interest at various rates ranging from 3.50% to 5.00% is payable semiannually on June 1 and December 1. The bonds provided funds for (i) refunding a portion of the Authority's outstanding revenue bonds, (ii) fund a purchase in lieu of redemption of the Agency's subordinated tax allocation bonds, (iii) and to pay for public capital improvements. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,038, and a reduction of total debt service payments of \$427.

\$ 51,625

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$14,000 West Olive Redevelopment Project Tax Allocation Bonds, 2002 Series A

The bonds are due in annual installments from \$380 to \$925 through December 1, 2026. Interest at various rates ranging from 2.00% to 5.125% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues, net of pass-through payments, to be received by the project. The bonds provide funding for the acquisition and construction of various projects.

\$ 10,590

\$5,235 South San Fernando Redevelopment Project Tax Allocation Bonds, 2003 Series A

The bonds are due in annual installments from \$85 to \$330 through December 1, 2033. Interest at various rates ranging from 2.00% to 5.50% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provide funding for the acquisition and construction of various projects.

\$ 4,490

1993 City Centre Tax Allocation Bonds Series A

The bonds are due in annual installments from \$85 to \$1,665 through December 1, 2023. Interest at various rates ranging from 2.50% to 5.50% is payable semiannually on June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. The bonds provided funds for (i) the acquisition and construction of various projects and (ii) the partial advance refunding of the Agency's outstanding City Centre Redevelopment Project Tax Allocation Bonds, 1990 Series A.

\$ 16,095

2003 City Centre Tax Allocation Bonds Series C

On September 23, 2003, the Agency issued revenue bonds, Series C 2003, in the amount of \$22,015 with annual maturities from \$810 to \$1,565, from December 1, 2004 through December 1, 2023, with interest ranging from 2.0% to 4.8%. The purpose of these bonds is to fund the costs of issuance of the bond, and to refund the City Centre 1993 tax allocation bonds.

\$ 15,935

Plus original issue premium

\$ 3,204

Total Tax Allocation Bonds

\$ 213,539

Compensated absences

Governmental activities - Governmental funds (General, and Merged capital projects) accumulated vacation and sick leave accrual is reported in the government-wide statement of net assets. For the fiscal Year Ended June 30, 2011, the noncurrent portions of the accrual consist of vacation leave of \$7,570, sick leave of \$4,118, and in-lieu time of \$1,442, and the current portion of \$1,670.

\$ 13,859

Outstanding Claims Payable - Self-Insurance

The Risk Management fund total outstanding claims are \$3,331. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$1,689 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 3,597

The Workers' Compensation fund total outstanding claims are \$27,680. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$7,017 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 27,680

Total long-term liabilities for self-insurance

\$ 31,277

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Compensated absences :

All the Internal Service fund types' accumulated vacation and sick leave accrual is reported in the respective Internal Service fund. At June 30, 2011, the accrual consists of vacation leave of \$150, sick leave of \$33 and in-lieu time of \$56 and the current portion of \$0.

\$ 239

Total governmental activities

\$ 281,384

BUSINESS-TYPE ACTIVITIES - REVENUE BONDS

Wastewater Treatment

\$19,130 Wastewater Treatment Revenue Bonds of 2004, Series A

The bonds are due in annual installments ranging from \$85 to \$1,240 from June 1, 2005 to June 1, 2034, with interest rates ranging from 2% to 5%, payable semiannually on June 1 and December 1. The purpose of these bonds is to refund, on an advance basis, a portion of the City's Wastewater Treatment Refunding Revenue Bonds, 1995 Series A, to finance the construction of certain improvements to the City's municipal wastewater treatment and disposal system, make a deposit to the reserve fund, and to pay all costs of issuance.

\$ 15,560

Plus original issue premium

\$ 340

Total Wastewater Revenue bonds

\$ 15,900

Waste Disposal

\$10,290 Waste Disposal Revenue Bonds of 2002 Series B

These bonds are due in installments ranging from \$160 to \$800 from May 1, 2008, to October 2024, with interest rates ranging from 3.25% to 5.25%, payable semiannually on May 1 and November 1. The Series B bonds are special obligations of the City payable solely from the net revenues of the City's waste collection and disposal system and other funds specified in the indenture.

\$ 8,310

Plus original issue premium

\$ 140

Total Waste Disposal revenue bonds

\$ 8,450

Burbank Water and Power Revenue Bonds

\$25,000 Public Service Department Electric Revenue Bonds 2002 Series A

These bonds were issued to (i) finance the costs of retrofitting Olive 1 and Olive 2 steam generating equipment, and (ii) to partially advance refund outstanding 2001 bonds, payable in installments ranging from \$990 to \$2,000. Interest rates range from 3.00% to 5.38%. 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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.

\$ 17,385

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$35,825 Burbank Water and Power Electric Revenue/Refunding Bonds 2010 Series A

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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$935 and resulted in an economic loss of \$326.

\$ 35,825

\$52,665 Burbank Water and Power Electric Revenue Bonds 2010 Series B

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 and 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 and water enterprise funds, respectively, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.

\$ 52,665

\$8,795 Burbank Water and Power Water Revenue/Refunding Bonds 2010 Series A

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.

\$ 8,385

\$27,945 Burbank Water and Power Water Revenue Bonds 2010 Series B (Taxable Build America Bonds)

These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from \$850 to \$2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the water enterprise fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.

\$ 27,945

Plus original issue premium

\$ 5,017

Less original issue discount

\$ (962)

Total Burbank Water and Power revenue bonds

\$ 146,260

Total Enterprise revenue bonds

\$ 170,610

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Other long-term liabilities :

Landfill Closure and Post-Closure Care Costs

State laws and regulations require the City to place a final cover on the Burbank Landfill No. 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports portions of these costs as operating expenses in each period, as required by GASB 18, and based on landfill capacity used as of each balance sheet date.

The landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 44 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,157 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Using the 2011 inflation factor of 1.01 percent, the adjusted closure and postclosure costs for 2011 are \$34,444. The City expects to close the landfill in the year 2066. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in regulations.

The City is required by state laws and regulations to make annual contributions to a trust fund to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2011, \$13,033 was reported as restricted cash. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

\$ 15,078

State Water Resources Control Board Loan :

This loan was issued for the purpose of constructing improvements to the Burbank Water Reclamation Plant. The cost of the project is estimated to be \$3,134, and this same amount is available for loan to the City. Funds are disbursed on either a reimbursement basis, or at such time as they are due and payable by the City. The interest rate is 2.7%, with the principal to be repaid no later than April 2014, 20 years from the loan date.

\$ 634

Total other long-term liabilities

\$ 15,712

Compensated absences :

All the Enterprise fund types' accumulated vacation and sick leave accrual is reported in the respective Enterprise fund. For the fiscal year ended June 30, 2011, the noncurrent portions of the accrual consist of vacation leave of \$3,270, sick leave of \$1,916 and in-lieu time of \$475.

\$ 6,117

Total business-type activities

\$ 192,439

Total long-term liabilities at June 30, 2011

\$ 473,823

At June 30, 2011, \$595 was available in the Debt Service funds to service the Community Facilities District bonds, \$90,337 for Public Financing Authority purchase-in-lieu bonds, and \$11,800 was available to service the Agency's revenue bonds. The City and the Agency are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue, tax allocation, and communities facilities district bonds.

City of Burbank
Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2011 are as follows :

Governmental activities

Year ending June 30	CFD & POB Bonds		Tax Allocation		Other Governmental	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,060	1,271	9,030	10,526	-	-
2013	1,195	1,213	9,425	10,087	-	-
2014	1,340	1,146	9,915	9,593	-	-
2015	1,500	1,071	12,650	9,021	-	-
2016	1,670	985	13,275	8,376	-	-
2017-2021	11,410	3,265	77,535	30,393	-	-
2022-2026	4,295	300	51,655	10,921	-	-
2027-2031	-	-	7,055	5,198	-	-
2032-2036	-	-	6,965	3,629	-	-
2037-2041	-	-	7,485	2,066	-	-
2042-2044	-	-	5,345	368	-	-
Premium	-	-	3,204	-	-	-
Indeterminate	-	-	-	-	45,375	-
Totals	\$ 22,470	9,251	213,539	100,178	45,375	-

Business-type activities

Year ending June 30	Revenue Bonds		Other Liabilities	
	Principal	Interest	Principal	Interest
2012	\$ 5,275	7,299	194	17
2013	5,590	7,109	199	12
2014	5,795	6,874	241	7
2015	6,280	6,636	-	-
2016	6,570	6,353	-	-
2017-2021	37,430	26,741	-	-
2022-2026	27,390	24,053	-	-
2027-2031	20,950	19,313	-	-
2032-2036	26,365	12,376	-	-
2037-2040	24,430	3,824	-	-
Discount	(962)	-	-	-
Premium	5,497	-	-	-
Indeterminate	-	-	21,195	-
Totals	\$ 170,610	120,578	21,829	36

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Merged Capital Projects Area:			
Golden State	\$ 25,862	11,359	43.90%
City Centre	10,144	2,322	22.90%
South San Fernando	3,065	348	11.40%
West Olive Capital Projects Area	9,018	952	10.56%
Water Revenues	22,656	603	2.66%
Electric Revenues	219,259	7,934	3.62%
Water Rec. & Sewer	14,941	1,414	9.46%
Refuse Collection & Disposal	15,016	949	6.32%

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES

Receivables at June 30, 2011 consist of the following :

	General Fund	Golden State	Capital Projects		General Cap. Proj.
			Merged Proj. Area	Low/Mod Housing	
Governmental activities :					
Accounts receivable, net	\$ 1,564	-	156	30	-
Interest receivable	257	59	29	129	213
Taxes receivable, net	7,770	629	-	-	-
Notes receivable	-	-	22	37,779	-
Total	\$ 9,591	688	207	37,938	213

	Public Fin. Authority	Nonmajor Govt'l Funds	Internal Service Funds	Total Governmental
Accounts receivable, net	-	1,788	306	3,844
Interest receivable	32	108	331	1,158
Taxes receivable, net	-	1,118	-	9,517
Note receivable	-	-	-	37,801
Total	32	3,014	637	52,320

	Water Reclam. & Sewer	Electric	Water	Refuse Collect. & Disposal	Nonmajor Prop. Funds	Total Business Type
Accounts receivable, net	\$ 1,186	12,871	2,626	1,450	31	18,164
Interest receivable	86	142	61	105	-	394
Total	\$ 1,272	13,013	2,687	1,555	31	18,558

The low and moderate income housing fund has outstanding developer notes receivable with the Burbank Housing Corporation (BHC). The terms of the notes are fifty-five years from date of issuance with a stated interest rate of 3%. At the end of each notes' term, the City will receive either the outstanding principal and interest on the loans, or as first lien holder on the underlying land and buildings, will receive the properties back. If the City receives the properties in lieu of payment from the BHC, those properties can then be used for any purpose the City chooses. The City records notes receivable at the lesser of a) the aggregate outstanding principal and interest balances on the notes receivable, or b) the estimated aggregate values of the underlying properties at the end of their respective note receivable term (i.e.; fifty-five years after the start of each loan, not present valued back to June 30, 2011). The City reports the notes receivable balance in restricted fund balance in the governmental funds statements and in restricted net assets in governmental activities in the entity-wide statements. As of June 30 2011, the notes receivable balance was \$37,779, net of an allowance for doubtful accounts of \$15,645.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES, (continued)

The Community Development and Block Grant (CDBG) and HOME funds provide loans to the BHC and to individuals. The loan terms for each loan are various lengths with stated interest rates ranging from 0% to 6% and are scheduled to be forgiven at the end of their respective term. The City records the notes receivable balance, and an allowance for doubtful accounts equal to 100% of the outstanding note balance. The notes receivable balance for CDBG as of June 30, 2011 was \$0, net of an allowance for doubtful accounts of \$2,272, in both the governmental activities and the governmental funds. The notes receivable balance for HOME as of June 30, 2011 is \$0, net of an allowance for doubtful accounts of \$7,717, in both the governmental activities and the governmental funds.

The allowance recognized on these receivables were \$2,272 and \$7,717 for the year ended June 30, 2011.

(10) COMMITMENTS AND CONTINGENCIES

Media City Center Mall

In September 1992, the City entered into a Disposition and Development Agreement (DDA) which obligated the City to rebate either amounts equivalent to specified portions of property and sales taxes generated by the mall, or an amount equal to \$51,500 plus interest. These amounts helped offset the original construction costs incurred for construction of the Macy's building, and parking and related common area facilities at the Media City Centre mall of which are owned by the developer. These payments to the developer are scheduled through February 1, 2016. After this date, the City will no longer be required to make payments to the developer. No liability has been recorded for this obligation, but for the year ended June 30, 2011, \$3,261 was paid to the developer under this agreement.

Recovery of alleged overcharges for the sale of power

The City sold energy and ancillary services to the CAL ISO during the period from October 2000 to February 2001 in order to assist the CAL ISO in maintaining reliability in the region, and in response to a federal order by the Department of Energy requiring generators in the region to sell power to the CAL ISO. The CAL ISO, in turn, resold at least some portion of this power to its customers and entities participating in its markets. The three investor-owned utilities in California, each of whom purchased energy and ancillary services from the CAL ISO during this period, are presently pursuing claims in state and federal courts in which they seek to impose refund liability on the City and other similarly-situated publicly-owned utilities for their sales to the CAL ISO. City management believes that the ultimate outcome of these matters will not have a material impact on the financial condition of the City.

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact to the City over and above the amounts recorded as claims liability. City management believes that the claims liability recorded within the self-insurance internal service fund is sufficient to cover any potential losses, should an unfavorable outcome result and that any overage would be covered by the City's excess insurance pool, ACCEL.

Construction commitments

Outstanding construction commitments include \$8,185 for police/fire headquarters water intrusion, \$700 for Verdugo pool renovation \$509 for San Fernando interstate five corridor and \$452 for Johnny Carson Park revitalization.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES

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" and term purchases. Local generation and market purchases supplement firm contracts to meet Burbank's retail load requirements.

B - TAKE OR PAY CONTRACTS

The City of Burbank has entered into "Take or Pay" contracts to provide for future electric generating capacity for Burbank electric utility 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 take or pay contracts refer. The City is, however, obligated to pay its share of the amortized cost of indebtedness and operating and maintenance costs, regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. 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 Southern California Public Power Authority (SCPPA) and the Intermountain Power Agency (IPA) do not depend on revenue from the City to continue in existence. Obligation for this indebtedness is through participation in two joint powers agencies, SCPPA and IPA.

These contracts do not meet the criteria to be recorded as a derivative instrument subject to the requirements of GASB 53. In return for purchased power, the City is obligated under the terms of these contracts to fund a portion of the debt service payments that are associated with the facility providing the power.

Southern California Public Power Authority

SCPPA membership consists of ten Southern California cities and one public district of the State of California, which serves the electric power needs of their 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 powers agreement has a term of fifty years.

Hoover uprating project (HU)

On March 1, 1986, SCPPA and six participants entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to the Authority in return for the Authority's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. The Authority has an 18.68% interest in the contingent capacity of the Hoover uprating project. All seventeen "uprated" generators of the HU have commenced commercial operations. The City has a 16% ownership interest in this project.

Southern Transmission System Project

Pursuant to an agreement dated as of May 1, 1983 with the IPA, the Authority made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the Southern Transmission System project (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 the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP). The City's ownership share of this project is 4.5%.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Mead-Phoenix

The Authority entered into an agreement dated as of December 17, 1991 to acquire an interest in the Mead-Phoenix Project, a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project, a 17.76% interest in the Mead substation project component and a 22.41% interest in the Mead-Marketplace component. The City's ownership share of Mead-Phoenix is 15.4%.

Mead-Adelanto

The Authority also entered into an agreement dated as of December 17, 1991 to acquire a 67.92% interest in the Mead-Adelanto Project, 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 of funds from the multiple project fund and commercial operations commenced in April 1996. LADWP serves as the operations manager of Mead-Adelanto. The City's ownership share of Mead-Adelanto is 11.5%.

Palo Verde

Pursuant to an assignment agreement dated as of August 14, 1981 with the Salt River project, the Authority purchased a 5.91% interest in the Palo Verde Nuclear Generating Station, a 3,810 megawatt nuclear-fueled generating station near Phoenix, Arizona, and a 6.55% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the Palo Verde Project). Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988 respectively. The City's ownership share of this project is 4.4%.

Magnolia Power Project

In March 2003, the City of Burbank entered into a power sales agreement with the Authority for the Magnolia Power Project (MPP). MPP commenced commercial operation in September 2005. MPP is a combined-cycle natural gas fired generation plant with a nominally rate net base capacity of 224 megawatts. The City is obligated for 97.6 megawatts or 30.992% of its output. The City of Burbank is also MPP's operating agent.

Intermountain Power Agency

In 1980, the City of Burbank, along with the cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each California purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the IPP. The City, along with Los Angeles, Glendale and Pasadena, also entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah municipal and cooperative IPP purchasers, which is surplus to such Utah purchasers' needs, and will be made available to the City, Los Angeles, Glendale, and Pasadena. The City's participation interest in the power generated by IPP is 3.371%. The project was completed on May 1, 1987, and is currently generating power.

A summary of the City of Burbank "take or pay" contracts and related projects and its contingent liability at June 30, 2011 is shown on the following page :

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	Bonds and notes outstanding	City of Burbank portion *	City of Burbank share of bonds	City obligation of total debt service
SCPPA				
Hoover	\$ 12,955	15.957%	2,067	2,512
Southern Transmission System	848,105	4.498%	38,165	53,425
Mead-Adelanto	176,950	11.534%	20,349	24,995
Mead-Phoenix	55,745	15.400%	8,585	10,489
Palo Verde	79,440	4.400%	3,495	3,812
Magnolia Power Project (Project A)	357,790	32.350%	115,746	177,652
Natural Gas Pinedale	8,816	100.000%	8,816	13,133
Natural Gas Barnett	27,304	100.000%	27,304	40,678
Natural Gas Prepaid Project #1	333,370	33.099%	110,341	204,813
Milford I Wind Project	237,235	5.000%	11,862	18,590
Tieton Hydropower Project	52,730	50.000%	26,365	52,025
Intermountain Power Project	2,415,133	3.371%	81,414	101,344
Total	<u>\$ 4,605,573</u>	<u>9.869%</u>	<u>454,509</u>	<u>703,468</u>

* Burbank share % and amounts estimated based on weighted average.

The City has the following required debt service payments of principal and interest per the agreements discussed above :

	2011/12		2012/13		2013/14	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ 255	103	266	93	280	79
IPP STS	1,260	805	2,564	1,618	2,243	1,526
Mead-Adelanto	1,645	493	1,751	878	1,870	763
Mead-Phoenix	799	212	852	372	909	315
Palo Verde	455	44	469	76	483	64
Magnolia Pwr. Project	2,958	2,092	3,080	4,061	3,220	3,925
Natural Gas Pinedale	896	231	660	427	570	400
Natural Gas Barnett	2,774	715	2,045	1,323	1,765	1,238
Natural Gas Prepaid Project #1	1,892	919	1,753	5,471	1,590	5,388
Milford I Wind Project	380	282	393	551	407	537
Tieton Hydropower Project	340	649	388	1,292	395	1,284
Intermountain Power	6,478	3,333	5,966	2,912	7,411	2,663
Total	<u>\$ 20,132</u>	<u>9,878</u>	<u>20,187</u>	<u>19,074</u>	<u>21,143</u>	<u>18,182</u>

City of Burbank

Year Ended June 30, 2011

(In thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	2014/15		2015/16		2016/21	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ 293	66	308	51	665	53
IPP STS	2,302	1,477	2,372	1,419	12,407	5,680
Mead-Adelanto	1,971	639	2,069	539	11,043	1,333
Mead-Phoenix	770	255	835	216	4,420	534
Palo Verde	499	52	514	40	1,075	41
Magnolia Pwr. Project	3,356	3,790	3,510	3,637	13,723	15,861
Natural Gas Pinedale	549	375	549	349	2,228	1,326
Natural Gas Barnett	1,701	1,160	1,701	1,081	6,902	4,106
Natural Gas Prepaid Project #1	1,345	5,314	1,283	5,249	8,204	25,152
Milford I Wind Project	423	521	441	503	2,527	2,191
Tieton Hydropower Project	408	1,273	420	1,259	2,390	6,009
Intermountain Power	7,055	2,328	8,451	2,169	35,125	6,283
Total	\$ 20,672	17,250	22,453	16,512	100,709	68,569

	2021/26		2026/31		2031/36	
	Principal	Interest	Principal	Interest	Principal	Interest
SCPPA						
Hoover	\$ -	-	-	-	-	-
IPP STS	12,041	2,465	2,975	270	-	-
Mead-Adelanto	-	-	-	-	-	-
Mead-Phoenix	-	-	-	-	-	-
Palo Verde	-	-	-	-	-	-
Magnolia Pwr. Project	16,900	12,606	21,714	9,483	26,510	5,801
Natural Gas Pinedale	1,593	795	1,297	373	473	43
Natural Gas Barnett	4,932	2,463	4,018	1,155	1,467	132
Natural Gas Prepaid Project #1	16,705	22,031	29,779	16,063	35,876	6,779
Milford I Wind Project	3,207	1,511	4,085	633	-	-
Tieton Hydropower Project	3,905	5,316	4,210	4,129	5,373	2,967
Intermountain Power Project	10,929	241	-	-	-	-
Total	\$ 70,212	47,428	68,078	32,106	69,699	15,722

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

	2036/41		Total	
	Principal	Interest	Principal	Interest
SCPPA				
Hoover	\$ -	-	2,067	445
IPP STS	-	-	38,164	15,260
Mead-Adelanto	-	-	20,349	4,645
Mead-Phoenix	-	-	8,585	1,904
Palo Verde	-	-	3,495	317
Magnolia Pwr. Project	20,775	650	115,746	61,906
Natural Gas Pinedale			8,815	4,319
Natural Gas Barnett			27,305	13,373
Natural Gas Prepaid Project #1	11,916	2,105	110,343	94,471
Milford I Wind Project			11,863	6,729
Tieton Hydropower Project	8,537	1,482	26,366	25,660
Intermountain Power Project	-	-	81,415	19,929
Total	<u>\$ 41,228</u>	<u>4,237</u>	<u>454,513</u>	<u>248,958</u>

(12) ACCRUED LIABILITIES

Accrued liabilities for the General Fund and the Governmental Activities June 30, 2011, consist of the following:

Accrued expenditures	\$ 218
Accrued payroll	4,867
Other liabilities	5,018
Total	<u>\$ 10,103</u>

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(13) DEFERRED COMPENSATION PLANS

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 and 457p for its eligible full-time and part-time employees respectively.

Pursuant to changes in August, 1966 of IRC section 457, the City formally established a trust in which all assets and income of the 457 plans were placed. The assets, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such are not subject to the claims of the City's general creditors, thus the assets of these plans are not reflected in the accompanying basic financial statements.

As of June 30, 2011, the City's deferred compensation plan had accumulated assets of \$104,505 under the 457 plan, and \$615 under the 457p plan.

(14) BOND DEFEASANCES

In prior years, various bonds were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for these defeased bonds are not reflected in the City's basic financial statements. At June 30, 2011, the following represents the amounts still outstanding on bonds considered defeased :

\$ 25,000 2003 Golden State Subordinated Tax Allocation Bonds, 2003 Series A

(15) PREPAID ITEMS AND DEPOSITS

The City shows a total of \$22,456 in prepaid items and deposits. \$21,403 of the prepaid items are in the Electric Utility and \$177 in the general fund and Governmental entity-wide statements (\$54 in the general fund statements), with incidental amounts in other funds. The composition of these prepaid items include \$17,005 in prepaid fuel held by SCPPA and the Tieton Hydro Power Plant Project, \$788 related to the Warner Brothers lease, as fully described in note 17.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(16) SELF-INSURANCE

The City is self-insured for the first \$1,000 on each general liability claim against the City. The City also self-insures for the first \$2,000 for each workers compensation claim. At June 30, 2011, \$3,331 was accrued for general liability claims, and \$26,079 accrued for workers compensation claims. These amounts were determined by an actuarial study of our liability, performed biannually. These accruals represent estimates of amounts to be paid for incurred and reported claims as well as incurred but unreported claims based upon past experience and modified for current trends and information. See the end of this note for a table showing changes in the aggregate liabilities for the past two years.

While the ultimate amounts of losses incurred through June 30, 2011, are dependent on future developments, based upon information provided from the City Attorney, outside legal counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. The City is insured with outside insurance carriers for certain amounts in excess of self-insurance limits. There have been no reductions during the fiscal year in insurance coverage, nor have there been any settlements in excess of insurance coverage for the past three years.

The City participated in California Authority for Municipal Excess Liability (CAMEL), which is a joint insurance purchasing arrangement, from July 1998 to June 2004. The City rejoined ACCEL on July 1, 2004.

Authority for California Cities Excess Liability (ACCEL)

As of July 1, 2004, the City once again became a member in ACCEL, 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.

Changes in the self-insurance liability for the last two fiscal years were as follows :

	<u>Fiscal year</u>	
	<u>2009/10</u>	<u>2010/11</u>
Beginning liability, July 1	\$ 16,401	24,625
Claims and changes in estimates	12,846	13,387
Claims payments during the year	(4,622)	(6,735)
Ending liability, June 30	<u>\$ 24,625</u>	<u>31,277</u>

The claims liability is reported as a long-term liability in the self-insurance internal service funds and in long term liabilities in the Governmental Activities.

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(17) LEASE OBLIGATIONS

OPERATING LEASES

The City is lessee under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as liabilities in the City's statement of net assets.

Golf Carts

The City has agreed to enter into an agreement for a four year lease of 80 golf carts and one beverage cart for the period through May 2011 to May 2015. The cost for this lease is \$82 per year.

The following is a schedule by year of estimated future minimum rental payments required under the operating lease as of June 30 :

Year ended June 30 :	Golf Fund
2012	\$ 82
2013	82
2014	82
2015	<u>75</u>
Total minimum lease payments	<u>\$ 321</u>

The lease expense for the year ended June 30, 2011 was \$67.

Prepaid Leases

Warner Brothers

In June 2000, the City of Burbank made a prepaid lease payment of \$1,500 to Warner Brothers Studios for the use of land to locate a new switching station. The terms of the agreement was an advance payment of \$1,500 for a twenty-year lease term, with the City's right to renew for ten years at an annual base payment of \$50 in year 21, with a 3% increase in years 22-30. The lease began in January 2002. For the fiscal Year Ended June 30, 2010, the electric fund amortized \$75 on this prepaid lease, leaving a balance of \$788.

City of Burbank

Year Ended June 30, 2011

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City contributes to three retiree healthcare benefit plans. The first is the Burbank Employees Retiree Medical Trust (BERMT). This single employer, defined benefit plan, 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 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 given is up to \$300 in reimbursements per month, for eligible medical expenses.

The second plan is the CalPERS Healthcare (PEMHCA) plan, established by CalPERS under the authority of section 22750 to 22948 of the state of California's government code, a single employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The City pays \$108 per month for all miscellaneous and safety employees. In addition, the City pays \$171 per month for 24 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$171 but is paid in addition to the \$188. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

The third plan is the Utility Retiree Medical Trust, a single employer plan, established during the 2008/09 fiscal year for IBEW members and 7 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for the first 2 years, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2010/11, the City contributed \$190. The City's ARC was \$175 (in thousands) for the fiscal year 2010/11

The City pre-funds the BERMT with both member and City contributions. The BERMT members are required to contribute fifty dollars per pay period and the City contributes the same amount. For the fiscal year 2010/11, the City contributed \$1,371 (in thousands) to BERMT. The City's ARC was \$1,196 (in thousands) for BERMT in the fiscal year 2010/11.

The City has pre-funded the PEMHCA Plan through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the City's Annual Required Contribution (ARC) each year. For the fiscal year 2010/11, the City contributed \$1,856 (in thousands), including \$622 (in thousands) in benefit payments and \$1,234 (in thousands) deposit to CERBT. The City's ARC was \$1,281 (in thousands) for the fiscal year 2010/11.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the City, not individualized, but in aggregate with the other CERBT participating agencies. BERMT also issues publicly available financial statements. These reports may be obtained by writing or calling the plans at the following addresses:

PEMHCA CERBT - State of California PERS - 400 Q St - Sacramento, CA 95811

BERMT Delta Health Systems - Attn: Cindi Forbes - 555 W Benjamin Holt Drive, Stockton, CA 95207. (800) - 700-6762

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

The City's annual other post-employment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table, based on the City's actuarial valuation as of June 30, 2010, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's Net OPEB obligation:

	<u>BERMT</u>	<u>PEMHCA</u>	<u>URMT</u>
Annual required contribution	\$ 1,196	1,281	175
Interest on net OPEB obligation/(asset)	(104)	(527)	(282)
Adjustment to annual required contribution	213	431	231
Annual OPEB cost	1,305	1,185	124
Contributions made	(1,371)	(1,856)	(190)
Decrease in net OPEB obligation	(66)	(671)	(66)
Net OPEB obligation/(asset) - beginning of year	(1,817)	(6,801)	(3,642)
Net OPEB asset - end of year	<u>\$ (1,883)</u>	<u>(7,472)</u>	<u>(3,708)</u>

The OPEB funding excess is recorded as part of Net pension/OPEB Assets on the Statement of Net Assets. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the plans were as follows :

	Year Ended	Annual OPEB Cost	Pct of OPEB cost Contributed	Net OPEB Obligation
BERMT	6/30/2009	\$ 983	112.6%	\$ (1,565)
PEMHCA	6/30/2009	1,565	104.6%	(5,892)
URMT	6/30/2009	510	0.0%	510
BERMT	6/30/2010	\$ 890	128.3%	\$ (1,817)
PEMHCA	6/30/2010	1,162	178.3%	(6,801)
URMT	6/30/2010	510	914.1%	(3,642)
BERMT	6/30/2011	\$ 1,305	105.1%	\$ (1,883)
PEMHCA	6/30/2011	1,185	156.6%	(7,472)
URMT	6/30/2011	124	153.2%	(3,708)

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Funded status and funding progress

The funded status of the plans as of June 30, 2011 was:

	BERMT	PEMHCA	URMT
Actuarial accrued liability (a)	\$ 37,067	18,706	4,912
Actuarial value of plan assets (b)	13,892	11,449	5,401
Unfunded actuarial accrued liability (funding excess) (a)-(b)	23,175	7,257	(489)
Funded ratio (b) / (a)	37.5%	61.2%	110.0%
Covered payroll (c)	80,511	108,908	15,704
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a)-(b)]/(c))	28.8%	6.7%	-3.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows :

	BERMT	PEMHCA	URMT
Actuarial valuation date	6/30/2010	6/30/2010	6/30/2010
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar for 30 years	Level % of pay for 28 years	Level % of pay for 28 years
Amortization period	Closed	Closed	Closed

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(18) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

	BERMT	PEMHCA	URMT	
Actuarial assumptions :				
Discount rate	5.75%	7.75%	7.75%	
General inflation	3.00%	3.00%	3.00%	
Aggregate payroll increases	3.25%	3.25%	3.25%	
COLA	0.00%	N/A	4.50%	
Healthcare trend (HMO)	N/A	10.1% initial, 4.5% ultimate	N/A	
Healthcare trend (PPO)	N/A	10.8% initial, 4.5% ultimate	N/A	
PEMHCA minimum increases				
2008	N/A	\$ 97	\$ 97	
2009	N/A	101	101	
2010	N/A	105	105	
2011	N/A			
2012+	N/A	4.50% Increase Per Year	4.50% Increase Per Year	
Mortality, withdrawal, disability	CalPERS 1997-2007	CalPERS 1997-2007	CalPERS 1997-2007	
Retirement	CalPERS 1997-2007	CalPERS 1997-2007	CalPERS 1997-2007	
	Actuarial Valuation Date	Actuarial Value of Assets (b)	Actuarial Accrued Liability (a)	Unfunded Actuarial Accrued Liability (a-b)
BERMT	6/30/2010	\$ 13,892	\$ 37,067	\$ 23,175
PEMHCA	6/30/2010	11,449	18,706	7,257
URMT	6/30/2010	5,401	4,912	(489)
				Funded Ratio (a/b)
				Covered Payroll (c)
				UAAL as a Percentage of Covered Payroll ((b-a)/c)
				37.5%
				\$ 80,511
				28.8%
				61.2%
				108,908
				6.7%
				110.0%
				15,704
				-3.1%

(19) PENSION/OPEB ASSET

	Governmental Activities	Business-Type Activities	Total
Net OPEB asset - end of year BERMT	\$ 1,883		1,883
Net OPEB asset - end of year PEMHCA		7,472	7,472
Net OPEB asset - end of year URMT		3,708	3,708
Net Pension Asset (amortized over the life of the asset) (Original amount \$30,121)	25,354		25,354
	\$ 34,709	\$ 3,708	38,417

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(20) ADDITIONAL INFORMATION

Burbank Operable Unit (BOU)

Pursuant to a consent decree of March 25, 1992, Lockheed Martin Corporation (Lockheed) constructed a groundwater treatment system, now known as the BOU, on property within and owned by the City, designed to treat volatile organic compounds contaminating groundwater in parts of the San Fernando Groundwater Basin. A second consent decree, dated May 28, 1997, provided that Lockheed was responsible for the cost of operation and maintenance of the BOU, through at least December 11, 2018. The City recognized ownership of the BOU on December 1, 1998. However, due to the major uncertainties that existed concerning the realizability within reasonable limits of a fair value of the BOU, the City did not recognize any value associated with the BOU in the accompanying basic financial statements. On December 12, 2000, the commencement date, the City became responsible for oversight of the BOU. The BOU represents an ongoing obligation of Lockheed to mitigate damages to the aforementioned basin groundwater. In the fiscal year 2018-19, the United States Environmental Protection Agency (EPA) will determine the disposition of the BOU.

Deferred Revenue

The General fund records deferred revenue of \$1,951 for sales taxes related to the "Triple Flip" and sales tax true up as of June 30, 2011. This amount is a component of net assets in the government-wide financial statements.

Deficit fund balances

The Merged capital projects fund has a deficit fund balance of \$32,987, which is expected to be offset by future tax increment revenues to the extent that they are received. Magnolia Power Plant also had a deficit fund balance of \$267,

New pronouncements

On July 1, 2010, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement improves the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed the standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

Fund type reclassifications

One result of the GASB 54 implementation was for the City to reclassify several funds from one type to another. The Low / Moderate income housing fund was reclassified from capital projects funds to special revenue funds; the public improvement fund was reclassified from special revenue funds to capital projects funds; the magnolia power project fund was reclassified from enterprise funds to special revenue funds; and the public financing authority fund was reclassified from capital projects to debt service. The effect on beginning fund balances by the implementation of GASB 54 is as follows:

	Low/Mod Housing Special Revenue Fund	Low/Mod Housing Capital Projects Fund	Public Improvements Special Revenue Fund	Public Improvements Capital Projects Fund
Balance 6/30/10, as previously reported	-	71,897	19,797	-
Change in fund type classification	71,897	(71,897)	(19,797)	19,797
Balance 7/1/10, as restated	71,897	-	-	19,797

City of Burbank

Year Ended June 30, 2011

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(20) ADDITIONAL INFORMATION, (continued)

	Magnolia Power Project Enterprise Fund	Magnolia Power Project Special Revenue Fund	Public Financing Authority Capital Projects	Public Financing Authority Debt Service
Balance 6/30/10, as previously reported	(74)	-	92,971	-
Change in fund type classification	74	(74)	(92,971)	92,971
Balance 7/1/10, as restated	-	(74)	-	92,971

(21) PRIOR PERIOD ADJUSTMENTS

In 2003, the City issued \$22,015 in tax allocation bonds to refund \$21,885 of tax allocation bonds that were issued in 1993. The City deposited funds in an investment account to fund the eventual payoff of the 1993 bonds, but the amount deposited in the investment account did not qualify for a defeasance. However, for the City's June 30, 2004 financial report, while the City reported the cash in the investment account to pay off the 1993 bonds, it had not recognized the outstanding principal on the 1993 bonds payable. Excluding the principal balance on the 1993 Series A from the City's financial statements was not in accordance with generally accepted accounting principles.

During the year ended June 30, 2011, the City realized that the outstanding bond principal on the 1993 Series A bonds was incorrectly excluded from the City's long-term liabilities and retroactively included the liability in the governmental activities opinion unit on the statement of net assets.

The governmental activities' financial statements for the year ended June 30, 2010, have been retroactively restated for this change. This change had the effect of increasing the change in nets assets by \$815 for the year ended June 30, 2010, as compared to the amounts previously reported.

	<u>Governmental</u>
Net assets, beginning of year, as previously reported	\$ 987,858
Report outstanding balance of 1993 City Centre Series A bond issue as of June 30, 2010	<u>(16,950)</u>
Net assets, beginning of year, as restated	<u>\$ 970,908</u>

(22) SUBSEQUENT EVENTS

The State of California included two legislative bills in its fiscal year 2011-2012 adopted budget that affect the future of redevelopment agencies. ABX1 26 dissolves redevelopment agencies and ABX1 27 allows them to make required continuation payments to keep the agency alive. The California Redevelopment Association (CRA) and League of California Cities have filed a lawsuit challenging the legality of these bills but there is no outcome as of December 19, 2011. The Burbank Redevelopment Agency's adopted budget for fiscal year 2011-2012 may need to be amended depending on the outcome of the lawsuit. The estimated continuation payments are \$18.4 million for fiscal year 2011-2012 and \$4.4 million each year thereafter. The annual estimated continuation payments will be due in two installments on January 15th and May 15th of each year and will be expensed as incurred.

Liabilities are owed from the merged redevelopment fund to the general fund of \$39,650. The repayment of these funds is uncertain due to this recent legislation. If ABX1 26 is upheld the City expects these repayments not to be made. See note 7 for additional details on these interfund liabilities.

City of Burbank

Year Ended June 30, 2011

(in thousands)

REQUIRED SUPPLEMENTARY INFORMATION

(A) SCHEDULE OF PENSION FUNDING PROGRESS (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	(Excess) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll {(B-A)/C}
6/30/08:						
Misc.	488,223	510,149	21,926	95.7%	72,154	30.4%
Fire	151,119	151,785	666	99.6%	12,530	5.3%
Police	<u>175,373</u>	<u>187,862</u>	<u>12,489</u>	93.4%	<u>14,950</u>	83.5%
Total	<u>814,715</u>	<u>849,796</u>	<u>35,081</u>	95.9%	<u>99,634</u>	35.2%
6/30/09:						
Misc.	510,113	604,602	94,489	84.4%	80,524	117.3%
Fire	155,355	166,406	11,051	93.4%	14,262	77.5%
Police	<u>180,464</u>	<u>208,521</u>	<u>28,057</u>	86.5%	<u>17,588</u>	159.5%
Total	<u>845,932</u>	<u>979,529</u>	<u>133,597</u>	86.4%	<u>112,374</u>	118.9%
6/30/10:						
Misc.	530,031	632,197	102,166	83.8%	81,705	125.0%
Fire	160,138	170,747	10,609	93.8%	14,077	75.4%
Police	<u>186,124</u>	<u>214,781</u>	<u>28,657</u>	86.7%	<u>16,635</u>	172.3%
Total	<u>876,293</u>	<u>1,017,725</u>	<u>141,432</u>	86.1%	<u>112,417</u>	125.8%

(B) SCHEDULE OF OPEB FUNDING PROGRESS (Unaudited)

Burbank Employees Retiree Medical Trust (BERMT)

6/30/2010	13,892	37,067	23,175	37.5%	80,511	28.8%
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CalPERS Healthcare (PEMHCA)

6/30/2010	11,449	18,706	7,257	61.2%	108,908	6.7%
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Utility Retiree Medical Trust (URMT)

6/30/2010	5,401	4,912	(489)	110.0%	15,704	-3.1%
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See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL LOW/MODERATE INCOME HOUSING SPECIAL REVENUE

**Year ended June 30, 2011
(in thousands)**

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ -	-	10,069	10,069
Use of money and property	230	230	548	318
Charges for services	78	78	227	149
Total revenues	308	308	10,844	10,536
Expenditures :				
Administrative services	6,839	6,842	3,123	3,719
General capital improvements	14,746	16,283	4,991	11,292
Total expenditures	21,585	23,125	8,114	15,011
Excess (deficiency) of revenues over expenditures	(21,277)	(22,817)	2,730	25,547
Other financing sources :				
Transfers in	12,603	12,603	2,578	(10,025)
Net change in fund balance	(8,674)	(10,214)	5,308	15,522
Fund balance, July 1, 2010 (as restated) (Note 22)	63,604	63,604	71,894	8,290
Fund balance, June 30, 2011	\$ 54,930	53,390	77,202	23,812

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

This section of the CAFR provides information on each individual fund not already provided in the basic financial statements. This section includes the:

- **Major Capital Projects Funds:**
 - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

- **Nonmajor Governmental Funds:**
 - Combining Balance Sheet
 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

- **Internal Service Funds:**
 - Combining Statement of Net Assets
 - Combining Statement of Revenues, Expenses and Changes in Net Assets

- **Nonmajor Enterprise Funds:**
 - Combining Balance Sheet
 - Combining Statement of Revenues, Expenditures and Changes in Net Assets

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL GOLDEN STATE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 26,553	26,553	20,689	(5,864)
Use of money and property	217	217	2,306	2,089
Total revenues	26,770	26,770	22,995	(3,775)
Expenditures :				
Principal retirement	3,815	3,815	3,815	-
Interest and finance charges	7,576	7,576	7,556	20
Total expenditures	11,391	11,391	11,371	20
Excess of revenues over expenditures	15,379	15,379	11,624	(3,755)
Other financing sources (uses) :				
Transfers out	(14,274)	(14,274)	(10,449)	3,825
Total other financing sources (uses)	(14,274)	(14,274)	(10,449)	3,825
Net change in fund balance	1,105	1,105	1,175	70
Fund balance, July 1, 2010	13,375	13,375	12,561	(814)
Fund balance, June 30, 2011	\$ 14,480	14,480	13,736	(744)

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC FINANCING AUTHORITY DEBT SERVICE

Year ended June 30, 2011
(in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 3,605	3,605	3,884	279
Total revenues	<u>3,605</u>	<u>3,605</u>	<u>3,884</u>	<u>279</u>
Expenditures :				
Principal retirement	3,410	3,410	3,410	-
Interest and finance charges	<u>3,108</u>	<u>3,108</u>	<u>3,108</u>	<u>-</u>
Total expenditures	<u>6,518</u>	<u>6,518</u>	<u>6,518</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,913)	(2,913)	(2,634)	279
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,913)	(2,913)	(2,634)	279
Fund balance, July 1, 2010	<u>94,237</u>	<u>94,237</u>	<u>92,971</u>	<u>(1,266)</u>
Fund balance, June 30, 2011	<u>\$ 91,324</u>	<u>91,324</u>	<u>90,337</u>	<u>(987)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL MERGED PROJECT AREA CAPITAL PROJECTS

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 173	173	563	390
Charges for services	239	239	351	112
Total revenues	412	412	914	502
Expenditures :				
Administrative services	9,290	7,404	5,561	1,843
General capital improvements	14,575	87	25	62
Total expenditures	23,865	7,491	5,586	1,905
Deficiency of revenues over expenditures	(23,453)	(7,079)	(4,672)	2,407
Other financing sources (uses) :				
Transfers in	11,249	11,249	12,691	1,442
Transfers out	-	(17,378)	(19,878)	(2,500)
Total other financing sources (uses)	11,249	(6,129)	(7,187)	(1,058)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,204)	(13,208)	(11,859)	1,349
Fund deficit, July 1, 2010	92,971	92,971	(21,128)	-
Fund deficit, June 30, 2011	\$ 80,767	79,763	(32,987)	1,349

See accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

This section of the CAFR provides information on each individual governmental fund, except for those major governmental funds reported in the basic financial statements: the General Capital Projects Fund, the Merged Capital Projects Fund and the Public Financing Authority Capital Projects Fund. This section includes the following special revenue, debt service, and capital projects funds:

SPECIAL REVENUE FUNDS

Transportation Fund - Prop A - To account for monies received from a portion of sales tax revenue restricted to fund transportation related activities.

Transportation Fund - Prop C - To account for monies received from a portion of sales tax revenue restricted to fund transportation related activities.

AQMD Fund - To account for monies received and expended on the City's ride share program. Monies received include participant fees and funds received from the Southern California Air Quality Management District Fund.

Home Program Investment Partnership Program (HOME) - To account for HUD funding to increase the supply of affordable housing to the City.

Community Development Block Grants Fund - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant Programs.

Housing Authority Fund - To account for monies received and expended in housing assistance to low and moderate income families. Funds are provided by receipts from the Federal Section 8 Voucher Program.

State Gas Tax Fund - To account for monies received and expended from state gas tax allocation.

Disaster Relief Fund - To account for monies received and expended from federal and state grants for extraordinary costs resulting from natural disasters.

Public Improvements Fund - To account for monies received through developer fees and grants, used for infrastructure improvements throughout the City.

Street Lighting Fund - To account for monies received from a portion of the in-lieu tax on electricity, used for maintenance, repairs and conversion of the City's mercury and low pressure sodium street lights to high pressure sodium lights.

Supplemental Law Enforcement Services Fund - To account for grant monies received and spent from federal programs used to supplement the City's law enforcement program.

Drug Asset Forfeiture Fund - To account for monies and property seized as a result of judicial forfeitures.

Measure R Fund - To account for monies received and expended from L.A. County sales tax increase.

Burbank Community Services Fund - A charitable organization set up to accept donations for the purpose of promoting and assisting with the supportive activities and services related to the development and maintenance of public facilities and city services.

DEBT SERVICE FUNDS

City Centre Debt Service Fund - To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

West Olive Debt Service Fund - To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

South San Fernando Debt Service Fund - To accumulate funds for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment in the project area.

Community Facilities District 2005 Debt Service Fund - To accumulate "Special Tax" revenues received from the property owners in the district. The amount of the special tax is the amount necessary to pay the debt service for the bonds.

Parking Authority Fund - To accumulate "Special Tax" revenues received from the property owners in the district. The amount of the special tax is the amount necessary to pay the debt service for the bonds.

CAPITAL PROJECTS FUNDS

West Olive Capital Projects Fund - To account for the acquisition, demolition and sale of land for those areas in Burbank designated as in need of redevelopment related activities. Primary sources of funding have been bond proceeds and property tax increments transferred from the West Olive Debt Service Funds.

Parking Authority Fund - To account for financial resources to be used for the acquisition or construction of public parking facilities on a citywide basis. The primary source of funds has been contributions from other funds.

Burbank Youth Endowment Services Fund (YES) - To account for financial resources used for new capital facilities for youth oriented programs to benefit the youth of Burbank. The YES Fund is funded by a pledge from the Burbank Redevelopment Agency of 5% of the new tax increment in each of the Golden State, City Centre, and West Olive Project areas.

City Of Burbank
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Special Revenue Funds					
	Transp. Prop. A	Transp. Prop. C	AQMD	Home Program	Commun. Dev Block Grants	Housing Authority
Assets :						
Pooled cash and investments	\$ 1,396	1,627	174	130	610	3,044
Restricted non-pooled investments	-	-	-	-	-	-
Accounts receivable	-	121	-	45	494	-
Interest receivable	7	7	-	-	3	-
Taxes receivable	-	-	-	-	-	-
Interfund receivables	-	-	-	-	-	-
Intergovernmental receivables	-	-	26	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items and deposits	-	10	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,403	1,765	200	175	1,107	3,044
Liabilities :						
Accounts payable	\$ 38	206	-	-	161	9
Interfund payable	-	-	-	-	-	304
Deposits	-	-	13	-	-	1
Advances payable	-	-	-	-	-	-
Total liabilities	38	206	13	-	161	314
Fund balances :						
Nonspendable:						
Prepaid items	-	10	-	-	-	-
Inventory	-	-	-	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted :						
Transportation	1,365	1,549	-	-	-	-
Federal and state grants	-	-	187	175	946	2,730
Public safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Committed :						
Transportation	-	-	-	-	-	-
Unassigned						
Total fund balances	1,365	1,559	187	175	946	2,730
Total liabilities and fund balances	\$ 1,403	1,765	200	175	1,107	3,044

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

Special Revenue Funds

	State Gas Tax	Disaster Relief	Street Lighting	Sup Law Enforce Service	Comm. Services	Drug Asset Forfeiture
Assets :						
Pooled cash and investments	\$ 1,744	72	236	213	23	\$ 1,290
Restricted non-pooled investments	-	-	-	-	-	-
Accounts receivable	-	-	23	-	-	-
Interest receivable	6	-	2	-	-	5
Taxes receivable	-	-	-	-	-	-
Interfund receivable	-	-	103	-	-	-
Intergovernmental receivable	-	-	-	47	-	-
Inventories	-	-	294	-	-	-
Prepaid items and deposits	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,750	72	658	260	23	\$ 1,295
Liabilities :						
Accounts payable	\$ 676	-	41	-	-	\$ 3
Interfund payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total liabilities	676	-	41	-	-	3
Fund balances :						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Inventory	-	-	294	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted						
Transportation	1,074	-	-	-	-	-
Federal and state grants	-	72	-	260	23	-
Public safety	-	-	-	-	-	1,292
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Committed :						
Transportation	-	-	323	-	-	-
Unassigned						
Total fund balances	1,074	72	617	260	23	1,292
Total liabilities and fund balances	\$ 1,750	72	658	260	23	\$ 1,295

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Special Revenue Funds		Debt Service Funds			CFD 2005
	Measure R	Magnolia Power Plant	City Centre	West Olive	South San Fernando	
Assets :						
Pooled cash and investments	\$ 1,336	1,281	1,685	582	276	\$ 192
Restricted non-pooled investments	-	-	1,885	6,497	350	595
Accounts receivable	-	996	-	-	-	-
Interest receivable	5	8	19	-	8	-
Taxes receivable	-	-	814	224	80	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items and deposits	-	28	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 1,341	2,313	4,403	7,303	714	\$ 787
Liabilities :						
Accounts payable	\$ -	2,580	1,684	581	276	\$ -
Interfund payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total liabilities	-	2,580	1,684	581	276	-
Fund balances :						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Intercity advances	-	-	-	-	-	-
Restricted						
Transportation	1,341	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Debt service	-	-	2,719	6,722	438	787
Capital projects	-	-	-	-	-	-
Committed						
Transportation	-	-	-	-	-	-
Unassigned						
	-	(267)	-	-	-	-
Total fund balances	1,341	(267)	2,719	6,722	438	787
Total liabilities and fund balances	\$ 1,341	2,313	4,403	7,303	714	\$ 787

See accompanying independent auditors' report.

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City Of Burbank
COMBINING BALANCE SHEET, CONCLUDED
NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011
(in thousands)

	Capital Projects Fund				Total Nonmajor Govern- mental Funds
	Public Improve.	West Olive	Parking Authority	Youth Endowment	
Assets :					
Pooled cash and investments	\$ 21,031	\$ 740	1,300	142	39,124
Restricted non-pooled investments	-	-	-	-	9,327
Accounts receivable	90	-	19	-	1,788
Interest receivable	-	26	5	7	108
Taxes receivable	-	-	-	-	1,118
Interfund receivable	-	-	-	-	103
Intergovernmental receivable	-	-	-	-	73
Inventories	-	-	-	-	294
Prepaid items and deposits	-	-	-	-	38
Advances to other funds	-	1,530	-	-	1,530
Total assets	\$ 21,121	\$ 2,296	1,324	149	53,503
Liabilities :					
Accounts payable	633	\$ 14	42	-	6,944
Interfund payable	-	-	-	-	304
Deposits	1	-	-	-	15
Advances payable	413	975	-	-	1,388
Total liabilities	1,047	989	42	-	8,651
Fund balances :					
Nonspendable:					
Prepaid items	-	-	-	-	10
Inventory	-	-	-	-	294
Intercity advances	-	1,530	-	-	1,530
Restricted					
Transportation	-	-	-	-	5,329
Federal and state grants	-	-	-	-	4,393
Public safety	-	-	-	-	1,292
Debt service	-	-	-	-	10,666
Capital projects	-	112	1,282	149	1,543
Committed					
Transportation	20,074	-	-	-	20,397
Unassigned					
	-	(335)	-	-	(602)
Total fund balances	20,074	1,307	1,282	149	44,852
Total liabilities and fund balances	\$ 21,121	\$ 2,296	1,324	149	53,503

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2011
 (in thousands)

	Special Revenue Funds					
	Transp. Prop. A	Transp. Prop. C	AQMD	Home Program	Commun. Dev Block Grants	Housing Authority
Revenues :						
Taxes	\$ 1,472	1,213	-	-	-	-
Use of money or property	46	34	2	-	13	9
Intergovernmental	-	56	119	2,656	1,508	8,940
Charges for services	58	269	-	-	90	-
Total revenues	<u>1,576</u>	<u>1,572</u>	<u>121</u>	<u>2,656</u>	<u>1,611</u>	<u>8,949</u>
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	-	-	-
Environmental :						
Community development	2,435	1,714	118	78	1,511	9,776
Culture and recreation :						
Special community activities	5	110	-	-	-	-
Capital outlay :						
Street improvements	-	-	-	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service :						
Principal retirement	-	-	-	-	-	-
Interest and finance charges	-	-	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,440</u>	<u>1,824</u>	<u>118</u>	<u>78</u>	<u>1,511</u>	<u>9,776</u>
Excess (deficiency) of revenues over expenditures	<u>(864)</u>	<u>(252)</u>	<u>3</u>	<u>2,578</u>	<u>100</u>	<u>(827)</u>
Other financing sources (uses) :						
Transfers in (note 7)	10	-	-	-	-	1,327
Transfers out (note 7)	-	(10)	-	(2,578)	-	-
Total other financing sources (uses)	<u>10</u>	<u>(10)</u>	<u>-</u>	<u>(2,578)</u>	<u>-</u>	<u>1,327</u>
Net change in fund balance	(854)	(262)	3	-	100	500
Fund balance, July 1, 2010	<u>2,219</u>	<u>1,821</u>	<u>184</u>	<u>175</u>	<u>846</u>	<u>2,230</u>
Fund balance, June 30, 2011	<u>\$ 1,365</u>	<u>1,559</u>	<u>187</u>	<u>175</u>	<u>946</u>	<u>2,730</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011
(in thousands)**

	Special Revenue Funds					
	State Gas Tax	Disaster Relief	Street Lighting	Sup Law Enforce Service	Comm. Services	Drug Asset Forfeiture
Revenues :						
Taxes	\$ -	-	-	-	-	-
Use of money or property	10	-	85	5	6	20
Intergovernmental	2,510	-	-	201	-	94
Charges for services	-	-	72	-	-	-
Total revenues	<u>2,520</u>	<u>-</u>	<u>157</u>	<u>206</u>	<u>6</u>	<u>114</u>
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	163	-	117
Environmental :						
Community development	-	-	-	-	-	-
Culture and recreation :						
Special community activities	-	-	-	-	-	-
Capital outlay :						
Street improvements	999	-	2,526	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	<u>999</u>	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service :						
Principal retirement	-	-	-	-	-	-
Interest and finance charges	-	-	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>999</u>	<u>-</u>	<u>2,526</u>	<u>163</u>	<u>-</u>	<u>117</u>
Excess (deficiency) of revenues over expenditures	<u>1,521</u>	<u>-</u>	<u>(2,369)</u>	<u>43</u>	<u>6</u>	<u>(3)</u>
Other financing sources (uses) :						
Transfers in (note 7)	-	-	2,291	-	-	-
Transfers out (note 7)	(1,643)	-	-	(35)	-	-
Total other financing sources (uses)	<u>(1,643)</u>	<u>-</u>	<u>2,291</u>	<u>(35)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(122)	-	(78)	8	6	(3)
Fund balance, July 1, 2010	1,196	72	695	252	17	1,295
Fund balance, June 30, 2011	<u>\$ 1,074</u>	<u>72</u>	<u>617</u>	<u>260</u>	<u>23</u>	<u>1,292</u>

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2011
 (in thousands)

	Special Revenue Funds		Debt Service Funds			
	Measure R	Magnolia Power Plant	City Centre	West Olive	South San Fernando	CFD 2005
Revenues :						
Taxes	\$ 906	-	8,115	9,018	2,452	-
Use of money or property	9	38	(16)	47	7	4
Intergovernmental	-	-	-	-	-	-
Charges for services	-	15,400	-	-	-	-
Total revenues	915	15,438	8,099	9,065	2,459	4
Expenditures :						
General government :						
Administrative services	-	-	-	-	-	-
Public safety :						
Police	-	-	-	-	-	-
Environmental :						
Community development	-	15,631	-	-	-	-
Culture and recreation :						
Special community activities	-	-	-	-	-	-
Capital outlay :						
Street improvements	-	-	-	-	-	-
General capital improvements	-	-	-	-	-	-
Total capital outlay	-	-	-	-	-	-
Debt service :						
Principal retirement	-	-	855	470	105	305
Interest and finance charges	-	-	4,848	5,452	758	285
Total debt service	-	-	5,703	5,922	863	590
Total expenditures	-	15,631	5,703	5,922	863	590
Excess (deficiency) of revenues over expenditures	915	(193)	2,396	3,143	1,596	(586)
Other financing sources (uses) :						
Transfers in (note 7)	-	-	-	3,152	-	586
Transfers out (note 7)	(257)	-	(2,739)	(657)	(1,597)	-
Total other financing sources (uses)	(257)	-	(2,739)	2,495	(1,597)	586
Net change in fund balance	658	(193)	(343)	5,638	(1)	-
Fund balance, July 1, 2010	683	(74)	3,062	1,084	439	787
Fund balance, June 30, 2011	\$ 1,341	(267)	2,719	6,722	438	787

See accompanying independent auditors' report.

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011
(in thousands)**

	Capital Projects Funds				Total Nonmajor Govern- mental Funds
	Public Improve.	West Olive	Parking Authority	Youth Endowment	
Revenues :					
Taxes	\$ -	-	-	-	23,176
Use of money or property	335	165	701	80	1,600
Intergovernmental	1,149	-	-	-	17,233
Charges for services	513	-	-	-	16,402
Total revenues	1,997	165	701	80	58,411
Expenditures :					
General government :					
Administrative services	-	3,246	671	14	3,931
Public safety :					
Police	-	-	-	-	280
Environmental :					
Community development	4,634	-	-	-	35,897
Culture and recreation :					
Special community activities	-	-	-	-	115
Capital outlay :					
Street improvements	-	-	-	-	3,525
Total capital outlay	-	-	-	-	3,525
Debt service :					
Principal retirement	-	-	-	-	1,735
Interest and finance charges	-	-	-	-	11,343
Total debt service	-	-	-	-	13,078
Total expenditures	4,634	3,246	671	14	56,826
Excess (deficiency) of revenues over expenditures	(2,637)	(3,081)	30	66	1,585
Other financing sources (uses) :					
Transfers in (note 7)	2,916	-	-	1,713	11,995
Transfers out (note 7)	(2)	(5,641)	-	(5,800)	(20,959)
Total other financing sources (uses)	2,914	(5,641)	-	(4,087)	(8,964)
Net change in fund balance	277	(8,722)	30	(4,021)	(7,379)
Fund balance, July 1, 2010	19,797	10,029	1,252	4,170	52,231
Fund balance, June 30, 2011	\$ 20,074	1,307	1,282	149	44,852

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP A

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Other local taxes	\$ 1,587	1,587	1,472	(115)
Use of money and property	50	50	46	(4)
Charges for services	67	67	58	(9)
Total revenues	<u>1,704</u>	<u>1,704</u>	<u>1,576</u>	<u>(128)</u>
Expenditures :				
Community Development	2,914	3,080	2,435	645
Parks and recreation :				
Special community services	187	41	5	36
Total expenditures	<u>3,101</u>	<u>3,121</u>	<u>2,440</u>	<u>681</u>
Excess (deficiency) of revenues over expenditures	(1,397)	(1,417)	(864)	553
Other financing sources :				
Transfers in	-	10	10	-
Total other financing sources	-	10	10	-
Net change in fund balance	(1,397)	(1,407)	(854)	553
Fund balance, July 1, 2010	<u>2,912</u>	<u>2,912</u>	<u>2,219</u>	<u>(693)</u>
Fund balance, June 30, 2011	<u>\$ 1,515</u>	<u>\$ 1,505</u>	<u>\$ 1,365</u>	<u>\$ (140)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP C

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Other local taxes	\$ 1,316	1,316	1,213	(103)
Use of money and property	47	47	34	(13)
Intergovernmental	-	-	56	56
Charges for services	85	85	269	184
Total revenues	<u>1,448</u>	<u>1,448</u>	<u>1,572</u>	<u>124</u>
Expenditures :				
Community Development	2,769	3,319	1,714	1,605
Parks and recreation :				
Special community services	777	217	110	107
Total expenditures	<u>3,546</u>	<u>3,536</u>	<u>1,824</u>	<u>1,712</u>
Excess (deficiency) of revenues over expenditures	(2,098)	(2,088)	(252)	1,836
Other financing sources :				
Transfers out	-	(10)	(10)	-
Total other financing sources	-	(10)	(10)	-
Net change in fund balance	(2,098)	(2,098)	(262)	1,836
Fund balance, July 1, 2010	<u>2,755</u>	<u>2,755</u>	<u>1,821</u>	<u>(934)</u>
Fund balance, June 30, 2011	<u>\$ 657</u>	<u>\$ 657</u>	<u>\$ 1,559</u>	<u>\$ 902</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AQMD

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ 3	3	2	(1)
Intergovernmental	<u>133</u>	<u>133</u>	<u>119</u>	<u>(14)</u>
Total revenues	136	136	121	(15)
Expenditures :				
Community development	<u>162</u>	<u>162</u>	<u>118</u>	<u>44</u>
Excess (deficiency) of revenues over expenditures	(26)	(26)	3	29
Fund balance, July 1, 2010	<u>145</u>	<u>145</u>	<u>184</u>	<u>39</u>
Fund balance, June 30, 2011	<u><u>\$ 119</u></u>	<u><u>119</u></u>	<u><u>187</u></u>	<u><u>68</u></u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOME PROGRAM

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 2	2	-	(2)
Intergovernmental	775	775	2,656	1,881
Total revenues	777	777	2,656	1,879
Expenditures :				
Community development	1,302	78	78	-
Excess (deficiency) of revenues over expenditures	(525)	699	2,578	1,879
Fund balance, July 1, 2010	175	175	175	-
Fund balance, June 30, 2011	<u>\$ 691</u>	<u>3,452</u>	<u>175</u>	<u>(3,277)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL COMMUNITY DEVELOPMENT BLOCK GRANTS

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 14	14	13	(1)
Intergovernmental	1,266	1,266	1,508	242
Charges for services	-	-	90	90
Total revenues	<u>1,280</u>	<u>1,280</u>	<u>1,611</u>	<u>331</u>
Expenditures :				
Community development	<u>3,017</u>	<u>3,017</u>	<u>1,511</u>	<u>1,506</u>
Excess (deficiency) of revenues over expenditures	<u>(1,737)</u>	<u>(1,737)</u>	<u>100</u>	<u>1,837</u>
Fund balance, July 1, 2010	<u>801</u>	<u>801</u>	<u>846</u>	<u>45</u>
Fund balance, June 30, 2011	<u>\$ (936)</u>	<u>(936)</u>	<u>946</u>	<u>1,882</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOUSING AUTHORITY

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 23	23	9	(14)
Intergovernmental	7,560	7,560	8,940	1,380
Total revenues	<u>7,583</u>	<u>7,583</u>	<u>8,949</u>	<u>1,366</u>
Expenditures :				
Community development	9,088	9,863	9,776	87
Total expenditures	<u>9,088</u>	<u>9,863</u>	<u>9,776</u>	<u>87</u>
Excess (deficiency) of revenues over expenditures	(1,505)	(2,280)	(827)	1,453
Other financing uses :				
Transfers in	-	-	1,327	1,327
Excess (deficiency) of revenues over expenditures and other uses	(1,505)	(2,280)	500	2,780
Fund balance, July 1, 2010	<u>2,495</u>	<u>2,495</u>	<u>2,230</u>	<u>(265)</u>
Fund balance, June 30, 2011	<u>\$ 990</u>	<u>215</u>	<u>2,730</u>	<u>2,515</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE GAS TAX

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 23	23	10	(13)
Intergovernmental	2,871	2,871	2,510	(361)
Total revenues	<u>2,894</u>	<u>2,894</u>	<u>2,520</u>	<u>(374)</u>
Expenditures :				
Capital outlay :				
Street improvements	1,044	1,213	999	214
Total expenditures	<u>1,044</u>	<u>1,213</u>	<u>999</u>	<u>214</u>
Excess (deficiency) of revenues over expenditures	1,850	1,681	1,521	(160)
Other financing uses :				
Transfers out	<u>(1,643)</u>	<u>(1,643)</u>	<u>(1,643)</u>	<u>-</u>
Net change in fund balance	207	38	(122)	(160)
Fund balance, July 1, 2010	<u>1,448</u>	<u>1,448</u>	<u>1,196</u>	<u>(252)</u>
Fund balance, June 30, 2011	<u>\$ 1,655</u>	<u>1,486</u>	<u>1,074</u>	<u>(412)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL STREET LIGHTING

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 45	45	85	40
Charges for services	116	116	72	(44)
Total revenues	161	161	157	(4)
Expenditures :				
Capital outlay :				
Street improvements	2,779	2,779	2,526	253
Deficiency of revenues over expenditures	(2,618)	(2,618)	(2,369)	249
Other financing sources :				
Transfers in	2,291	2,291	2,291	-
Net change in fund balance	(327)	(327)	(78)	249
Fund balance, July 1, 2010	990	990	695	(295)
Fund balance, June 30, 2011	<u>\$ 663</u>	<u>663</u>	<u>617</u>	<u>(46)</u>

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SERVICES

Year ended June 30, 2011
(in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	\$ 4	4	5	1
Intergovernmental	160	160	201	41
Total revenues	164	164	206	42
Expenditures :				
Police	172	340	163	177
Excess (deficiency) of revenues over expenditures	(8)	(176)	43	219
Other financing uses :				
Transfers out	-	-	(35)	(35)
Net change in fund balance	(8)	(176)	8	184
Fund balance, July 1, 2010	96	96	252	156
Fund balance, June 30, 2011	\$ 88	(80)	260	340

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICES

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ 6	6	6	-
Fund balance, July 1, 2010	<u>16</u>	<u>16</u>	<u>17</u>	<u>1</u>
Fund balance, June 30, 2011	<u><u>\$ 22</u></u>	<u><u>22</u></u>	<u><u>23</u></u>	<u><u>1</u></u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Measure R

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ -	-	9	9
Other local taxes	-	-	906	906
Total revenues	-	-	915	915
Expenditures :				
Community development	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	915	915
Other financing sources :				
Transfers out	(257)	(257)	(257)	-
Net change in fund balance	(257)	(257)	658	915
Fund balance, July 1, 2010	-	-	683	683
Fund balance, June 30, 2011	<u>\$ (257)</u>	<u>(257)</u>	<u>1,341</u>	<u>1,598</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Magnolia Power Plant

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money or property	\$ -	-	38	38
Charges for Services	-	-	15,400	15,400
Total revenues	-	-	15,438	15,438
Expenditures :				
Community development	27,144	27,144	15,631	11,513
Total expenditures	27,144	27,144	15,631	11,513
Excess (deficiency) of revenues over expenditures	(27,144)	(27,144)	(193)	26,951
Fund balance, July 1, 2010	(74)	(74)	(74)	-
Fund balance, June 30, 2011	<u>\$ (27,218)</u>	<u>(27,218)</u>	<u>(267)</u>	<u>26,951</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL CITY CENTRE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 10,652	10,652	8,115	(2,537)
Use of money and property	50	50	(16)	(66)
Total revenues	<u>10,702</u>	<u>10,702</u>	<u>8,099</u>	<u>(2,603)</u>
Expenditures :				
Principal retirement	855	855	855	-
Interest and finance charges	<u>4,493</u>	<u>4,493</u>	<u>4,848</u>	<u>(355)</u>
Total expenditures	<u>5,348</u>	<u>5,348</u>	<u>5,703</u>	<u>(355)</u>
Excess of revenues over expenditures	<u>5,354</u>	<u>5,354</u>	<u>2,396</u>	<u>(2,958)</u>
Other financing sources (uses) :				
Transfers out	<u>(5,359)</u>	<u>(5,359)</u>	<u>(2,739)</u>	<u>2,620</u>
Net change in fund balance	(5)	(5)	(343)	(338)
Fund balance, July 1, 2010	<u>4,158</u>	<u>4,158</u>	<u>3,062</u>	<u>(1,096)</u>
Fund balance, June 30, 2011	<u>\$ 4,153</u>	<u>4,153</u>	<u>2,719</u>	<u>(1,434)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL WEST OLIVE DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 10,169	10,169	9,018	(1,151)
Use of money and property	25	25	47	22
Total revenues	10,194	10,194	9,065	(1,129)
Expenditures :				
Principal retirement	470	470	470	-
Interest and finance charges	4,524	4,524	5,452	(928)
Total expenditures	4,994	4,994	5,922	(928)
Excess of revenues over expenditures	5,200	5,200	3,143	(2,057)
Other financing uses :				
Operating transfers in	3,152	3,152	3,152	-
Transfers out	(2,562)	(2,562)	(657)	1,905
Total other financing sources (uses)	590	590	2,495	1,905
Net change in fund balance	5,790	5,790	5,638	(152)
Fund balance, July 1, 2010	1,094	1,094	1,084	(10)
Fund balance, June 30, 2011	\$ 6,884	6,884	6,722	(162)

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL SOUTH SAN FERNANDO DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Property tax allocation	\$ 2,754	2,754	2,452	(302)
Use of money and property	7	7	7	-
Total revenues	<u>2,761</u>	<u>2,761</u>	<u>2,459</u>	<u>(302)</u>
Expenditures :				
Principal retirement	105	105	105	-
Interest and finance charges	<u>1,139</u>	<u>1,139</u>	<u>758</u>	<u>381</u>
Total expenditures	<u>1,244</u>	<u>1,244</u>	<u>863</u>	<u>381</u>
Excess of revenues over expenditures	<u>1,517</u>	<u>1,517</u>	<u>1,596</u>	<u>79</u>
Other financing sources (uses) :				
Transfers out	<u>(1,958)</u>	<u>(1,958)</u>	<u>(1,597)</u>	<u>361</u>
Total other financing sources (uses)	<u>(1,958)</u>	<u>(1,958)</u>	<u>(1,597)</u>	<u>361</u>
Net change in fund balance	(441)	(441)	(1)	440
Fund balance, July 1, 2010	<u>343</u>	<u>343</u>	<u>439</u>	<u>96</u>
Fund balance, June 30, 2011	<u>\$ (98)</u>	<u>(98)</u>	<u>438</u>	<u>536</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL CFD 2005 DEBT SERVICE

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	<u>\$ -</u>	<u>-</u>	<u>4</u>	<u>4</u>
Expenditures :				
Principal retirement	<u>-</u>	<u>305</u>	<u>305</u>	<u>-</u>
Interest and finance charges	<u>590</u>	<u>285</u>	<u>285</u>	<u>-</u>
Total Expenditures	<u>590</u>	<u>590</u>	<u>590</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(590)</u>	<u>(590)</u>	<u>(586)</u>	<u>4</u>
Other financing sources :				
Transfers in	<u>586</u>	<u>586</u>	<u>586</u>	<u>-</u>
Net change in fund balance	<u>(4)</u>	<u>(4)</u>	<u>-</u>	<u>4</u>
Fund balance, July 1, 2010	<u>787</u>	<u>787</u>	<u>787</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 783</u>	<u>783</u>	<u>787</u>	<u>4</u>

See accompanying Independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL WEST OLIVE CAPITAL PROJECTS

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	<u>\$ 2</u>	<u>2</u>	<u>165</u>	<u>163</u>
Total revenues	<u>2</u>	<u>2</u>	<u>165</u>	<u>163</u>
Expenditures :				
Administrative services	<u>365</u>	<u>3,365</u>	<u>3,246</u>	<u>119</u>
General capital improvements	<u>2,183</u>	<u>245</u>	<u>-</u>	<u>245</u>
Total expenditures	<u>2,548</u>	<u>3,610</u>	<u>3,246</u>	<u>364</u>
Deficiency of revenues over expenditures	<u>(2,546)</u>	<u>(3,608)</u>	<u>(3,081)</u>	<u>527</u>
Other financing sources (uses) :				
Transfers out	<u>(5,641)</u>	<u>(5,641)</u>	<u>(5,641)</u>	<u>-</u>
Net change in fund balance	<u>(8,187)</u>	<u>(9,249)</u>	<u>(8,722)</u>	<u>527</u>
Fund balance, July 1, 2010	<u>10,937</u>	<u>10,937</u>	<u>10,029</u>	<u>(908)</u>
Fund balance, June 30, 2011	<u>\$ 2,750</u>	<u>1,688</u>	<u>1,307</u>	<u>(381)</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL PARKING AUTHORITY CAPITAL PROJECTS

**Year ended June 30, 2011
(in thousands)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues :				
Use of money and property	<u>\$ 753</u>	<u>753</u>	<u>701</u>	<u>(52)</u>
Total revenues	<u>753</u>	<u>753</u>	<u>701</u>	<u>(52)</u>
Expenditures :				
Administrative services	<u>1,579</u>	<u>1,555</u>	<u>671</u>	<u>884</u>
General capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,579</u>	<u>1,555</u>	<u>671</u>	<u>884</u>
Net change in fund balance	<u>(826)</u>	<u>(802)</u>	<u>30</u>	<u>832</u>
Fund balance, July 1, 2010	<u>1,020</u>	<u>1,020</u>	<u>1,252</u>	<u>232</u>
Fund balance, June 30, 2011	<u>\$ 194</u>	<u>218</u>	<u>1,282</u>	<u>1,064</u>

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL YOUTH ENDOWMENT SERVICES

Year ended June 30, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
Revenues :				
Use of money and property	\$ -	50	80	30
Expenditures :				
Administrative services	13	14	14	-
General capital improvements	-	-	-	-
Total expenditures	<u>13</u>	<u>14</u>	<u>14</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(13)</u>	<u>36</u>	<u>66</u>	<u>30</u>
Other financing sources :				
Transfers in	1,666	1,666	1,713	47
Transfers out	-	(5,800)	(5,800)	-
Total other financing sources	<u>1,666</u>	<u>(4,134)</u>	<u>(4,087)</u>	<u>47</u>
Net change in fund balance	1,653	(4,098)	(4,021)	77
Fund balance, July 1, 2010	<u>2,441</u>	<u>2,441</u>	<u>4,170</u>	<u>1,729</u>
Fund balance, June 30, 2011	<u>\$ 4,094</u>	<u>(1,657)</u>	<u>149</u>	<u>1,806</u>

See accompanying independent auditors' report.

NONMAJOR ENTERPRISE FUNDS

This section of the CAFR provides information on both non-major enterprise funds.

Golf Fund - To account for the operations of the City's Golf Course.

Magnolia Power Plant - To account for the operation of Southern California Public Power Authority's (SCPPA) joint power plant located at the City's electric utility.

City Of Burbank
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUND
June 30, 2011
(in thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Assets :		
Current assets :		
Pooled cash and investments	\$ 253	253
Accounts receivable	31	31
Interest receivable	-	-
Prepaid expenses	10	10
Total current assets	294	294
Capital assets :		
Land	11	11
Land improvements	1,036	1,036
Buildings and improvements	8,958	8,958
Machinery and equipment	398	398
Construction in progress	50	50
Less accumulated depreciation	(2,195)	(2,195)
Total capital assets, net of accumulated depreciation	8,258	8,258
Total assets	8,552	8,552
Liabilities :		
Accounts payable	65	65
Accrued expenses	25	25
Total current liabilities	90	90
Long-term liabilities (net of current portion) (note 7) :		
Advances Payable	3,125	3,125
Total long-term liabilities	3,125	3,125
Total liabilities	3,215	3,215
Net assets :		
Invested in capital assets	8,258	8,258
Unrestricted	(2,921)	(2,921)
Total net assets	\$ 5,337	5,337

See accompanying independent auditors' report.

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(in thousands)**

	Golf Fund	Total Nonmajor Enterprise Fund
Operating revenues :		
Sales of water and power	\$ -	-
Charges for services	1,769	1,769
Total operating revenues	<u>1,769</u>	<u>1,769</u>
Operating expenses :		
Operations and maintenance	2,071	2,071
Depreciation	575	575
Total operating expenses	<u>2,646</u>	<u>2,646</u>
Operating income (loss)	<u>(877)</u>	<u>(877)</u>
Nonoperating income (expense) :		
Interest income	-	-
Gain (loss) on disposal of capital assets	-	-
Interest expense	(23)	(23)
Other income - net	<u>(4)</u>	<u>(4)</u>
Total nonoperating income (expense)	<u>(27)</u>	<u>(27)</u>
Income (loss) before capital contributions and transfers	(904)	(904)
Transfers out (note 6)	<u>-</u>	<u>-</u>
Change in net assets	(904)	(904)
Net assets, July 1, 2010	<u>6,241</u>	<u>6,241</u>
Net assets, June 30, 2011	<u>\$ 5,337</u>	<u>5,337</u>

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(in thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Cash flows from operating activities :		
Cash received from customers	\$ 1,766	1,766
Cash paid to suppliers	(2,354)	(2,354)
Net cash provided by (used in) operating activities	(588)	(588)
Cash flows from noncapital financing activities :		
Paid to City of Burbank	(125)	(125)
Received from City of Burbank	1,000	1,000
Other income/expense	(4)	(4)
Net cash provided by (used in) noncapital financing activities	871	871
Cash flows from capital and related financing activities :		
Acquisition and construction of assets	(7)	(7)
Interest paid	(23)	(23)
Net cash used in capital and related financing activities	(30)	(30)
Net increase (decrease) in cash and cash equivalents	253	253
Cash and cash equivalents, July 1, 2010	-	-
Cash and cash equivalents, June 30, 2011	\$ 253	253

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
NONMAJOR ENTERPRISE FUND
Year ended June 30, 2011
(In thousands)

	Golf Fund	Total Nonmajor Enterprise Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :		
Operating income (loss)	\$ (877)	(877)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities :		
Depreciation	575	575
(Increase) decrease in accounts receivable	(3)	(3)
(Increase) decrease in prepaid items	1	1
Increase (decrease) in accrued expense	(284)	(284)
Total adjustments	289	289
Net cash provided by (used in) operating activities	\$ (588)	(588)
Noncash investing, capital, and financing activities :		
Increase (decrease) in fair value of investments	\$ (5)	(5)

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

This section of the CAFR provides information on each individual internal service fund. Internal service funds are used by the City to centralize certain services and then allocate the cost of those services to the user departments on a cost reimbursement basis. User fund charges from internal service funds with capital assets typically consist of two components: a maintenance/service component and a capital replacement component. User fund charges from self-insurance internal service funds generally are based on claims experience of the user department.

Risk Management Self-Insurance Fund - To finance and account for the City's general liability claims program.

Worker's Compensation Self-Insurance Fund - To finance and account for the City's workers' compensation claims program.

Vehicle Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of vehicular fleet and equipment utilized by general government departments on a rental fee basis.

Office Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of office equipment utilized by general government departments on a rental fee basis.

Municipal Building Replacement Fund - To account for the operation, maintenance, and replacement of municipal buildings occupied by City departments on a rental fee basis.

Communication Equipment Rental Fund - To account for the operation, maintenance, and timely replacement of the electronic communication equipment utilized by City departments on a rental basis.

Computer Equipment Replacement Fund - To account for the operation and maintenance of the City's new networked based software and hardware computer system.

City Of Burbank
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2011
(in thousands)

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Current assets :					
Pooled cash and investments	\$ 19,067	20,191	16,729	9,830	4,252
Accounts receivable	-	-	94	-	206
Interest receivable	81	84	69	41	18
Interfund receivable	-	-	2	-	-
Inventories	-	-	392	-	-
Prepaid expenses	3	-	22	-	-
Total current assets	<u>19,151</u>	<u>20,275</u>	<u>17,308</u>	<u>9,871</u>	<u>4,476</u>
Capital assets :					
Buildings and improvements	-	-	2,777	-	7,578
Accumulated depreciation	-	-	(388)	-	(1,915)
Machinery and equipment	-	-	32,632	4,175	1,314
Accumulated depreciation	-	-	(20,098)	(3,555)	(888)
Construction in progress	-	-	355	-	1,718
Total capital assets	<u>-</u>	<u>-</u>	<u>15,278</u>	<u>620</u>	<u>7,807</u>
Total assets	<u>\$ 19,151</u>	<u>20,275</u>	<u>32,586</u>	<u>10,491</u>	<u>12,283</u>
Liabilities :					
Current liabilities					
Accounts payable	\$ 621	107	777	19	198
Compensated absences	-	-	-	-	-
Deposits	-	-	-	-	88
Outstanding claims - self insurance	1,689	7,017	-	-	-
Total current liabilities	<u>2,310</u>	<u>7,124</u>	<u>777</u>	<u>19</u>	<u>286</u>
Long-term liabilities (net of current portion)					
Compensated absences	-	-	138	-	2
Outstanding claims - self insurance	1,908	20,663	-	-	-
Advances payable	-	-	-	-	-
Total long-term liabilities	<u>1,908</u>	<u>20,663</u>	<u>138</u>	<u>-</u>	<u>2</u>
Total liabilities	<u>4,218</u>	<u>27,787</u>	<u>915</u>	<u>19</u>	<u>288</u>
Net assets :					
Invested in capital assets	-	-	15,278	620	7,807
Unrestricted	14,933	(7,512)	16,393	9,852	4,188
Total net assets	<u>\$ 14,933</u>	<u>(7,512)</u>	<u>31,671</u>	<u>10,472</u>	<u>11,995</u>

(Continued)

City Of Burbank
COMBINING STATEMENT OF NET ASSETS, (concluded)
INTERNAL SERVICE FUNDS

June 30, 2011
(in thousands)

	Commun. Equip. Rental	Comp. Equip. Replace.	Total
Current assets :			
Cash and investments	\$ 3,667	6,164	79,900
Accounts receivable	6	-	306
Interest receivable	14	24	331
Interfund receivable	2	7	11
Inventories	125	-	517
Prepaid expenses	-	32	57
Total current assets	<u>3,814</u>	<u>6,227</u>	<u>81,122</u>
Capital assets :			
Buildings and improvements	1,447	-	11,802
Accumulated depreciation	(482)	-	(2,785)
Machinery and equipment	11,025	14,325	63,471
Accumulated depreciation	(6,455)	(8,175)	(39,171)
Construction in progress	-	311	2,384
Total capital assets	<u>5,535</u>	<u>6,461</u>	<u>35,701</u>
Total assets	<u>\$ 9,349</u>	<u>12,688</u>	<u>116,823</u>
Liabilities :			
Current liabilities			
Accounts payable	\$ 134	189	2,045
Compensated absences	-	-	-
Deposits	-	-	88
Outstanding claims - self insurance	-	-	8,706
Total current liabilities	<u>134</u>	<u>189</u>	<u>10,839</u>
Long-term liabilities (net of current portion)			
Compensated absences	99	-	239
Outstanding claims - self insurance	-	-	22,571
Advances payable	-	1,364	1,364
Total long-term liabilities	<u>99</u>	<u>1,364</u>	<u>24,174</u>
Total liabilities	<u>233</u>	<u>1,553</u>	<u>35,013</u>
Net Assets :			
Invested in capital assets	5,535	6,461	35,701
Unrestricted	3,581	4,674	46,109
Total net assets	<u>\$ 9,116</u>	<u>11,135</u>	<u>81,810</u>

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

**Year ended June 30, 2011
(in thousands)**

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Operating revenues :					
Charges for services	\$ 4,667	8,634	7,778	150	950
Total operating revenues	<u>4,667</u>	<u>8,634</u>	<u>7,778</u>	<u>150</u>	<u>950</u>
Operating expenses :					
Operations and maintenance	5,965	16,076	5,467	57	1,424
Depreciation	-	-	2,571	328	711
Total operating expenses	<u>5,965</u>	<u>16,076</u>	<u>8,038</u>	<u>385</u>	<u>2,135</u>
Operating income (loss)	<u>(1,298)</u>	<u>(7,442)</u>	<u>(260)</u>	<u>(235)</u>	<u>(1,185)</u>
Nonoperating income (expense) :					
Interest income	304	326	250	152	70
Other local taxes	-	-	-	-	1,532
Gain (loss) on disposal of fixed assets	-	-	272	76	(7)
Other income (expense)	-	-	224	-	-
Total nonoperating income (expense)	<u>304</u>	<u>326</u>	<u>746</u>	<u>228</u>	<u>1,595</u>
Income (loss) before transfers	(994)	(7,116)	486	(7)	410
Transfers out	-	-	(194)	(306)	-
Change in net assets	(994)	(7,116)	292	(313)	410
Net assets, July 1, 2010	<u>15,927</u>	<u>(396)</u>	<u>31,379</u>	<u>10,785</u>	<u>11,585</u>
Net assets, June 30, 2011	<u>\$ 14,933</u>	<u>(7,512)</u>	<u>31,671</u>	<u>10,472</u>	<u>11,995</u>

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
ASSETS, (concluded)
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)**

	Commun. Equip. Rental	Comp. Equip. Replace.	Total
Operating revenues :			
Charges for services	\$ 2,542	2,554	27,275
Total operating revenues	2,542	2,554	27,275
Operating expenses :			
Operations and maintenance	1,647	1,553	32,189
Depreciation	1,361	6,542	11,513
Total operating expenses	3,008	8,095	43,702
Operating income (loss)	(466)	(5,541)	(16,427)
Nonoperating income (expense) :			
Interest income	39	106	1,247
Other local taxes	-	-	1,532
Gain (loss) on disposal of fixed assets	-	(9)	332
Other income (expense)	27	123	374
Total nonoperating income (expense)	66	220	3,485
Income (loss) before transfers	(400)	(5,321)	(12,942)
Transfer out	-	-	(500)
Change in net assets	(400)	(5,321)	(13,442)
Net assets, July 1, 2010	9,516	16,456	95,252
Net assets, June 30, 2011	\$ 9,116	11,135	81,810

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)

	Risk Mgmt. Self-Ins.	Workers Comp. Self-Ins.	Vehicle Equip. Rental	Office Equip. Rental	Muni. Bldg. Replace.
Cash flows from operating activities :					
Cash received from customers	\$ 4,667	8,634	7,830	150	906
Cash paid to suppliers	(6,103)	(9,325)	(3,483)	(43)	(1,480)
Cash received for misc purposes	-	-	-	-	-
Cash paid to employees	-	-	(1,860)	-	(57)
Net cash provided by (used in) operating activities	<u>(1,436)</u>	<u>(691)</u>	<u>2,487</u>	<u>107</u>	<u>(631)</u>
Cash flows from noncapital financing activities :					
Other income	-	-	224	-	-
Transfers from other funds	-	-	-	-	1,532
Transfers to other funds	-	-	(194)	(306)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>30</u>	<u>(306)</u>	<u>1,532</u>
Cash flows from capital and related financing activities :					
Proceeds from sales of capital assets	-	-	272	76	(7)
Acquisition and construction of assets	-	-	(1,994)	(74)	(1,230)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,722)</u>	<u>2</u>	<u>(1,237)</u>
Cash flows from investing activities :					
Interest received	<u>338</u>	<u>362</u>	<u>267</u>	<u>167</u>	<u>79</u>
Net cash provided by investing activities	<u>338</u>	<u>362</u>	<u>267</u>	<u>167</u>	<u>79</u>
Net increase (decrease) in cash and cash equivalents	(1,098)	(329)	1,062	(30)	(257)
Cash and cash equivalents, July 1, 2010	<u>20,165</u>	<u>20,520</u>	<u>15,667</u>	<u>9,860</u>	<u>4,509</u>
Cash and cash equivalents, June 30, 2011	<u>\$ 19,067</u>	<u>20,191</u>	<u>16,729</u>	<u>9,830</u>	<u>4,252</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011
(in thousands)

	<u>Commun. Equip. Rental</u>	<u>Comp. Equip. Replace.</u>	<u>Total</u>
Cash flows from operating activities :			
Cash received from customers	\$ 2,542	2,554	27,283
Cash paid to suppliers	(826)	(2,868)	(24,128)
Cash received for misc purposes	-	-	-
Cash paid to employees	(914)	-	(2,831)
Net cash provided by (used in) operating activities	<u>802</u>	<u>(314)</u>	<u>324</u>
Cash flows from noncapital financing activities :			
Interfund receivable/payable	27	123	374
Transfers from other funds	-	-	1,532
Transfers to other funds	-	-	(500)
Net cash provided by (used in) noncapital financing activities	<u>27</u>	<u>123</u>	<u>1,406</u>
Cash flows from capital and related financing activities :			
Proceeds from sales of capital assets	-	(9)	332
Acquisition and construction of assets	(69)	(817)	(4,184)
Net cash used in capital and related financing activities	<u>(69)</u>	<u>(826)</u>	<u>(3,852)</u>
Cash flows from investing activities :			
Interest received	40	120	1,373
Net cash provided by investing activities	<u>40</u>	<u>120</u>	<u>1,373</u>
Net increase (decrease) in cash and cash equivalents	800	(897)	(749)
Cash and cash equivalents, July 1, 2010	2,867	7,061	80,649
Cash and cash equivalents, June 30, 2011	<u>\$ 3,667</u>	<u>6,164</u>	<u>79,900</u>

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year ended June 30, 2011
(in thousands)

	<u>Risk Mgmt. Self-Ins.</u>	<u>Workers Comp. Self-Ins.</u>	<u>Vehicle Equip. Rental</u>	<u>Office Equip. Rental</u>	<u>Muni. Bldg. Replace.</u>
Reconciliation of operating income (loss) to net cash provided by operating activities :					
Operating loss	<u>\$ (1,298)</u>	<u>(7,442)</u>	<u>(260)</u>	<u>(235)</u>	<u>(1,185)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities :					
Depreciation	-	-	2,571	328	707
(Increase) decrease in accounts receivable	-	-	52	-	(44)
(Increase) decrease in inventories	-	-	(116)	-	-
(Increase) decrease in prepaid items	(3)	-	-	-	-
Increase (decrease) in outstanding claims payable	(69)	6,721	-	-	-
Increase (decrease) in accounts payable	(66)	30	275	14	(31)
Increase (decrease) in compensated absences	-	-	(35)	-	2
Increase (decrease) in deferred revenue	-	-	-	-	(80)
Total adjustments	<u>(138)</u>	<u>6,751</u>	<u>2,747</u>	<u>342</u>	<u>554</u>
Net cash provided by (used in) operating activities	<u>\$ (1,436)</u>	<u>(691)</u>	<u>2,487</u>	<u>107</u>	<u>(631)</u>
Noncash investing, capital, and financing activities :					
Increase (decrease) in fair value of investments	<u>\$ (6)</u>	<u>(2)</u>	<u>(30)</u>	<u>(7)</u>	<u>(1)</u>

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
INTERNAL SERVICE FUNDS

Year ended June 30, 2011
(in thousands)

	Commun. Equip. Rental	Comp. Equip. Replace.	Total
Reconciliation of operating income (loss) to net cash provided by operating activities :			
Operating loss	(466)	(5,541)	(16,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities :			
Depreciation	1,361	6,542	11,509
(Increase) decrease in accounts receivable	-	-	8
(Increase) decrease in inventories	(4)	-	(120)
(Increase) decrease in prepaid items	-	(18)	(21)
Increase (decrease) in outstanding claims payable	-	-	6,652
Increase (decrease) in accounts payable	(16)	(1,297)	(1,091)
Increase (decrease) in compensated absences	(73)	-	(106)
Increase (decrease) in deferred revenue	-	-	(80)
Total adjustments	1,268	5,227	16,751
Net cash provided by (used in) operating activities	802	(314)	324
Noncash investing, capital, and financing activities :			
Increase (decrease) in fair value of investments	28	4	(14)

See accompanying independent auditors' report.

STATISTICAL SECTION (UNAUDITED)

The statistical section provides mostly trend data and nonfinancial information useful in assessing the City's financial condition. Because of the special character of the data presented in the statistical section (i.e., data of prior years, nonfinancial data), the section does not fall within the scope of the independent audit.

Financial Trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, electric utility fees.

Debt Capacity – These schedules present information to help the reader assess the affordability

Demographic – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City Of Burbank

Table 1 - Net Assets by Component
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

Governmental Activities :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	601,172	89,084	94,512	784,768
2002-03	593,916	113,460	91,251	798,627
2003-04	538,261	171,317	79,963	789,541
2004-05	588,803	74,140	176,562	839,505
2005-06	614,550	85,220	186,441	886,211
2006-07	652,200	95,958	187,313	935,471
2007-08	679,945	89,024	201,906	970,875
2008-09	688,056	113,038	195,574	996,668
2009-10	690,072	114,205	184,720	988,997
2010-11	666,460	71,363	214,362	952,185

Business-type Activities :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	103,113	-	102,409	205,522
2002-03	118,841	-	112,529	231,370
2003-04	147,388	-	117,454	264,842
2004-05	179,582	-	112,505	292,087
2005-06	191,069	-	118,241	309,310
2006-07	206,962	-	126,564	333,526
2007-08	247,383	-	101,024	348,407
2008-09	272,665	-	93,546	366,211
2009-10	260,770	-	121,593	382,363
2010-11	247,901	12,413	133,194	393,508

Primary Government :

Fiscal Year	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001-02	704,285	89,084	196,921	990,290
2002-03	712,757	113,460	203,780	1,029,997
2003-04	685,649	171,317	197,417	1,054,383
2004-05	768,385	74,140	289,067	1,131,592
2005-06	805,619	85,220	304,682	1,195,521
2006-07	859,162	95,958	313,877	1,268,997
2007-08	927,328	89,024	302,930	1,319,282
2008-09	960,721	113,038	289,120	1,362,879
2009-10	950,842	114,205	306,313	1,371,360
2010-11	914,361	83,776	347,556	1,345,693

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities :					
General government	\$ 5,254	6,535	7,731	-	2,649
Police	41,345	43,759	46,718	45,118	43,161
Fire	29,955	33,262	34,426	32,169	31,648
Public works	26,163	25,977	27,365	47,947	55,625
Community development	26,953	37,322	25,917	46,785	70,264
Parks & recreation	19,533	20,945	21,983	30,113	20,363
Library	6,256	6,764	6,968	7,370	7,014
Interest on long-term debt	19,027	19,673	28,087	21,781	21,970
Total governmental activities expenses	174,486	194,237	199,195	231,283	252,694
Business-type activities :					
Water reclamation & sewer	14,573	13,680	13,639	12,714	13,577
Golf course	17,814	19,762	21,208	20,290	2,669
Electric utility	347,122	370,144	270,341	218,051	214,840
Water utility	17,064	20,657	19,831	19,777	22,453
Refuse collection & disposal	12,452	12,461	12,768	13,796	14,117
Total business-type activities expenses	409,025	436,704	337,787	284,628	267,656
Total primary government expenses	\$ 583,511	630,941	536,982	515,911	520,350
Program Revenues					
Governmental activities :					
Charges for services					
General government	\$ 737	917	1,369	850	101
Police	4,771	4,364	4,483	4,207	3,956
Fire	2,915	3,111	3,208	3,170	3,522
Public works	2,664	2,427	2,142	1,728	1,426
Community development	15,436	10,990	9,152	7,833	16,828
Parks and recreation	3,434	3,606	3,774	3,725	3,918
Library	190	189	193	183	184
Operating grants and contributions	20,238	19,859	19,046	18,404	19,238
Total governmental activities program revenues	50,385	45,463	43,367	40,100	49,173

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
Business-type activities :					
Charges for services :					
Water reclamation & sewer	13,406	13,819	14,171	14,459	14,941
Golf course	17,821	19,316	20,307	19,303	1,769
Electric utility	368,760	382,167	287,589	235,020	225,901
Water utility	19,618	23,224	21,372	22,118	23,281
Refuse collection & disposal	11,075	11,827	13,142	14,332	15,016
Operating grants and contributions	-	191	475	530	20
Capital grants and contributions	3,181	2,635	2,749	2,659	4,120
Total business-type activities program revenues	<u>433,861</u>	<u>453,179</u>	<u>359,805</u>	<u>308,421</u>	<u>285,048</u>
Total primary government program revenues	<u>\$ 484,246</u>	<u>498,642</u>	<u>403,172</u>	<u>348,521</u>	<u>334,221</u>
Net (expense) / revenue					
Governmental activities	\$ (124,101)	(148,774)	(155,828)	(191,183)	(203,521)
Business-type activities	<u>24,836</u>	<u>16,475</u>	<u>22,018</u>	<u>23,793</u>	<u>17,392</u>
Total primary government net expense	<u>\$ (99,265)</u>	<u>(132,299)</u>	<u>(133,810)</u>	<u>(167,390)</u>	<u>(186,129)</u>

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets					
Governmental activities :					
Property tax	\$ 65,559	69,483	80,079	79,803	66,240
Sales tax	31,904	33,419	30,249	24,948	29,907
Utility users tax	19,505	20,310	20,236	19,908	18,524
Motor-vehicle in-lieu tax	7,801	8,419	8,596	4,212	4,559
Franchise tax	5,073	5,130	5,283	8,760	8,938
Transient occupancy tax	5,691	5,981	5,941	5,273	5,686
Transient parking tax	3,526	3,651	2,978	2,759	2,886
Unrestricted investment earnings	21,283	19,627	10,995	17,631	14,315
Other	2,300	3,522	7,654	7,412	22,389
Transfers	10,721	10,728	11,103	11,667	11,354
Total governmental activities	173,363	180,270	183,114	182,373	184,798
Business-type activities :					
Unrestricted investment earnings	8,479	8,210	3,119	3,771	3,327
Other	1,622	924	201	255	1,706
Transfers	(10,721)	(10,728)	(11,103)	(11,667)	(11,354)
Total business-type activities	(620)	(1,594)	(7,783)	(7,641)	(6,321)
Total primary government	\$ 172,743	178,676	175,331	174,732	178,477
Change in Net Assets					
Governmental activities	\$ 49,262	31,496	27,286	(8,810)	(18,723)
Business-type activities	24,216	14,881	14,235	16,152	11,071
Total primary government	\$ 73,478	46,377	41,521	7,342	(7,652)

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities :					
General government	\$ 2,169	6,782	5,082	6,091	8,097
Police	33,242	32,422	33,102	34,363	38,925
Fire	23,546	21,652	25,306	26,129	26,993
Public works	21,807	23,041	33,354	15,136	22,048
Community development	27,480	16,873	32,125	25,746	22,796
Parks & recreation	18,022	16,025	18,616	17,040	19,583
Library	4,632	4,882	5,337	5,635	6,200
Interest on long-term debt	5,963	14,928	16,357	20,789	21,997
Total governmental activities expenses	136,861	136,605	169,279	150,929	166,639
Business-type activities :					
Water reclamation & sewer	12,048	13,155	13,174	13,154	12,249
Golf course	1,462	1,453	1,500	1,627	13,676
Electric utility	183,526	195,757	242,208	224,091	328,832
Water utility	13,775	14,034	15,060	15,332	15,708
Refuse collection & disposal	8,797	10,019	11,356	10,733	11,282
Total business-type activities expenses	219,608	234,418	283,298	264,937	381,747
Total primary government expenses	\$ 356,469	371,023	452,577	415,866	548,386
Program Revenues					
Governmental activities :					
Charges for services					
General government	\$ 121	97	20	219	179
Police	5,074	3,632	3,769	4,087	4,717
Fire	2,340	2,286	2,170	2,348	2,586
Public works	2,267	2,230	1,785	1,800	2,468
Community development	8,582	12,079	10,596	11,094	13,684
Parks and recreation	2,880	2,986	3,031	2,857	3,335
Library	102	127	185	202	205
Operating grants and contributions	15,753	13,850	13,985	17,833	23,306
Capital grants and contributions	919	281	178	672	-
Total governmental activities program revenues	38,038	37,568	35,719	41,112	50,480

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
Business-type activities :					
Charges for services :					
Water reclamation & sewer	9,800	10,128	11,316	11,927	12,861
Golf course	2,007	2,010	1,962	1,815	13,591
Electric utility	178,715	215,582	271,175	251,835	345,158
Water utility	15,130	16,946	17,261	17,239	18,936
Refuse collection & disposal	9,478	9,714	9,858	9,899	10,469
Capital grants and contributions	4,063	5,104	5,264	3,971	2,414
Total business-type activities					
program revenues	219,193	259,484	316,836	296,686	403,429
Total primary government					
program revenues	\$ 257,231	297,052	352,555	337,798	453,909
Net (expense) / revenue					
Governmental activities	\$ (98,823)	(99,037)	(133,560)	(109,817)	(116,159)
Business-type activities	(415)	25,066	33,538	31,749	21,682
Total primary government net expense	\$ (99,238)	(73,971)	(100,022)	(78,068)	(94,477)

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Assets
Last ten fiscal years (accrual basis) *
(In thousands)
(Unaudited)

	Fiscal year ended June 30,				
	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets					
Governmental activities :					
Property tax	\$ 41,886	45,108	49,122	51,301	55,947
Sales tax	20,210	23,027	26,222	19,883	29,509
Utility users tax	15,339	15,987	17,323	17,862	18,787
Motor-vehicle in-lieu tax	5,722	5,934	6,501	6,279	7,610
Franchise tax	1,981	1,780	2,276	3,776	4,798
Transient occupancy tax	2,893	3,417	4,238	4,606	5,632
Transient parking tax	1,868	1,827	1,765	2,515	3,238
Unrestricted investment earnings	7,713	4,873	1,566	3,788	3,966
Other	9,666	7,359	11,920	19,395	8,217
Transfers	3,029	3,584	3,541	9,363	9,870
Total governmental activities	110,307	112,896	124,474	138,768	147,574
Business-type activities :					
Unrestricted investment earnings	6,741	4,092	1,619	3,919	4,691
Other	1,110	274	1,856	940	720
Transfers	(3,029)	(3,584)	(3,541)	(9,363)	(9,870)
Total business-type activities	4,822	782	(66)	(4,504)	(4,459)
Total primary government	\$ 115,129	113,678	124,408	134,264	172,743
Change in Net Assets					
Governmental activities	\$ 11,484	13,859	(9,086)	28,951	31,415
Business-type activities	4,407	25,848	33,472	27,245	17,223
Total primary government	\$ 15,891	39,707	24,386	56,196	48,638

* This schedule, recommended as part of implementation of GASB 44, is intended to cover 10 years worth of data.

SOURCE : City Financial Services Department

City Of Burbank

**Table 3 - Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)**

Fiscal Year	General Fund Reserved	General Fund Unreserved	Total General Fund	All Other Governmental Reserved	Special Revenue Unreserved	Capital Projects Unreserved	Total All Other Governmental Funds
2001-02	79,493	38,312	117,805	54,307	30,915	(40,616)	44,606
2002-03	79,958	39,384	119,342	121,217	29,463	(3,267)	147,413
2003-04	56,978	49,527	106,505	130,993	21,744	42,761	195,498
2004-05	56,931	53,852	110,783	113,122	20,653	64,747	198,522
2005-06	54,190	57,681	111,871	133,387	25,034	59,517	217,938
2006-07	53,469	68,066	121,535	177,775	30,208	46,172	254,155
2007-08	52,837	66,847	119,684	177,011	30,417	38,315	245,743
2008-09	55,422	59,885	115,307	175,959	29,891	60,331	266,181
2009-10	64,841	43,679	108,520	182,572	28,896	59,907	271,375

GASB 54 Fund Balance

Fiscal Year	General Fund Reserved	General Fund Unreserved	Total General Fund	All Other Governmental Reserved	Special Revenue Unreserved	Capital Projects Unreserved	Total All Other Governmental Funds
2010-11	63,113	42,968	106,081	270,658	-	-	270,658

SOURCE : City Financial Services Department

City Of Burbank

Table 4 - Changes in Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Sales tax	31,904	33,419	30,249	24,948	29,789
Property tax	65,559	69,483	80,079	79,803	76,308
Utility Users tax	19,505	20,310	20,236	19,908	18,524
Other	13,614	14,124	14,102	13,279	12,230
Total Taxes	<u>130,582</u>	<u>137,336</u>	<u>144,666</u>	<u>137,938</u>	<u>136,851</u>
Special Assessments	234	-	-	-	-
Licenses & Permits	4,802	4,646	4,115	3,680	3,798
Fines, forfeitures, and penalties	3,222	2,617	2,974	2,597	2,340
Use of money or property	18,923	18,220	12,476	16,281	11,232
Intergovernmental	27,467	29,418	28,298	29,056	29,604
Charges for services	<u>33,844</u>	<u>28,356</u>	<u>34,555</u>	<u>29,032</u>	<u>46,766</u>
Total revenues	<u>219,074</u>	<u>220,593</u>	<u>227,084</u>	<u>218,584</u>	<u>230,591</u>
Expenditures					
General government	27,949	33,797	28,172	48,736	40,537
Public Safety	68,758	73,740	76,616	75,205	72,832
Environmental	35,099	35,999	37,573	37,856	60,374
Culture and recreation	25,172	27,349	29,391	30,527	25,213
Capital outlay	23,863	43,602	19,702	18,330	22,552
Debt service :					
Principal	8,456	8,440	8,330	9,115	9,590
Other	592	-	-	-	-
Interest	19,163	19,625	23,035	21,841	22,007
Total expenditures	<u>209,052</u>	<u>242,552</u>	<u>222,819</u>	<u>241,610</u>	<u>253,105</u>
Excess of revenues over (under) expenditures	<u>10,022</u>	<u>(21,959)</u>	<u>4,265</u>	<u>(23,026)</u>	<u>(22,514)</u>
Other financing sources (uses)					
Transfers in	77,806	69,514	48,877	53,290	69,253
Transfers out	(69,850)	(60,369)	(35,729)	(41,276)	(57,399)
Bond proceeds	<u>52,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>60,281</u>	<u>9,145</u>	<u>13,148</u>	<u>12,014</u>	<u>11,854</u>
Net change in fund balances	<u>70,303</u>	<u>(12,814)</u>	<u>17,413</u>	<u>(11,012)</u>	<u>(10,660)</u>
Debt service as a percentage of noncapital expenditures	15.2%	14.1%	15.4%	13.9%	13.7%

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 4 - Changes in Fund Balances of Governmental Funds
Last ten fiscal years (modified accrual basis)
(in thousands)
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Sales tax	20,210	23,027	26,222	19,883	29,509
Property tax	41,886	45,108	49,122	51,301	55,947
Utility Users tax	15,339	15,987	17,323	17,862	18,787
Other	10,018	10,188	10,477	18,216	14,266
Total Taxes	<u>87,453</u>	<u>94,310</u>	<u>103,144</u>	<u>107,262</u>	<u>118,509</u>
Special Assessments	241	243	237	236	236
Licenses & Permits	3,148	3,099	3,690	4,446	5,738
Fines, forfeitures, and penalties	2,766	2,768	2,849	2,995	3,287
Use of money or property	12,343	8,630	5,983	11,879	13,717
Intergovernmental	25,576	19,883	19,213	25,438	31,759
Charges for services	<u>25,855</u>	<u>24,267</u>	<u>26,221</u>	<u>26,687</u>	<u>32,962</u>
Total revenues	<u>157,382</u>	<u>153,200</u>	<u>161,337</u>	<u>178,943</u>	<u>206,208</u>
Expenditures					
General government	23,672	25,412	23,549	25,571	28,900
Public Safety	50,020	51,787	56,477	57,734	63,295
Environmental	30,084	29,375	34,422	35,157	39,359
Culture and recreation	19,516	21,355	22,282	21,331	23,602
Capital outlay	19,757	17,944	20,172	8,677	15,308
Debt service :					
Principal	4,509	2,398	8,146	6,945	12,535
Other	-	1,464	3,337	-	28
Interest	<u>10,774</u>	<u>14,565</u>	<u>16,318</u>	<u>20,520</u>	<u>22,019</u>
Total expenditures	<u>158,332</u>	<u>164,300</u>	<u>184,703</u>	<u>175,935</u>	<u>205,046</u>
Excess of revenues over (under) expenditures	<u>(950)</u>	<u>(11,100)</u>	<u>(23,366)</u>	<u>3,008</u>	<u>1,162</u>
Other financing sources (uses)					
Transfers in	34,953	60,646	99,382	33,314	32,830
Transfers out	(32,340)	(56,932)	(96,751)	(25,086)	(24,748)
Advances from City	-	-	-	-	-
Payment of unfunded actuarial liability	-	-	(24,947)	-	-
Bond proceeds	<u>-</u>	<u>111,730</u>	<u>80,930</u>	<u>-</u>	<u>6,155</u>
Total other financing sources (uses)	<u>2,613</u>	<u>115,444</u>	<u>58,614</u>	<u>8,228</u>	<u>14,237</u>
Net change in fund balances	<u>1,663</u>	<u>104,344</u>	<u>35,248</u>	<u>11,236</u>	<u>15,399</u>
Debt service as a percentage of noncapital expenditures	11.0%	12.6%	16.9%	16.4%	18.2%

SOURCE : City Financial Services Department

City Of Burbank

**Table 5 - Electricity Sold by Type of Customer
Last ten fiscal years
(in thousands)
(Unaudited)**

Fiscal Year	Residential	Commercial	Large Commercial	Industrial	Street Lights/ Traffic	Wholesale	Other
2001-02	29,688	34,878		62,546	996	46,501	4,106
2002-03	30,740	35,078		59,592	1,008	85,680	3,484
2003-04	34,598	49,091		52,072	1,028	131,044	3,342
2004-05	33,997	69,635		31,506	1,166	110,037	5,494
2005-06	35,113	46,259		60,966	1,149	195,512	6,159
2006-07	36,157	51,897		63,163	2,699	207,259	7,585
2007-08	37,755	79,376		35,142	3,238	220,177	6,479
2008-09	37,726	48,556		68,965	2,791	120,716	3,966
2009-10	37,147	40,797	68,984	-	2,605	75,946	4,641
2010-11	37,326	42,948	68,851	-	2,294	59,200	8,640

Source Burbank Water and Power

City Of Burbank

**Table 6 - Electricity Rates
Last ten fiscal years
(Unaudited)**

Fiscal Year	Residential	Commercial	Large Commercial	Street Lights/ Traffic	Other
2001-02	0.12500	0.12300	0.11700	0.13309	0.11437
2002-03	0.12800	0.13300	0.12300	0.14530	0.12658
2003-04	0.12868	0.17061	0.10259	0.14530	0.12658
2004-05	0.12870	0.13732	0.12228	0.14530	0.12658
2005-06	0.12908	0.13227	0.12049	0.14530	0.12658
2006-07	0.12782	0.13110	0.12035	0.12386	0.19469
2007-08	0.13068	0.13452	0.12019	0.12207	0.15756
2008-09	0.13267	0.13928	0.11912	0.12106	0.12299
2009-10	0.13506	0.14169	0.12191	0.12353	0.12533
2010-11	0.14097	0.14920	0.12927	0.12996	0.10749

Source : Burbank Water and Power

City Of Burbank

**Table 7 - Largest Electrical Customers
Current Year and Ten Years Ago
(in thousands)
(Unaudited)**

Taxpayer	2011		2001	
	Electricity charges	Percent of electric retail revenues	Electricity charges	Percent of electric retail revenues
Customer 1	\$ 9,228	5.7%	\$ 6,367	6.0%
Customer 2	4,238	2.6%	3,558	3.4%
Customer 3	3,988	2.4%	2,735	2.6%
Customer 4	4,273	2.6%	-	0.0%
Customer 5	2,613	1.6%	1,074	1.0%
Customer 6	2,200	1.4%	-	0.0%
Customer 7	2,077	1.3%	-	0.0%
Customer 8	2,073	1.3%	1,636	1.5%
Customer 9	2,016	1.2%	-	0.0%
Customer 10	1,675	1.0%	-	0.0%
Customer 11	-	0.0%	7,046	6.3%
Customer 12	-	0.0%	-	0.0%
Customer 13	-	0.0%	-	0.0%
Customer 14	-	0.0%	-	0.0%
Customer 15	-	0.0%	-	0.0%
Subtotal	34,381	21.1%	22,416	20.8%
Other users	128,815	78.9%	88,458	79.2%
Total for entire City	\$ 163,196	100.0%	110,874	100.0%

Source : Burbank Water and Power

City Of Burbank

**Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)**

Fiscal Year	Governmental Activities			
	Community Facilities District Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Total Gov't'l Activities
2001-02	960	-	82,620	83,580
2002-03	795	-	192,385	193,180
2003-04	620	25,120	221,804	247,544
2004-05	430	25,120	215,474	241,024
2005-06	6,380	19,100	208,953	234,433
2006-07	6,155	18,840	229,503	254,498
2007-08	6,155	18,500	221,747	246,402
2008-09	6,155	18,070	214,257	238,482
2009-10	5,860	17,545	206,579	229,984
2010-11	5,555	16,915	198,581	221,051

Source : Financial Services Department

City Of Burbank

**Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)**

Business-Type Activities						
Fiscal Year	Revenue Bonds	Loans	Total Bus. Type Activities	Total Primary Govt.	Pct (1) Personal Income	Per Capita (1)
2001-02	142,369	2,166	144,535	289,070	9.22%	2.81
2002-03	158,626	2,014	160,640	321,280	9.97%	3.07
2003-04	149,357	1,857	151,214	302,428	9.12%	2.87
2004-05	144,839	1,696	146,535	387,559	10.94%	3.63
2005-06	133,856	1,531	135,387	369,820	9.37%	3.46
2006-07	122,613	1,361	123,974	378,472	10.19%	3.51
2007-08	111,902	1,186	113,088	359,490	8.91%	3.33
2008-09	100,808	1,007	101,815	340,297	7.91%	3.15
2009-10	137,762	823	138,585	368,569	8.04%	3.40
2010-11	166,075	634	166,709	387,760	9.10%	3.72

(1) This ratio is calculated using personal income for two prior calendar years for the prior calendar year.

(2) This ratio is calculated using population for the prior calendar year.

Source : Financial Services Department

City Of Burbank

**Table 9 - Ratio of General Bonded Debt Outstanding
Last ten fiscal years
(in thousands)
(Unaudited)**

Outstanding General Bonded Debt					
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Total General Debt	Pct. of Assessed Value (1)	Per Capita (2)
2001-02	82,620	-	82,620	0.77%	0.80
2002-03	192,385	-	192,385	1.66%	1.84
2003-04	221,804	25,120	246,924	2.02%	2.34
2004-05	215,474	25,120	240,594	1.85%	2.25
2005-06	208,953	19,100	228,053	1.62%	2.13
2006-07	229,503	18,830	248,333	1.60%	2.30
2007-08	221,747	18,500	240,247	1.42%	2.22
2008-09	214,257	18,070	232,327	1.28%	2.15
2009-10	206,579	17,545	224,124	1.23%	2.07
2010-11	198,581	16,915	215,496	1.18%	2.07

- (1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
- (2) This ratio is calculated using the prior year's population.

Source : Financial Services Department

City Of Burbank

Table 10 - Schedule of Direct and Overlapping Debt

**June 30, 2011
(in thousands)
(Unaudited)**

City Assessed Valuation		\$ 18,285,662
Redevelopment Agency Incremental Valuation		<u>5,808,813</u>
Total Assessed Valuation		<u><u>\$ 24,094,475</u></u>

	<u>Percentage Applicable (1)</u>	<u>Outstanding Debt 09/10</u>	<u>Estimated Share of Overlapping Debt</u>
Burbank Unified School District	100.000%	65,741	65,741
Los Angeles County	1.559%	107,260	1,672
Los Angeles Community College District	3.180%	<u>3,536,745</u>	<u>112,468</u>
Total overlapping debt		<u><u>3,709,746</u></u>	<u>179,881</u>
City direct debt :			
Community Facilities District		5,555	
Burbank Redevelopment Tax Allocation		198,581	
Pension obligation bonds		<u>16,915</u>	
Total City direct debt			<u>221,051</u>
Total direct and overlapping debt			<u><u>\$ 400,932</u></u>

Note : (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within City boundaries and dividing it by each unit's total taxable assessed value.

Sources : City Financial Services Department
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City Of Burbank

Table 11 - Legal Debt Margin Information
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Debt Limit	Total Net Debt	Legal Debt Margin	Pct (1)
2001-02	1,607,230	76,034	1,531,196	4.73%
2002-03	1,740,010	180,103	1,559,907	10.35%
2003-04	1,833,605	206,401	1,627,204	11.26%
2004-05	1,946,507	199,743	1,746,764	10.26%
2005-06	2,118,116	198,543	1,919,573	9.37%
2006-07	2,333,694	218,975	2,114,719	9.38%
2007-08	2,533,836	224,041	2,309,795	8.84%
2008-09	2,719,939	214,817	2,505,122	7.90%
2009-10	2,511,195	208,744	2,302,451	8.31%
2010-11	2,743,065	190,789	2,552,276	6.96%

(1) Full title : Total net debt applicable to the limit as a percentage of the debt limit

Net assessed value	<u>\$ 18,287,099</u>
Debt limit - 15% of assessed value	2,743,065
Amount of debt applicable to debt limit :	
Community facilities district bonds	5,555
Redevelopment debt - tax allocation bonds	<u>213,539</u>
Total	<u>219,094</u>
Less :	
Reserves in Debt Service funds available for payment of principal :	
Redevelopment debt	<u>13,347</u>
Total	<u>13,347</u>
Total amount of debt applicable to debt limit	<u>205,747</u>
Legal debt margin	<u><u>\$ 2,537,318</u></u>

Source : City Financial Services Department

City Of Burbank

Table 12 - Pledged Revenue Coverage
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Gross Revenues (3)	Operations & maintenance expenses (1)	Net revenues	Debt service requirement (2)	Times coverage
ELECTRIC UTILITY FUND					
2001-02 (4)	179,419	175,003	4,416	8,474	0.52
2002-03	215,435	185,468	29,967	10,841	2.76
2003-04	273,867	229,234	44,633	10,889	4.10
2004-05	253,683	208,616	45,067	11,363	3.97
2005-06	347,514	312,728	34,786	10,228	3.40
2006-07	374,340	330,977	43,363	9,304	4.66
2007-08	387,358	354,041	33,317	12,413	2.69
2008-09	289,780	254,484	35,296	8,890	3.97
2009-10	239,870	207,144	32,726	6,418	5.10
2010-11	229,981	201,254	28,727	10,643	2.70
WATER UTILITY FUND					
2001-02 (4)	15,171	11,530	3,641	1,126	3.23
2002-03	16,839	11,706	5,133	1,117	4.60
2003-04	17,346	12,758	4,588	1,112	4.13
2004-05	17,484	12,643	4,841	1,103	4.39
2005-06	19,162	13,224	5,938	1,093	5.43
2006-07	20,385	14,456	5,929	1,098	5.40
2007-08	24,476	17,958	6,518	1,102	5.91
2008-09	21,724	17,047	4,677	1,103	4.24
2009-10	22,913	16,705	6,208	1,102	5.63
2010-11	23,925	19,845	4,080	1,704	2.39
WATER RECLAMATION AND SEWER FUND					
2001-02	12,726	7,544	5,182	2,370	2.19
2002-03	13,340	9,250	4,090	2,365	1.73
2003-04	13,124	8,993	4,131	2,366	1.75
2004-05	13,169	8,692	4,477	2,438	1.84
2005-06	13,922	7,955	5,967	2,554	2.34
2006-07	14,876	10,273	4,603	2,640	1.75
2007-08	14,984	9,253	5,731	1,421	4.04
2008-09	14,791	9,094	5,697	1,418	4.02
2009-10	15,816	8,630	7,186	1,421	5.06
2010-11	15,342	9,743	5,599	1,414	3.96

City Of Burbank

Table 12 - Pledged Revenue Coverage
Last ten fiscal years
(in thousands)
(Unaudited)

Fiscal Year	Gross Revenues (3)	Operations & maintenance expenses (1)	Net revenues	Debt service requirement (2)	Times coverage
REFUSE COLLECTION AND DISPOSAL FUND					
2001-02	11,054	7,036	4,018	1,306	3.08
2002-03	10,828	7,763	3,065	1,411	2.17
2003-04	10,500	9,613	887	1,294	0.69
2004-05	11,122	8,848	2,274	1,289	1.77
2005-06	11,530	9,553	1,977	1,289	1.54
2006-07	12,579	10,820	1,759	1,304	1.35
2007-08	13,194	10,781	2,413	1,302	1.86
2008-09	14,342	11,260	3,082	1,299	2.37
2009-10	15,474	12,359	3,115	964	3.23
2010-11	15,760	13,099	2,661	949	2.80

Fiscal Year	Tax Increment	Debt Service		Times coverage
		Principal	Interest	
2001-02	24,402	4,105	5,876	2.44
2002-03	26,364	1,965	5,714	3.43
2003-04	29,071	3,540	5,615	3.18
2004-05	31,003	3,920	8,208	2.56
2005-06	33,709	4,025	8,054	2.79
2006-07	42,003	4,408	7,034	3.67
2007-08	44,043	5,050	8,671	3.21
2008-09	53,099	6,215	10,921	3.10
2009-10	53,171	5,280	9,700	3.55
2010-11	50,343	5,550	9,432	3.36

- Notes :
- (1) Total operating expenses exclude depreciated cost.
 - (2) Debt service represents cash requirements during the year.
 - (3) Gross revenues are total operating revenues, interest income, intergovernmental revenues, gain on disposal of fixed assets, and other income.
 - (4) The water and electric fund's debt service was split in FY 99/00 to coincide with the fact that there are two separate funds in that fiscal year.

Source: City Financial Services Department

City Of Burbank

**Table 13 - Demographic and Economic Statistics
Last ten fiscal years**

(Unaudited)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2001-02	102,745	3,134,031	30,503	5.4%
2002-03	104,497	3,221,434	30,828	4.8%
2003-04	105,437	3,316,205	31,452	4.7%
2004-05	106,739	3,541,493	33,179	4.3%
2005-06	106,879	3,945,652	36,917	3.5%
2006-07	107,921	3,715,288	34,426	3.9%
2007-08	108,029	4,036,179	37,362	5.9%
2008-09	108,082	4,301,015	39,794	9.2%
2009-10	108,469	4,584,442	42,265	10.0%
2010-11	104,304	4,262,592	40,867	9.7%

- Note:
- (1) State of California Department of Finance
 - (2) (3) X (1); In Thousands
 - (3) Bureau Economic Analysis, Dept. of Commerce. For Los Angeles County. CA1-3 per capital personal income (Metropolitan divisions)
 - (4) State of California Economic Development Department.

City Of Burbank
Table 14 - Principal Employers
Current Year and Nine Years Ago *

(Unaudited)

	2011		2002	
	Number of Employees	%	Number of Employees	%
1. The Walt Disney Company	7,900	13.8%	6,700	12.1%
2. Warner Bros. Entertainment	7,400	12.9%	5,000	9.0%
3. Providence St. Joseph's Hospital	2,850	5.0%	1,800	3.3%
4. Bob Hope Airport	2,400	4.2%	1,500	2.7%
5. ABC Inc.	2,300	4.0%	-	-
6. Burbank Unified School District	1,800	3.1%	1,600	2.9%
7. City of Burbank	1,624	2.8%	1,300	2.4%
8. NBC / Universal	1,300	2.3%	1,700	3.1%
9. Foto-Kem Industries	600	1.0%	550	1.0%
10. Crane Hydro-Aire	600	1.0%	500	0.9%
Other employers	28,452	49.7%	34,630	62.6%
(1)	57,226	99.8%	55,280	100.0%

Source : City of Burbank Economic Development Department.

* This schedule, required as a part of GASB 44, is intended to provide data from nine years prior. 2002 is the earliest available year.

(1) The total employees includes all employees in agencies which are required to report their employee counts to the City. Non-profit agencies are not required to report this information.

City Of Burbank

**Table 15 - Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
General government	166	166	169	165	164
Police	268	271	279	273	270
Fire	139	139	143	141	137
Public works	136	144	146	144	144
Community development	93	82	86	84	83
Parks and recreation	158	178	179	174	174
Library	64	67	69	69	67
Water Reclamation and Sewer	12	12	12	11	11
Electric Utility	288	278	275	275	273
Water Utility	51	50	50	50	48
Refuse Collection & Disposal	49	48	46	46	46
	<u>1,424</u>	<u>1,435</u>	<u>1,454</u>	<u>1,432</u>	<u>1,417</u>

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
General government	164	166	145	152	147
Police	274	272	278	281	279
Fire	146	146	144	145	144
Public works	144	144	145	153	152
Community development	80	80	80	86	86
Parks and recreation	179	178	189	179	174
Library	67	66	67	71	61
Water Reclamation and Sewer	10	10	10	10	10
Electric Utility	263	263	271	277	261
Water Utility	52	52	51	46	59
Refuse Collection & Disposal	45	45	44	44	44
	<u>1,424</u>	<u>1,422</u>	<u>1,424</u>	<u>1,444</u>	<u>1,417</u>

(1) For years prior to 2008, only full-time employees are shown.

Source : City Financial Services Department

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
Police :					
Arrests	5,492	7,417	8,674	9,076	8,879
Reports taken	11,953	12,209	13,559	13,667	13,667
Service calls	42,566	39,966	44,621	46,809	47,003
Animals entering shelter (1)	2,879	3,068	3,081	2,605	2,870
Moving violations issued	13,127	17,450	14,800	13,856	15,875
Fire :					
Safety employees	125	125	123	125	121
Fire incidents	1,243	1,293	1,348	1,554	1,447
Medical incidents	7,568	7,418	7,136	7,146	7,076
Community Development :					
Building permits	3,978	3,601	3,958	4,713	4,864
Business licenses/business permits (3)	799	2,000	2,000	700	790
Business tax registrations	11,757	14,000	15,000	16,534	16,311
Parks and Recreation :					
Number of street trees	28,656	28,643	28,670	29,000	28,489
Sports participants	17,619	16,489	16,326	15,837	16,214
Afterschool and daycamp participants	11,640	11,892	11,008	17,005	5,740
Special interest participants	7,871	8,718	10,362	10,545	10,500
Burbank bus ridership (2)	392,637	520,372	611,184	529,813	459,626
RSVP volunteer hours served	189,000	187,875	221,926	136,674	180,402
Library :					
Number of books	482,490	433,975	432,817	456,553	440,232
Number of audiovisual recordings	71,148	69,802	64,288	56,555	42,566
Water Reclamation & Sewer :					
Customer accounts (4)	47,690	47,413	57,526	56,499	56,335
Electric Utility :					
Number of meters	52,627	51,796	51,384	51,338	51,310
Generating capacity (KW)	225,000	225,000	225,000	225,000	225,000
Peak demand (KW)	322,000	286,000	289,000	308,000	285,000
Water Utility :					
Number of meters	26,792	26,506	26,486	26,455	26,391
Average daily gallons used (millions)	21,980	18,854	23,367	22,410	20,470
Refuse collection & Disposal :					
Customer accounts	51,650	50,307	50,132	47,212	29,000
Golf Course :					
Rounds of full golf	52,185	56,397	60,933	59,605	65,472
Rounds of 3 par golf	17,108	21,462	21,775	22,311	24,296

(continued)

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
Police :					
Arrests	8,284	7,255	6,551	6,410	5,927
Reports taken	13,809	13,976	13,911	13,545	13,006
Service calls	49,667	50,580	51,025	50,972	50,813
Animals entering shelter (1)	3,069	1,294	1,377	1,499	1,656
Moving violations issued	15,474	14,642	16,970	15,732	16,546
Fire :					
Safety employees	119	121	121	124	124
Fire incidents	1,532	1,349	1,326	1,371	1,399
Medical incidents	6,612	6,576	6,715	6,513	6,366
Community Development :					
Building permits (3)	6,970	2,757	2,686	2,776	2,627
Business licenses	534	617	614	613	640
Business tax registrations	15,991	15,579	15,446	14,439	15,063
Parks and Recreation :					
Number of street trees	25,422	25,418	25,365	25,308	25,265
Sports participants	15,760	15,922	16,112	15,764	14,975
Afterschool and daycamp participants	5,942	5,955	5,940	5,425	5,183
Special interest participants	10,750	10,549	10,400	10,350	10,270
Burbank bus ridership (2)	410,730	329,325	308,705	275,487	272,953
RSVP volunteer hours served	132,470	128,744	126,778	131,617	132,941
Library :					
Number of books	440,232	393,755	389,294	354,836	314,259
Number of audiovisual recordings	42,566	37,332	16,502	12,485	22,339
Water Reclamation & Sewer :					
Customer accounts (4)	45,451	45,409	45,181	45,976	46,064
Electric Utility :					
Number of meters	51,310	51,310	51,310	51,310	51,310
Generating capacity (KW)	225,000	225,000	201,000	201,000	201,000
Peak demand (KW)	285,000	285,000	284,000	284,000	284,000
Water Utility :					
Number of meters	26,351	26,346	26,325	26,240	26,440
Average daily gallons used (millions)	19,500	19,270	20,900	19,600	20,377
Refuse collection & Disposal :					
Customer accounts	30,659	30,576	30,849	31,145	31,202
Golf Course :					
Rounds of full golf	61,020	65,493	N/A	N/A	N/A
Rounds of 3 par golf	23,980	24,220	N/A	N/A	N/A

(1) For years 2006 and after, includes dogs and cats. For 2005 and before, includes only dogs.

(2) For years 2000 and after, includes Got Wheels program.

(3) For years 2009 and after, includes business licenses and business permits. For years 2008 and before, includes only business licenses.

(4) For years 2007, 2008 and 2009 the figure shows how many distinct customers were billed at one time for sewer during the year.

City Of Burbank
Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal year ended June 30,				
	2011	2010	2009	2008	2007
Police :					
Stations	1	1	1	1	1
Fire :					
Stations	6	6	6	6	6
Public works :					
Miles of streets	228	228	228	228	228
Miles of alleys	49	49	49	49	49
Miles of sidewalks	367	367	367	367	367
Street lights	8,979	9,419	9,383	9,238	9,184
Miles of storm drains	61	61	61	61	61
Signalized intersections	196	194	190	183	183
Parks and Recreation :					
Number of parks	28	27	26	25	25
Swimming pools	2	2	2	2	2
Tennis courts	24	24	24	24	24
Ballfields	16	16	16	16	16
Community gymnasiums	3	3	3	3	3
Library :					
Main and branch libraries	3	3	3	3	3
Water Reclamation & Sewer :					
Miles of sewers	223	223	223	223	223
Electric Utility :					
Transmission & distribution lines (miles)	423	356	356	410	410
Water Utility :					
Miles of water mains	280	280	278	278	278

(continued)

City Of Burbank
Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal year ended June 30,				
	2006	2005	2004	2003	2002
Police :					
Stations	1	1	1	1	1
Fire :					
Stations	6	6	6	6	6
Public works :					
Miles of streets	228	228	228	228	228
Miles of alleys	49	49	49	49	49
Miles of sidewalks	366	366	366	365	365
Street lights	9,184	9,184	9,100	9,100	8,430
Miles of storm drains	61	61	61	61	61
Signalized intersections	183	183	182	182	182
Parks and Recreation :					
Number of parks	25	25	25	25	25
Swimming pools	2	2	2	2	2
Tennis courts	24	24	24	24	24
Ballfields	16	16	16	16	16
Community gymnasiums	3	3	3	3	3
Library :					
Main and branch libraries	3	3	3	3	3
Water Reclamation & Sewer :					
Miles of sewers	223	223	240	240	240
Electric Utility :					
Transmission & distribution lines (miles)	410	410	410	410	410
Water Utility :					
Miles of water mains	277	276	274	272	266

City of Burbank

**Table 18 - City Employees with Earnings over \$200 Thousand
For Fiscal Year 2010-2011
(Unaudited)**

<u>Employee Position</u>	<u>Gross Earnings</u>
City Manager	\$ 243
General Manager BWP	242
Police Chief	218
City Attorney	212
Fire Captain	209
Chief Assistant to the City Attorney	209
Police Lieutenant	207
Line Mechanic Supervisor	207
Fire Battallion Chief	202

Source : City Financial Services Department

City Of Burbank
Table 19 - Schedule of Credits
June 30, 2011
(Unaudited)

Cindy Giraldo Financial Services Director	General Overview
Dino Balos, CPA Accounting and Auditing Manager	General Overview Management's discussion & analysis Letter of Transmittal Audit Coordination Burbank Water and Power Refuse Collection & Disposal Water Reclamation & Sewer; Golf Course
Craig Wood, Financial Systems Manager	General Overview Systems Programming Grant Activity Report (Single Audit) Combined Statements Overview Fixed Assets Accounting
Heidi Okimoto, Principal Accountant	Governmental Funds : General Fund Special Revenue Funds (except grant funds) Inventory
Angela O'Connor, Accountant	Redevelopment Capital Projects & Debt Service Funds Public Financing Authority Internal Service Funds Notes to Financial Statements
Eva Felipe Accountant	Projects Burbank Water and Power Refuse Collection & Disposal Water Reclamation & Sewer; Golf Course
Harry Wong Accountant	Fixed Assets Accounting
Kassandra Wildermuth Administrative Analyst I	Statistical Section Cover Photos / Design
Mike McDaniel, Reprographics Supervisor	Reprographic Services
Cassidy Allen, Graphic Illustrator	Cover design



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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CITY OF BURBANK (the "City") in connection with the issuance by the City of its \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012. (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee. The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean NBS Government Finance Group, DBA NBS, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2013, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as

a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City.

(d) *Report of Non-Compliance.* If the City is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the City shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the City is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (1) Any rate changes adopted in the recently completed fiscal year in the form of Table 1.
- (2) Number of accounts for recently completed fiscal year in the form of Table 3.
- (3) Annual amount of solid waste collected by the Enterprise in the recently completed fiscal year in the form of Table 4.
- (4) Historical operating results and debt service coverage for the recently completed fiscal year in the form of Table 6.
- (5) Balance in reserves as of June 30 of the recently completed fiscal year in the form of Table 7.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on EMMA. The City shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The City shall, or shall cause the Dissemination (if not the City) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed

Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the City, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the City. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the City.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the City or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the City. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the City to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the City under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the City that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the City shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

CITY OF BURBANK

By _____
Name _____
Title _____

ACKNOWLEDGED:

NBS GOVERNMENT FINANCE GROUP, DBA
NBS, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Burbank

Name of Issue: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

NBS GOVERNMENT FINANCE GROUP, DBA
NBS, as Dissemination Agent

By _____
Name _____
Title _____

cc: Trustee

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

The information in this section of the Official Statement is presented as general background data. The Bonds are payable solely from the Net Revenues and other sources as described in the Official Statement.

General Information

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27 percent of the total county. Approximately 16% of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

The City of Burbank. On July 8, 1911, Burbank was incorporated as a city. Today, Burbank ranks as the fifteenth-largest city in Los Angeles County, with a population of over 104,000 residents. Presently, Burbank maintains its long standing relationship with Warner Bros. and Disney and is now home to hundreds of media and related support companies such as ABC, Cartoon-Network Studios, Nickelodeon Animation, Yahoo!, Clear Channel, and other post production, film processing, special effects, equipment rental and related businesses. As such, Burbank is happily referred to as the "Media Capital of the World."

Employee Benefits

The following summary is based on audited information set forth in the City's fiscal year 2010-11 audited financial statements and unaudited information provided by the City's Financial Services Department.

Defined Benefit Plan. The City contributes to the California Public Employees Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

During the year ended June 30, 2012 participants were required to contribute 8% of their annual covered salary. Safety employees contributed 9%. The City makes the following partial contributions required of City employees on their behalf and for their account: Burbank City Employees Association 6.9%, Burbank Management Association 7.0%, unrepresented managers 7.0%, executives 6.0%, Burbank Police Officers' Association 7.0%, Burbank Fire Fighters-Chief Officers' Unit 9% and International Brotherhood of Electrical Workers 0%.

Recent actual, actual future and projected future contributions at an actuarially determined rate are as follows:

Miscellaneous Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	15.778%
2012-13	16.334
2013-14	16.527
2014-15	17.9 (projected)
2015-16	18.4 (projected)

Fire Safety Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	19.313
2012-13	19.070
2013-14	20.008
2014-15	22.8 (projected)
2015-16	23.6 (projected)

Police Safety Employees

<u>Fiscal Year</u>	<u>Contribution Rate</u>
2011-12	28.214%
2012-13	29.112
2013-14	33.031
2014-15	35.7 (projected)
2015-16	36.5 (projected)

All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year closed period. In addition, all gains or losses are tracked, and 10% of the net unamortized accumulated gain or loss is amortized each year. Finally, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	(Excess) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll {(B-A)/C}
6/30/08:						
Misc.	\$488,223	\$510,149	\$21,926	95.7%	\$72,154	30.4%
Fire	151,119	151,785	666	99.6	12,530	5.3
Police	<u>175,373</u>	<u>187,862</u>	<u>12,489</u>	93.4	<u>14,950</u>	83.5
Total	<u>814,715</u>	<u>849,796</u>	<u>35,081</u>	95.9	<u>99,634</u>	35.2
6/30/09:						
Misc.	510,113	604,602	94,489	84.4	80,524	117.3
Fire	155,355	166,406	11,051	93.4	14,262	77.5
Police	<u>180,464</u>	<u>208,521</u>	<u>28,057</u>	86.5	<u>17,588</u>	159.5
Total	<u>845,932</u>	<u>979,529</u>	<u>133,597</u>	86.4	<u>112,374</u>	118.9
6/30/10:						
Misc.	530,031	632,197	102,166	83.8	81,705	125.0
Fire	160,138	170,747	10,609	93.8	14,077	75.4
Police	<u>186,124</u>	<u>214,781</u>	<u>28,657</u>	86.7	<u>16,635</u>	172.3
Total	<u>876,293</u>	<u>1,017,725</u>	<u>141,432</u>	86.1	<u>112,417</u>	125.8
6/30/11:						
Misc.	563,862	665,537	101,675	84.7	81,584	124.6
Fire	165,685	178,800	13,115	92.7	13,375	98.1
Police	<u>192,000</u>	<u>225,519</u>	<u>33,519</u>	85.1	<u>15,931</u>	210.4
Total	<u>921,547</u>	<u>1,069,856</u>	<u>148,309</u>	86.1	<u>110,891</u>	133.7

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2012 is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	24 years (nonsafety), 32 years (safety) from the valuation date
Asset Valuation Method	15 year smoothed market
Actuarial Assumptions :	
Investment rate of return	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment.
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of .25%.

The market value of the assets in the City's pension plans as of June 30, 2011 is set forth below:

<u>Plan</u>	<u>Market Value as of 6/30/11</u>
Miscellaneous	\$501,538,196
Fire	146,489,416
Police	169,987,554

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with CalPERS.)

The provisions of AB 340 will go into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

CalPERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST. *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current or accurate, has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of CalPERS liabilities will be in the future or the amount of the CalPERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

Post Employment Benefits Other than Pensions ("OPEB"). The City contributes to three retiree healthcare benefit plans. The first is the Burbank Employees Retiree Medical Trust ("BERMT"). This single employer, defined benefit plan, 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 \$50 per bi-weekly pay period, which the City matches. Plan provisions and contribution requirements are established by and may be amended by 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 given is up to \$300 in reimbursements per month, for eligible medical expenses.

The second plan is the CalPERS Healthcare ("PEMHCA") plan, established by PERS under the authority of section 22750 to 22948 of the California Government Code, a single employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The City pays \$110 per month for all miscellaneous and safety employees. In addition, the City pays \$175 per month for 23 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$175 but is paid in addition to the \$188. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

The third plan is the Utility Retiree Medical Trust ("URMT"), a single employer plan, established during the 2008/09 fiscal year for IBEW members and 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for fiscal year 2011-12, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2011-12, the City contributed \$190 (in thousands). The City's ARC was \$175 (in thousands) for the fiscal year 2011-12.

The City pre-funds the BERMT with both member and City contributions. The BERMT members are required to contribute \$50 per pay period and the City contributes the same amount. For the fiscal year 2011-12, the City contributed \$1,367 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2011-12.

The City has pre-funded the PEMHCA Plan through CalPERS OPEB Trust ("CERBT") and has a policy of contributing 100% of the City's Annual Required Contribution (ARC) each year. For fiscal year 2011-12, the City contributed \$1,898 (in thousands), including \$652 (in thousands) in benefit payments and \$1,246 (in thousands) deposit to CERBT. The City's ARC was \$1,114 (in thousands) for the fiscal year 2011-12. The market value of the City's CERBT assets as of August 27, 2012 was \$21,087 (in thousands); current market value information for the PEMHCA and BERMT plans is not available.

The City's OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table, based on the City's actuarial valuation as of June 30, 2011, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's Net OPEB obligation:

	BERMT	PEMHCA	URMT
Annual required contribution	\$1,545	\$1,114	\$179
Interest on net OPEB obligation/(asset)	(108)	(579)	(287)
Adjustment to annual required contribution	140	489	243
Annual OPEB cost	1,577	1,024	135
Contributions made	(1,367)	(1,898)	(84)
Decrease in net OPEB obligation	210	(874)	51
Net OPEB obligation/(asset) - beginning of year	(1,883)	(7,472)	(3,708)
Net OPEB asset - end of year	\$(1,673)	\$(8,346)	\$(3,657)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for each of the plans were as follows :

	Year Ended	Annual OPEB Cost	Pct of OPEB cost Contributed	Net OPEB Obligation
BERMT	6/30/2010	\$890	128.3%	\$(1,817)
PEMHCA	6/30/2010	1,162	178.3	(6,801)
URMT	6/30/2010	510	914.1	(3,642)
BERMT	6/30/2011	1,305	105.1	(1,883)
PEMHCA	6/30/2011	1,185	156.6	(7,472)
URMT	6/30/2011	124	153.2	(3,708)
BERMT	6/30/2012	1,577	86.7	(1,673)
PEMHCA	6/30/2012	1,024	185.4	(8,346)
URMT	6/30/2012	135	62.2	(3,657)

The funded status of the plans as of June 30, 2012 was:

	<u>BERMT</u>	<u>PEMHCA</u>	<u>URMT</u>
Actuarial accrued liability (a)	\$42,891	\$21,953	\$5,677
Actuarial value of plan assets (b)	16,782	13,390	5,866
Unfunded actuarial accrued liability (funding excess) (a)-(b)	26,109	8,563	(189)
Funded ratio (b) / (a)	39.1%	61.0%	103.3%
Covered payroll (c)	89,772	117,001	17,345
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c)	29.1%	7.3%	(1.1)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

The following table shows the City's actuarial accrued liability and unfunded actuarial accrued liability for OPEB based on the June 30, 2010 actuarial valuation:

Actuarial Valuation Date	Actuarial Value of Assets (B)	Actuarial Accrued Liability (AAL) (A)	(Excess) Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
Burbank Employees Retiree Medical Trust (BERMT)						
6/30/2011	\$16,782	\$42,891	\$26,109	39.1%	\$89,772	29.1%
CalPERS Healthcare (PEMHCA)						
6/30/2011	13,390	21,953	8,563	61.0	117,001	7.3
Utility Retiree Medical Trust (URMT)						
6/30/2011	5,866	5,677	(189)	103.3	17,345	(1.1)

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions include the following:

	BERMT	PEMHCA	URMT
Actuarial valuation date	6/30/2011	6/30/2011	6/30/2011
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar for 30 years	Level % of pay for 28 years	Level % of pay for 28 years
Amortization period	Closed	Closed	Closed
Actuarial assumptions :			
Discount rate	5.75%	7.75%	7.75%
General inflation	3.00	3.00	3.00
Aggregate payroll increases	3.25	3.25	3.25
COLA	0.00	N/A	4.50

Defined Contribution Plans. The City also participates in two defined contribution plans for post-retirement medical benefits, primarily for members of the Burbank Police Officer's Association, the Burbank Fire Fighter's Association and the Burbank Fire Fighter's Chief Officers' Unit. See Appendix B for more information.

Investment Portfolio

The City administers a pooled investment program, except for those funds that are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. The most recently revised Investment Policy for the City was adopted in June, 2012 by the City Council.

Under the Investment Policy, the City Treasurer submits a monthly report to the Mayor, the Council liaisons to the Treasurer's office, the City Manager, the Treasurer's Oversight Review Committee, and other department heads of the City.

The City's pooled investment portfolio as of June 30, 2012, had a market value of \$340,069,342.33. The following table illustrates the investments as of June 30, 2012:

Type	Par Value	Book Value	Market Value
Agency-US Federal Agency	\$178,200,000.00	\$178,114,493.38	\$178,732,406.25
Corporates-Medium Term Notes	42,500,000.00	42,948,385.56	37,126,093.75
Local Agency Investment Fund	115,600,000.00	115,600,000.00	115,740,990.38
Municipal Bonds	6,705,000.00	6,802,351.95	6,754,851.95
Negotiable Certif of Deposit	1,715,000.00	1,715,000.00	1,715,000.00
Total	344,720,000.00	345,180,230.89	340,069,342.33

Source: City of Burbank.

The maturity schedule of the City's pooled investment portfolio as of June 30, 2012 is set forth below:

Maturity	Percentage
Due in 1st year	42%
Due in 2nd year	5
Due in 3rd year	10
Due in 4th year	21
Due in 5 th year	20
Due over 5 years	2
Cumulative	100

Source: City of Burbank.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years as of January 1.

CITY OF BURBANK, LOS ANGELES COUNTY Population Estimates

Area	2008	2009	2010	2011	2012
City of Burbank	103,098	103,116	103,363	104,193	104,427
Los Angeles County	9,785,474	9,801,096	9,822,121	9,847,712	9,884,632
State of California	36,704,375	36,966,713	37,223,900	37,427,946	37,678,563

Source: State of California, Department of Finance.

The table below lists employment by industry group for Los Angeles County for the years 2007 through 2011.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	2007	2008	2009	2010	2011
Civilian Labor Force	4,872,500	4,934,800	4,904,300	4,910,500	4,924,400
Employment	4,625,600	4,565,500	4,335,200	4,291,400	4,318,900
Unemployment	246,900	369,300	569,000	619,100	605,500
Unemployment Rate	5.1%	7.5%	11.6%	12.6%	12.3%
Wage and Salary Employment: ⁽¹⁾					
Agriculture	7,500	6,900	6,200	6,200	5,500
Natural Resources and Mining	4,400	4,400	4,100	4,100	4,000
Construction	157,600	145,200	117,300	104,500	103,500
Manufacturing	449,200	434,500	389,200	373,200	365,400
Wholesale Trade	227,000	223,700	204,500	203,300	207,200
Retail Trade	426,000	416,500	387,000	386,000	390,900
Trans., Warehousing, Utilities	165,600	163,100	151,200	150,600	149,900
Information	209,800	210,300	191,200	191,500	195,600
Financial and Insurance	163,600	153,900	142,300	137,800	137,500
Real Estate, Rental & Leasing	80,300	79,400	73,800	71,700	71,900
Professional and Business Services	605,400	582,600	529,800	527,500	540,400
Educational and Health Services	492,700	505,800	514,600	522,000	534,800
Leisure and Hospitality	397,900	401,600	385,600	384,800	392,800
Other Services	147,100	146,100	137,900	136,700	135,000
Federal Government	51,100	51,100	48,700	51,600	49,000
State Government	81,000	82,400	82,000	80,700	82,700
Local Government	463,700	470,300	465,200	447,300	433,500
Total All Industries ⁽²⁾	4,129,600	4,077,600	3,830,300	3,779,300	3,799,600

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) May not add due to rounding.

Source: State of California, Employment Development Department.

The tables below lists the larger employers in the Los Angeles County area, and the Burbank area Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
2012

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AHMC Healthcare Inc	Alhambra	Hospitals
All Nations Church	Lake View Terrace	Churches
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
Calif Institute of Technology	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Contractor State License Ctr	Burbank	Schools-Business & Vocational
FX Networks LLC	Los Angeles	Television-Cable & CATV
Kaiser Foundation Hospital	Los Angeles	Hospitals
LAC & USC Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Memorial Med Ctr	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA	Glendale	Food Products & Manufacturers
Pomona Valley Hospital Med Ctr	Pomona	Hospitals
Pro Parts	Canoga Park	Automobile Parts & Supplies-Retail-New
Providence Health-San Fernando	Burbank	Health Services
Providence Health-Southern CA	Burbank	Health Services
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2012 2nd Edition.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2011 in the City were reported to be \$635,092,000, an 8.46% increase over the total taxable sales of \$585,531,000 reported during the first quarter of calendar year 2010.

CITY OF BURBANK Taxable Transactions (Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	1,885	\$1,944,379	4,042	\$2,737,374
2007	1,838	2,079,143	3,985	2,931,259
2008	1,932	2,071,076	3,995	2,856,024
2009 ⁽¹⁾	2,134	1,859,733	3,708	2,438,623
2010 ⁽¹⁾	2,247	1,931,854	3,832	2,529,221

(1) Data not comparable to prior years. "Retail" category now includes "Food Services."
Source: State of California, Board of Equalization.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2011 in the County were reported to be \$29,260,271,000, a 7.97% increase over the total taxable sales of \$27,101,568,000 reported during the first quarter of calendar year 2010.

LOS ANGELES COUNTY Taxable Transactions (Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	142,512	\$95,554,193	295,701	\$136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 ⁽¹⁾	175,461	78,444,115	264,928	112,744,727
2010 ⁽¹⁾	177,900	82,175,416	264,818	116,942,334

(1) Data not comparable to prior years. "Retail" category now includes "Food Services."
Source: State of California, Board of Equalization.

Provided below are the building permits and valuations for the City and the County for calendar years 2007 through 2011

**CITY OF BURBANK
New Construction
(dollars in thousands)**

	2007	2008	2009	2010	2011
Permit Valuation					
New Single-family	\$13,744.7	\$8,615.3	\$3,306.3	\$6,854.6	\$2,139.5
New Multi-family	30,394.4	30,348.0	1,196.5	555.2	3,091.0
Res. Alterations/Additions	<u>31,993.9</u>	<u>21,509.4</u>	<u>15,751.2</u>	<u>13,461.1</u>	<u>23,653.4</u>
Total Residential	76,133.1	60,472.7	20,254.0	20,870.9	28,883.9
New Commercial	188,154.3	44,786.7	15,076.2	631.0	6,381.4
New Industrial	0.0	0.0	0.0	0.0	1,000.0
New Other	9,018.1	19,812.5	5,573.5	1,533.5	0.0
Com. Alterations/Additions	<u>29,626.4</u>	<u>38,572.5</u>	<u>48,569.0</u>	<u>22,045.7</u>	<u>49,935.7</u>
Total Nonresidential	226,798.8	103,171.7	69,218.7	24,210.2	57,317.1
New Dwelling Units					
Single Family	40	47	9	15	6
Multiple Family	<u>144</u>	<u>272</u>	<u>6</u>	<u>3</u>	<u>15</u>
TOTAL	184	319	15	18	21

Source: Construction Industry Research Board, Building Permit Summary

**LOS ANGELES COUNTY
New Construction
(dollars in thousands)**

	2007	2008	2009	2010	2011
Permit Valuation					
New Single-family	\$2,047,773.3	\$1,134,121.1	\$798,305.0	\$922,092.0	\$1,026,679.4
New Multi-family	2,010,560.8	1,409,062.3	521,793.7	810,621.4	1,225,553.4
Res. Alterations/Additions	<u>1,898,228.2</u>	<u>1,411,332.6</u>	<u>1,073,157.9</u>	<u>1,109,768.6</u>	<u>1,431,581.5</u>
Total Residential ⁽¹⁾	5,956,562.3	3,954,515.9	2,393,256.6	2,842,482.0	3,683,814.3
New Commercial	1,858,923.4	1,517,965.4	513,381.3	521,995.6	612,800.9
New Industrial	108,827.3	134,587.0	40,084.0	55,772.9	135,976.2
New Other	766,205.8	680,228.1	462,139.0	436,807.8	286,119.7
Com. Alterations/Additions	<u>2,005,199.0</u>	<u>2,157,857.2</u>	<u>1,657,939.6</u>	<u>1,662,362.9</u>	<u>1,774,207.9</u>
Total Nonresidential ⁽¹⁾	4,739,155.4	4,490,637.8	2,673,543.9	2,676,939.1	2,809,104.7
New Dwelling Units					
Single Family	7,509	3,539	2,131	2,439	2,338
Multiple Family	<u>12,854</u>	<u>10,165</u>	<u>3,522</u>	<u>5,029</u>	<u>8,052</u>
TOTAL	20,363	13,704	5,653	7,468	10,390

Source: Construction Industry Research Board, Building Permit Summary

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2007 through 2011.

**COUNTY OF LOS ANGELES
Effective Buying Income
2007 through 2011**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of Burbank	\$2,750,185	\$48,527
	Los Angeles County	202,646,560	43,710
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Burbank	\$2,790,180	\$49,492
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Burbank	\$2,836,868	\$50,631
	Los Angeles County	207,077,609	45,390
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Burbank	\$2,641,468	\$47,812
	Los Angeles County	196,757,991	43,133
	California	801,393,027	47,177
	United States	6,365,020,076	41,368
2011	City of Burbank	\$2,608,368	\$47,635
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

APPENDIX E
FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

City Council of the
City of Burbank
275 East Olive Avenue
Burbank, California 91502

OPINION: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Burbank (the "City") of its \$6,315,000 Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Law"), an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution adopted by the City Council of the City on October 30, 2012 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is a duly created and validly existing municipal corporation and chartered city with the power to enter into the Indenture and to perform the agreements on its part contained therein.
2. The Indenture has been duly authorized, executed and delivered by the City and is valid, binding and enforceable against the City in accordance with its terms.
3. The Bonds constitute valid and binding special obligations of the City payable solely from Net Revenues of the Enterprise (as such terms are defined in the Indenture) and certain other amounts held under the Indenture, as described in the Indenture.
4. Subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.
5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

With respect to the opinions expressed herein, the enforceability of the Indenture is subject to the limitations on the imposition of certain fees and charges by the City related to its municipal wastewater system under Articles XIII C and XIII D of the California Constitution. In addition, the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of principal of or interest on the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (as used in this Appendix F, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting

on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF DELIVERY TO CDIAAC

I, Bruce C. Todd, of Quint & Thimmig LLP, hereby state and certify that for and on behalf of the City of Burbank, on the date hereof, I caused to be delivered a Report of Final Sale pertaining to the captioned financing, via e-mail to cdiac_issuance@treasurer.ca.gov, a true copy of which Report is hereto attached.

Dated: December 4, 2012

By 
Bruce C. Todd,
Project Manager,
Quint & Thimmig LLP

REPORT OF FINAL SALE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

CDIAC#: _____

Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement (or alternate bond documents) to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

ISSUER NAME: CITY OF BURBANK

(If pool bond, list participants)

ISSUE NAME: Waste Disposal Refunding Revenue Bonds, Series 2012

IF THIS IS A POOLED FINANCING, WHICH ISSUANCE STATUTE IS IT AUTHORIZED UNDER?

- 1) Marks-Roos Local Bond Pooling Act 2) JPA Law 3) Installment Sales Agreement, Lease... 4) Housing Revenue Bond Law & Industrial Development Bond Law 5) Other _____

ACTUAL SALE DATE: November 15, 2012 PRINCIPAL SOLD: \$6,315,000.00
(Date Purchase Agreement Signed/ Bid Acceptance)

DATED DATE: December 4, 2012

IS ANY PORTION OF THE DEBT FOR REFUNDING? ¹

No Yes, refunding amount (including costs) \$ 6,315,000

Issuer Contact:

Name Cindy Giraldo Title Financial Services Director
Address 301 East Olive Avenue City, State, Zip Burbank, CA, 91502
Phone 818-238-5487 ISSUER LOCATED IN Los Angeles COUNTY
Email cgiraldo@c1 burbank ca us

Filing Contact: Name of Individual (representing Bond Counsel, Issuer, Financial Advisor, or Lead Underwriter) who completed this form and may be contacted for information

Name Brian D Quint Firm/Agency Quint & Thimmig LLP
Address 575 Market Street, Suite 3600 City, State, Zip San Francisco, CA 94105
Phone (415) 765-1550 E-Mail bquint@qtlp.com
Send acknowledgment/copies to Blythe Fleet E-mail bfleet@qtlp.com

Name of individual to whom an invoice for the CDIAC issue fee should be sent: ²

Name Ms. Christina Pae, Executive Director Firm/Agency Mitsubishi UFJ Securities (USA) Inc
Address 1633 Broadway, 29th Floor City, State, Zip New York, NY 10019-6708
Phone (212) 405-7463 E-Mail cpae@us.sc.mufg.jp

¹ Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at a private sale or on a negotiated basis instead of at public sale.

² This fee is authorized by Section 8856 of the California Government Code and is charged to the lead underwriter or purchaser of the issue. The fee is administratively set by the Commission. The current fee schedule may be obtained from CDIAC.

FINANCING PARTICIPANTS (Firm name)	OFFICE LOCATION (City/State)
FINANCIAL ADVISOR: Ross Financial	San Francisco, CA
LEAD UNDERWRITER/PURCHASER: Mitsubishi UFJ Securities (USA), Inc.	New York, NY
BOND COUNSEL Quint & Thummig LLP	San Francisco, CA
CO-BOND COUNSEL	
TRUSTEE/PAYING AGENT Wells Fargo Bank, National Association	Los Angeles, CA
PLACEMENT AGENT	

MATURITY SCHEDULE

Attached Included in Official Statement

MATURITY STRUCTURE

Serial (S) Term (T)
 Serial and term bonds or two or more term (B)

FINAL MATURITY DATE: 5/1/2022

FIRST OPTIONAL CALL DATE: None

SENIOR/SUBORDINATE STRUCTURE Yes No

OFFICIAL STATEMENT/OFFERING MEMORANDUM:

Enclosed None prepared

WAS THE ISSUE INSURED OR GUARANTEED?

No
 Bond Insurance (I)
 Letter of Credit (L)
 State Intercept Program (T)
 Other (O)

GUARANTOR: _____

ENHANCEMENT EXPIRATION DATE: _____

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa")
 Not Rated
 Rated
 Standard & Poor's AAA
 Fitch: _____
 Moody's: _____
 Other: _____

REASON FOR NEGOTIATED REFUNDINGS

If the issue is a negotiated refunding, indicate the reason(s) why the bonds were issued at a private or negotiated versus a competitive sale.

- (1) Timing of the sale provided more flexibility than a public sale
- (2) More cost savings were expected to be realized than a public sale
- (3) More flexibility in debt structure was available than a public sale
- (4) Issuer able to work with participants familiar with issue/r than a public sale
- (5) All of the above
- (6) Other (please specify) _____

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: No (taxable) Yes (tax-exempt)
 Under Federal law: No (taxable) Yes (tax-exempt)
 If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? Yes No

INTEREST TYPE:

NIC - Int. Cost: _____ %
 TIC - Int. Cost: 1.05661 %
 Variable

CAPITAL APPRECIATION BOND: Yes No

ISSUANCE COSTS AND FEES:

A) Management Fee	\$	N/A
B) Total Takedown	\$	N/A
C) Underwriter Expenses	\$	N/A
Underwriter Spread or Discount	\$	12,960.00
D) Bond Counsel	\$	37,500.00
E) Co-Bond Counsel	\$	N/A
F) Disclosure Counsel	\$	35,000.00
G) Financial Advisor	\$	35,000.00
H) Rating Agency	\$	13,000.00
I) Credit Enhancement	\$	N/A
J) Trustee Fee	\$	6,500.00
K) Placement Agent	\$	N/A
L) Other Expenses	\$	11,592.54
Total Issuance Costs	\$	138,592.54
ORIGINAL ISSUE PREMIUM	\$	N/A
ORIGINAL ISSUE DISCOUNT	\$	N/A
NET ORIGINAL ISSUE DISCOUNT/PREMIUM	\$	628,563.75

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

INCUMBENCY AND SIGNATURE CERTIFICATE

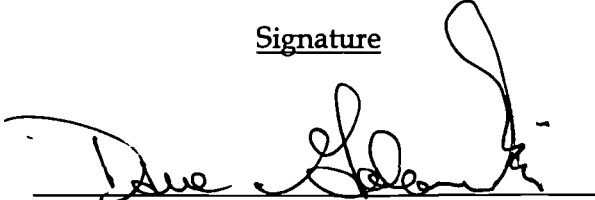
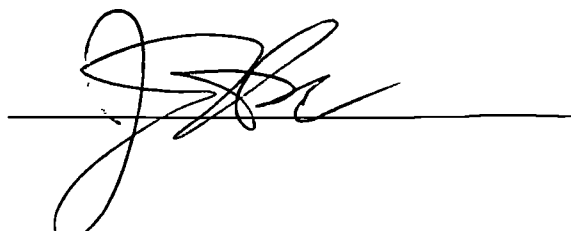
The undersigned hereby state and certify:

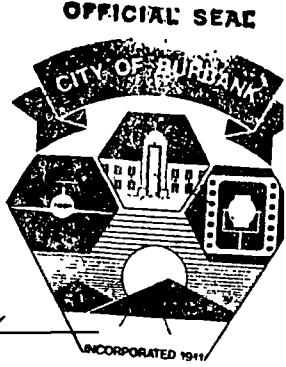
(i) that the undersigned are the duly elected or appointed, qualified and acting Mayor and Deputy City Clerk, respectively, of the City of Burbank (the "City"), a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California, and as such, are familiar with the facts herein certified and are authorized and qualified to certify the same on behalf of the City;

(ii) that the following are now, and have continuously been since the dates of beginning of their respective current terms of office set forth below, the duly elected or appointed, qualified and acting members of the City Council of the City, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Council Members</u>	<u>Beginning Date of Current Term</u>	<u>Ending Date of Current Term</u>
Dave Golonski, <i>Mayor</i>	May 2009	April 2013
Emily Gabel-Luddy, <i>Vice Mayor</i>	May 2011	April 2015
Gary Bric	May 2011	April 2015
Dr. David Gordon	May 2009	April 2013
Jess Talamantes	May 2009	April 2013

(iii) that the signatures set forth opposite the names and titles of the following persons are the true and correct specimens, or are the genuine signatures of such persons, each of whom holds the office designated below:

<u>Name and Title</u>	<u>Signature</u>
Dave Golonski, Mayor	
Justin Hess, Management Services Director	



Susan M. Domen, Deputy City Clerk

Susan M. Domen

(iv) that the above-named Management Services Director is hereby designated as a "Designated Officer" as defined in Section 2(b) of Resolution No. 28.575 adopted by the City Council on October 30, 2012;

(v) that the bonds issued by the City designated "City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012," dated the date hereof (the "Bonds"), have been executed by the facsimile signature of the within-named Mayor and attested to by the facsimile signature of the within-named Deputy City Clerk;

(vi) that for and on behalf of the City, the within-named Management Services Director has executed, and the within-named Deputy City Clerk has attested to, the Indenture of Trust, dated as of December 4, 2012, by and between the City and Wells Fargo Bank, National Association, as trustee, and the Escrow Deposit and Trust Agreement, by and between the City and Wells Fargo Bank, National Association, as escrow bank; and

(vii) that for and on behalf of the City, the within-named Management Services Director has executed the Continuing Disclosure Certificate, dated as of December 4, 2012, by and between the City and NBS Government Finance Group, dba NBS, as dissemination agent, and the Official Statement, dated November 15, 2012, relating to the Bonds.

Dated: December 4, 2012

CITY OF BURBANK

By *Dave Golonski*

Dave Golonski,
Mayor

By *Susan M. Domen*

Susan M. Domen,
Deputy City Clerk



\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE AS TO ARBITRAGE

The undersigned Management Services Director of the City of Burbank, California (the "City"), being an officer of the City duly charged (by resolution of the City), with others, with the responsibility of issuing the \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), which Bonds are being issued by the City, and which Bonds are being issued this date, hereby certifies as follows:

(1) Purpose of Bonds. The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), in order to provide funds to refund, on a current basis, the City's Waste Disposal Revenue Bonds, 2002 Series B (Tax Exempt), originally issued in the principal amount of \$10,290,000, of which \$7,760,000 remains outstanding (the "2002 Bonds"), which 2002 Bonds were issued by the City for the purposes of refunding prior obligations of the District and financing certain new capital improvements (the "Project") to the City's solid waste disposal system (the "Enterprise"), which Project is more particularly described in the Certificate Regarding Use of Proceeds, dated the date hereof and included elsewhere in the transcript for the Bonds (the "Proceeds Certificate").

(2) Statement of Expectations. On the basis of the facts and estimates in existence on the date hereof, I reasonably expect the following with respect to the amount and use of gross proceeds of the Bonds:

(a) *Amount Received from Sale of Bonds; No Aggregated Issues*. The Bonds were sold to Mitsubishi UFJ Securities (USA), Inc. (the "Underwriter"), at their face amount (\$6,315,000), plus an original issue premium of \$628,563.75, less Underwriter's discount of \$12,960.00, for a resulting amount of \$6,930,603.75, to be remitted to the Trustee. There is no accrued interest. No reserve fund is being funded for the Bonds. Of said amount (i) \$138,592.54 will be deposited in the Costs of Issuance Fund held by the Trustee under the Indenture, and (ii) \$6,792,011.21 will be transferred to Wells Fargo Bank, National Association, as escrow bank (the "Escrow Bank") to be applied to the redemption of the 2002 Bonds. No tax-exempt debt has been sold within fifteen (15) days before or after the date the Bonds were sold that will be paid from substantially the same source of funds as the Bonds (excluding guarantees from unrelated parties).

(b) *Refunding Schedules*. At the request of the City, the schedules included elsewhere in the transcript for the Bonds (the "Schedules") have been prepared by the Underwriter for the purpose of detailing all relevant aspects of the refunding program. The Schedules are incorporated herein by this reference.

(c) *Costs of Issuance Fund*. The proceeds of the Bonds deposited in the Costs of Issuance Fund will be used for payment of legal fees, printing costs and other costs of issuance of the Bonds, and will be fully expended promptly upon receipt of invoices. Amounts deposited in the Costs of Issuance Fund, if invested, will be invested without yield restrictions. Interest earnings and gains resulting from said investment will be

retained in the Costs of Issuance Fund and used for the purposes thereof. Amounts, if any, remaining in the Costs of Issuance Fund on the earlier of June 4, 2013, or payment of costs of issuance in full will be transferred to the Revenue Fund held by the Trustee and used for the payment of debt service on the Bonds.

(d) *Escrow Fund; Deposit and Investment.* The City and the Escrow Bank have entered into an Escrow Deposit and Trust Agreement relating to the 2002 Bonds, dated December 4, 2012 (the "Escrow Agreement"). In addition to the Bond proceeds deposited in the Escrow Fund (\$6,792,011.21), the City has arranged for the Escrow Bank, as trustee for the 2002 Bonds (the "2002 Bonds Trustee") to transfer \$1,017,403.33 held by the 2002 Bonds Trustee in the reserve fund maintained by the 2002 Bonds Trustee for the 2002 Bonds to the Escrow Bank for deposit in the Escrow Fund, causing the total amount deposited therein to be \$7,809,414.54. Pursuant to the Escrow Agreement, the Escrow Bank will hold such total amount of funds deposited in the Escrow Fund in cash, uninvested.

(e) *Escrow Fund; Use of Amounts Deposited.* The total amount deposited in the Escrow Fund will be used to redeem the 2002 Bonds in full on December 17, 2012, which date is the first date upon which the 2002 Bonds may be redeemed on an optional basis, at a redemption price equal to the outstanding principal amount of the 2002 Bonds (\$7,760,000) plus accrued interest of \$49,414.54 to such date. Amounts, if any, remaining in the Escrow Fund following the final redemption of the 2002 Bonds will be transferred to the Trustee for deposit in the Revenue Fund held by the Trustee under the Indenture and applied to pay debt service on the Bonds.

(f) *Pledge of Net Revenues; Excess Tax Revenues.* The City has pledged the receipts from certain fees and levies of taxes on property within the boundaries of the City, as defined in Article I of the Indenture (the "Net Revenues") to the payment of debt service on the Bonds. In the event of an excess collection of Net Revenues due to the inability to predict accurately the exact amount of Tax Revenues to be collected in any year, the excess amount will be segregated into a separate account within the Interest and Sinking Fund and held as a reasonably required reserve for debt service on the Bonds during the next following year, and the amount established to be collected from Tax Revenues for such year will be reduced by the amount held in such reserve. Amounts in such segregated account will not exceed maximum annual debt service on the Bonds, which amount is less than ten percent (10%) of the principal amount of the Bonds and less than one hundred and twenty-five percent (125%) of average annual debt service on the Bonds. Amounts in the segregated account, if invested, will be invested without yield restrictions. Interest earnings and gains will be deposited in the Interest and Sinking Fund and applied to the payment of debt service on the Bonds.

(g) *No Other Pledged Amounts.* Except as described herein, no amounts have been pledged to, or are reasonably expected to be used directly or indirectly to pay, principal or interest on the Bonds, nor are there any amounts that have been reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay principal or interest on the Bonds.

(h) *No Negative Pledges.* There are no amounts held under any agreement requiring the maintenance of amounts at a particular level for the direct or indirect benefit of the owners of the Bonds or any guarantor of the Bonds, excluding for this purpose amounts in which the City may grant rights that are superior to the rights of the owners of the Bonds or any guarantor of the Bonds and amounts that do not exceed reasonable needs for which they are maintained and as to which the required level is tested less often than every six (6) months and that may be spent without any

substantial restriction other than a requirement to replenish the amount by the next testing date.

(i) *No Replacement Proceeds.* There are no amounts that have a sufficiently direct nexus to the Bonds, to the Project or to the refunding program to conclude that the amounts would have been used for the Project, for debt service on the Bonds or for the refunding program if the proceeds of the Bonds were not being used for those purposes. The term of the portion of the Bonds allocable to the Project is not longer than reasonably necessary for the Project in that the weighted average maturity of that portion of the Bonds does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the Project; and the term of the portion of the Bonds allocable to the refunding of the 2002 Bonds is not longer than reasonably necessary for refunding of the 2002 Bonds in that the weighted average maturity of that portion of the Bonds does not exceed one hundred twenty percent (120%) of the average reasonably expected remaining economic life of the Project.

(i) *No Improper Financial Advantage.* The transaction contemplated herein does not represent an exploitation of the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and does not overburden the tax-exempt bond market in that the City is not issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds.

(k) *Bond Year for the Bonds.* The City hereby selects each period from May 2 through May 1 of the following calendar year as the bond years for the Bonds, except that the first bond year will commence on the date hereof and the last bond year will end on the date of payment of the Bonds in full.

(l) *Rebate Requirement.* The City has covenanted in the Indenture to comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable and acknowledges that the first payment of excess investment earnings, if any, is required to be rebated to the federal government no later than sixty (60) days after the end of the fifth (5th) bond year for the Bonds. No portion of the Bonds will constitute a private activity bond within the meaning of section 141(a) of the Internal Revenue Code of 1986 (the "Code"), the average maturity of the Bonds is greater than five (5) years and none of the interest rates on the Bonds vary during the term of the Bonds. As a consequence of the foregoing, investment earnings on the Revenue Fund will be excluded for the purposes of computation of the amount required to be rebated to the federal government as referenced in this subparagraph without regard to the total amount of said earnings.

(m) *Rebate Requirement for the 2002 Bonds.* The 2002 Bonds are subject to requirements for rebate of excess investment earnings to the federal government and the City acknowledges that it is in compliance with those requirements.

(n) *Yield of the Bonds.* The yield of the Bonds is 1.018385%, determined on the basis of regularly scheduled principal and interest payments on the Bonds, discounted to \$6,943,563.75, representing the issue price of the Bonds (being the face amount of the Bonds of \$6,315,000, plus net original issue premium of \$628,563.75). The Underwriter has represented that (i) based upon reasonable expectations and actual facts which existed on the date the Underwriter purchased the Bonds from the City, the initial offering price of each maturity of the Bonds to the public (excluding bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of each maturity of the Bonds was to be

sold to the public on the date hereof is set forth on Exhibit A attached hereto and by this reference incorporated herein; and (ii) the Bonds of each maturity were actually offered to the general public in a bona fide public offering for the prices set forth in Exhibit A.

(o) *Purpose of Refunding.* The purpose of the refunding of the 2002 Bonds is to lower debt service and to enable the removal of the lien of the 2002 Bonds on Net Revenues.

(p) *No Remaining Amounts; No Excess Proceeds.* After the transfers referenced in subparagraph (a) above, no funds remain in any account or fund established for payment of debt service on the 2002 Bonds or established from the proceeds of the 2002 Bonds.

(q) *No Hedge Bonds.* The Bonds do not constitute "hedge bonds" because the 2002 Bonds were not hedge bonds. The 2002 Bonds were not hedge bonds because on the date of issuance of the 2002 Bonds, the City reasonably expected that eighty-five percent (85%) of the net sale proceeds of the 2002 Bonds would be used within three (3) years of the date of issuance of the 2002 Bonds for payment of Project costs and not more than fifty percent (50%) of the proceeds of the 2002 Bonds would be invested in investments with a substantially guaranteed yield for four (4) or more years.

(3) Records. The City agrees to keep and retain or cause to be kept and retained sufficient records to support the continued qualification of the Bonds as tax-exempt bonds that comply with the provisions of the Resolutions, to demonstrate compliance with the covenants in the Resolutions. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including the Resolutions, this Certificate as to Arbitrage and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (i.e., copies of grant agreements, leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (in particular information described in the next paragraph and otherwise related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus the period ending three years after the latest of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

The City agrees to keep and retain or cause to be kept and retained for the period described below adequate records with respect to the investment of all proceeds of the Bonds and any investment earnings thereon, and with respect to the investment of any funds pledged to the payment of the Bonds (collectively, "Gross Proceeds"). Such records shall include:

- (i) purchase price;
- (ii) purchase date;
- (iii) type of investment;
- (iv) accrued interest paid;
- (v) interest rate;
- (vi) principal amount;
- (vii) maturity date;
- (viii) interest payment date;
- (ix) date of liquidation; and
- (x) receipt upon liquidation.

If any investment becomes gross proceeds of the Bonds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes gross proceeds of the Bonds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

(4) Monitoring of Compliance. From time to time, the chief financial officer of the City will review, or cause to be reviewed, the City's compliance with the provisions of this Certificate as to Arbitrage and with the Resolutions (the tax covenants related to the Bonds), and will, if applicable, present for City approval and direction such actions as are necessary to remedy any noncompliance.

(5) No Adverse Ruling. The City has not received notice that its Certificate as to Arbitrage may not be relied upon with respect to its own issues nor has it been advised that any adverse action by the Commissioner of Internal Revenue is contemplated.

On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of section 148 of the Code and applicable regulations. To the best of our knowledge, information and belief, the expectations herein expressed are reasonable and there are no facts or estimates, other than those expressed herein, that would materially affect the expectations herein expressed.

N WITNESS WHEREOF, I have hereunto set my hand this 4th day of December, 2012.



Justin Hess,
Management Services Director

EXHIBIT A

<u>Maturity</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2013	\$480,000	3.000%	101.142%	0.200%
2014	575,000	3.000	103.791	0.300
2015	590,000	3.000	106.225	0.400
2016	610,000	3.000	108.437	0.500
2017	630,000	3.000	110.425	0.600
2018	645,000	3.000	112.185	0.700
2019	665,000	3.000	113.047	0.900
2020	685,000	3.000	113.481	1.100
2021	710,000	3.000	113.328	1.320
2022	725,000	3.000	113.115	1.500

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF THE CITY

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that the undersigned is duly designated as an "Authorized Representative" of the City, as such term is defined in that certain Indenture of Trust, dated as of December 4, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee;

(iii) that on October 30, 2012, the City Council of the City duly adopted Resolution No. 28,575 (the "Resolution"), entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$8,000,000 PRINCIPAL AMOUNT OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTE DISPOSAL REFUNDING REVENUE BONDS, SERIES 2012, APPROVING THE FORM AND AUTHORIZING EXECUTION OF AN INDENTURE OF TRUST, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A NOTICE OF INTENTION, AN OFFICAL NOTICE OF SALE, A PRELIMINARY OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE CERTIFICATE AND AUTHORIZING ACTIONS RELATED THERETO," which Resolution has not been amended, modified, supplemented, rescinded or repealed and remains in full force and effect as of the date hereof, said date being the delivery date of the City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012, in the aggregate principal amount of \$6,315,000 and dated the date hereof (the "Bonds");

(iv) that by all necessary action, the City has duly authorized and approved the execution and distribution of the Official Statement, dated November 15, 2012 (the "Official Statement"), relating to the Bonds, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the following agreements (collectively referred to herein as the "Agreements"):

- (a) Indenture,
- (b) Escrow Deposit and Trust Agreement, dated December 4, 2012, by and between the City and Wells Fargo Bank, National Association, as escrow bank, and
- (c) Continuing Disclosure Certificate, dated as of December 4, 2012, by the City and as accepted by NBS Government Finance Group, dba NBS, as dissemination agent;

(v) that except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of, or the authority or ability of the City to perform its obligations under, any of the Agreements or the transactions contemplated to be performed by it as described in the Official Statement, or which would restrain or enjoin the sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds, the proceedings of the City taken with respect to the issuance, delivery or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Bonds and the existence or powers of the City or the title of any officers of the City to their respective positions;

(vi) that the representations and warranties of the City contained in the Agreements are true and correct in all material respects on and as of the date hereof;

(vii) that the City has complied, or is presently in compliance, with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Agreements at or prior to the date hereof;

(viii) that the information and statements in the Official Statement (except with respect to DTC and the book-entry system) do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ix) that the employer identification number of the City, for federal tax purposes, is 95-6000683.

Dated: December 4, 2012

CITY OF BURBANK

By  _____
Justin Hess,
Management Services Director

\$6,485,000*
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

**CERTIFICATE REGARDING
PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank (the "City"), a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that there has been delivered to Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter"), a Preliminary Official Statement, dated November 6, 2012, including the cover page and all appendices thereto (the "Preliminary Official Statement"), which the City deems final as of its date for purposes of Rule 15c2-12(b)(1) promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

(iii) that the City has approved of the use and distribution by the Underwriter of the Preliminary Official Statement.

Dated: November 6, 2012

CITY OF BURBANK

By _____



Justin Hess,
Management Services Director

* Preliminary, subject to change.

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE REGARDING USE OF PROCEEDS

The undersigned hereby state and certify as follows:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that, pursuant to an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee, (the "Trustee"), the City is issuing on the date hereof \$6,315,000 principal amount of its Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds");

(iii) that of the proceeds of the Bonds received by the Trustee on the date hereof, the Trustee will, pursuant to the Indenture, transfer \$6,792,011.21 to Wells Fargo Bank, National Association, as escrow bank, to be used to refund, on a current basis, the outstanding City of Burbank Waste Disposal Revenue Bonds, 2002 Series B (Tax Exempt) (the "2002 Bonds");

(iv) that the proceeds of the 2002 Bonds were used to refinance prior obligations of the City related to the City's waste disposal facilities and to finance certain improvements to the City's waste disposal facilities (the "Project"), as more particularly described in Part I of Exhibit A hereto attached and by this reference herein incorporated;

(v) that Part II of Exhibit A hereto attached describes (A) each use made of the Project by any person in a trade or business (excluding use by the City and other non-federal governmental units and use as a member of the public generally), and (B) payments (if any) directly or indirectly in respect of such use which are to be made after the date hereof;

(vi) that no portion of the proceeds of the 2002 Bonds was used directly or indirectly to make or finance a loan to any person (other than a State or local government unit) or to acquire property which was or will be sold to any person on an installment sale basis except as referenced in Part II of Exhibit A;

(vii) that the City expects to use the Project for the purposes referenced in Exhibit A or for other governmental purposes of the City during the entire term of the Bonds;

(viii) that the above statements are made on the basis of the facts, estimates and circumstances in existence on the date hereof and that the undersigned has exercised due diligence to assure that all material facts, estimates and circumstances relating to the above statements were made available to the undersigned and reviewed by the undersigned;

(ix) that to the best knowledge of the undersigned the above statements are reasonable and there are no other facts, estimates or circumstances, other than those set forth herein, that would materially affect the statements made herein; and

(x) that the undersigned is aware that Quint & Thimmig LLP, is rendering an opinion on the date hereof substantially to the effect that the interest on the Bonds is excluded from gross income for federal income tax purposes and in rendering such opinion is relying upon the statements made herein and in Exhibit A hereto attached.

IN WITNESS WHEREOF, I have hereunto set my name this 4th day of December, 2012.

CITY OF BURBANK

By _____



Justin Hess,
Management Services Director

EXHIBIT A

I. Description of the Project

Proceeds of the 2002 Series B Bonds were used for the purposes of:

- (a) refunding the following obligations of the City: City of Burbank Waste Disposal Revenue Bonds, 1992 Series B, issued in the aggregate principal amount of \$2,280,000, (ii) City of Burbank Waste Disposal Refunding Revenue Bonds, 1993 Series A, issued in the aggregate principal amount of \$3,015,000, and (iii) City of Burbank Waste Disposal Revenue Bonds, 1994 Series A, issued in the aggregate principal amount of \$4,730,000, and
- (b) financing new capital improvements to facilities operated in connection with the City's solid waste disposal system.

II. Description of Use of Project

A. Use by any Person Other than Governmental Units or Members of Public Generally

None

B. Payments to be Made after Date Hereof in Respect of Above Use

None

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

REQUEST OF THE CITY TO TRUSTEE

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that the undersigned is duly designated as an "Authorized Representative" of the City, as such term is defined in that certain Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee");

(iii) that pursuant to Section 2.01 of the Indenture, the Trustee is requested to authenticate the bonds issued by the City designated "City of Burbank Waste Disposal Refunding Revenue Bonds, Series 2012," in the aggregate principal amount of \$6,315,000 and dated the date hereof (the "Bonds"), substantially in the form attached as Exhibit A to the Indenture;


(iv) that the Trustee is further requested to deliver the authenticated Bonds to, or upon the order of, Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter"), upon receipt from the Underwriter of \$6,930,603.75, which amount represents the purchase price for the Bonds (including the \$65,000.00 good faith deposit previously received by the Trustee from the Underwriter); and

(v) that such purchase price has been calculated as follows:

\$6,315,000.00	Principal Amount of Bonds
628,563.75	Plus: Net Original Issue Premium
<u>(12,960.00)</u>	Less: Underwriter's Discount
<u>\$6,930,603.75</u>	TOTAL PURCHASE PRICE

Dated: December 4, 2012

CITY OF BURBANK

By  _____
 Justin Hess,
 Management Services Director

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

REQUISITION NO. 1 FOR
DISBURSEMENT FROM COSTS OF ISSUANCE FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that the undersigned is duly designated as an "Authorized Representative" of the City, as such term is defined in that certain Indenture of Trust, dated as of December 4, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee");

(iii) that pursuant to Section 3.03(a) of the Indenture, the Trustee is hereby authorized to disburse this date from the Costs of Issuance Fund established under the Indenture to the payees designated on Exhibit A attached hereto and by this reference incorporated herein, the amount set forth opposite each such payee, in payment of Costs of Issuance described on said Exhibit A;

(iv) that each obligation listed on this Requisition of the City is a proper charge against the Costs of Issuance Fund and has not previously been disbursed by the Trustee from amounts in the Costs of Issuance Fund;

(v) that accompanied hereto is a bill or statement of account (if any) for each obligation;


(vi) that all such disbursements shall be made by check or wire transfer in accordance with payment instructions contained in Exhibit A and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof; and

(vii) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: December 4, 2012

CITY OF BURBANK

By _____



Justin Hess,
Management Services Director

EXHIBIT A

REQUISITION NO. 1 COSTS OF ISSUANCE FUND

<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount</u>
Quint & Thimmig LLP Comerica Bank ABA No. 121137522 One Embarcadero Center, Street Level San Francisco, CA 94111 For Credit: Quint & Thimmig LLP A/C No. 189-153-1061 Ref: Burbank	Bond Counsel Fee \$37,500), and Reimbursement of Bond Buyer advertising fee (\$1,232.00)	\$ 38,732.00
Ross Financial Wire Transfer Info: Citibank, N.A. 111 Wall Street New York, New York 10043 ABA # 021000089 FBO Charles Schwab & Co., Inc. Account #4055-3953 For the Account of: Ross Financial Schwab Account #7637-5509	Financial Advisor Fee and Reimbursable Expenses	\$ 36,024.87
Jones Hall, A Professional Law Corporation Comerica Bank ABA No. 121137522 Two Embarcadero Center, Suite 300 San Francisco, CA 94111 For Credit: Jones Hall, APLC A/C No. 1894622537	Financial Advisor Fee	\$ 35,000.00
Wells Fargo Bank, National Association Wiring Instructions: Wells Fargo Bank, NA ABA# 121000248 DDA# 0001038377 REF: BURWASTE1212 Attn: Corporate Trust Admin	Trustee and Escrow Bank Fees	\$ 4,500.00
Standard & Poor's Rating Services Wire Transfer to: Bank of America San Francisco, CA Account No. 12334-02500 ABA No. 0260-0959-3 Reference Invoice # 10310680	Rating Agency Fee	\$ 11,400.00

Payee Name and Address

Purpose of Obligation

Amount

Ideal LLC
Via Wire Transfer to:
JPMorganChase, New York, NY
ABA # 021000021
Act # 066603161
SWIFT CODE: CHASUS33

Electronic posting of POS

\$ 1,500.00

ImageMaster, LLC
1182 Oak Valley Drive
Ann Arbor, MI 48108-9624
Phone 734 821-2523

Official Statement Printing Fee

\$ 3,042.63

Quint & Thimmig LLP

Attorneys at Law

575 Market Street, Suite 3600
San Francisco, CA 94105-2874

Phone: 415/765-1550
Fax 415/765-1555

December 4, 2012

City of Burbank
275 East Olive Avenue
Burbank, California 91502

Re: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding
Revenue Bonds, Series 2012

INVOICE

For Legal Services Rendered as Bond Counsel, inclusive of all out-of-pocket expenses, except as shown below	\$37,500.00
Publication of Notice of Sale in the <i>Bond Buyer</i>	<u>1,232.00</u>
Total	<u>\$38,732.00</u>

Please remit to:

By mail:

Quint & Thimmig LLP
575 Market Street, Suite 3600
San Francisco, CA 94105-2874

By wire:

Comerica Bank
ABA No. 121137522
One Embarcadero Center, Street Level
San Francisco, CA 94111
For Credit: Quint & Thimmig LLP
Acct No. 189-153-1061

Our Tax I.D. Number is 94-3263256

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

December 4, 2012

Ms Cindy Giraldo
Financial Services Director
City of Burbank
301 E Olive Avenue
Burbank, CA 91502

INVOICE

For financial advisory services rendered in connection with the issuance of \$6,130,000 City of Burbank Waste Disposal Refunding Revenue Bonds, Series 2012

	Amount
Fee	\$35,000.00
Expenses (See breakdown below)	1,024.87
TOTAL	\$36,024.87

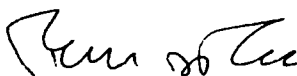
Date	Description	Amount	Account
10-Jul	Travel to Burbank (air tx)	393 60	Burbank -- 2012 Refunding
10-Jul	Car Rental	65 14	Burbank -- 2012 Refunding
10-Jul	Gas	11 93	Burbank -- 2012 Refunding
10-Jul	Oakland Parking + Toll	27 00	Burbank -- 2012 Refunding
10-Jul	Mileage to Oak Airport (60 x 0 555)	33 30	Burbank -- 2012 Refunding
6-Sep	Messenger to JH	20 00	Burbank -- 2012 Refunding
30-Oct	Travel to Burbank (air tx)	393 60	Burbank -- 2012 Refunding
30-Oct	Travel to Oak Airport + toll (60 x 0 555)	33 30	Burbank -- 2012 Refunding
30-Oct	Oak Parking + Toll	27 00	Burbank -- 2012 Refunding
30-Oct	Taxi from City Hall to BUR	20 00	Burbank -- 2012 Refunding
	Total	1024 87	

Please wire funds in the amount of **\$36,024.87** to the order of Ross Financial to

Citibank N.A.
111 Wall Street
New York, New York 10043
ABA # 021000089
FBO Charles Schwab & Co., Inc.
Account #4055-3953
For the Account of: Ross Financial
Schwab Account #7637-5509

Alternatively, you can mail a check to Ross Financial at the above address.

I very much appreciate the opportunity to serve the City on this very successful transaction
Thank you



Peter J Ross
Principal



JONES HALL

December 4, 2012

650 California Street
18th Floor
San Francisco, CA 94108
t. 415 391 5780
f 415.391.5784

Cindy Giraldo,
Financial Services Director
City of Burbank
301 East Olive Avenue
Burbank, CA 91502

RE: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding
Revenue Bonds, Series 2012

INVOICE

For Legal Services Rendered Inclusive of Reimbursable Expenditures:

Disclosure Counsel: \$ 35,000.00

Instructions for Wire Transfer:

Comerica Bank
ABA No. 121137522
Two Embarcadero Center, Suite 300
San Francisco, CA 94111
For Credit : Jones Hall, APLC
Acct. No. 1894622537



Fee Invoice

Corporate Trust Services

Invoice Number
BURWASTE1212

Billing Date
12/4/2012

Due Date
12/4/2012

Mr. Dino Balos
City of Burbank
301 East Olive Avenue
Burbank, CA 91502

<p><u>Amount Due</u> \$4,500.00</p> <p><u>Mailing Address:</u> Wells Fargo Bank, NA 707 Wilshire Blvd., 17th Floor Los Angeles, CA 90017</p>
<p><u>Wiring Instructions</u> Wells Fargo Bank, NA ABA# 121000248 DDA# 0001038377 REF: BURWASTE1212 Attn: Corporate Trust Admin</p>

Please return this portion of the statement with your payment in the envelope provided.

Please retain this portion for your records

Account Number: BURWASTE1212

City of Burbank, Los Angeles County, CA Waste Disposal Refunding Bonds Series 2012

Acceptance Fee	\$2,000.00
Annual Administration Fee 12/3/2012 to 12/2/2013	\$2,000.00
Escrow Fee	\$500.00
Total Amount Due:	\$4,500.00

**STANDARD
& POOR'S**
RATINGS SERVICES

Standard & Poor's Financial Services, LLC
Federal I.D.: 26- 3740348

Invoice No. : 10310680
Customer No. : 1000090043
Invoice Date: 11/20/12

Page No. : 1
Print Date: 11/28/12

0201

MS. CINDY GIRALDO
CITY OF BURBANK
SUITE 222
301 EAST OLIVE AVENUE
BURBANK CA 91502

101321 ANALYTICAL SERVICES RENDERED IN CONNECTION WITH: \$11,400.00
US\$6,315,000 Burbank, California, Waste Disposal
Refunding Revenue Bonds, Series 2012, dated: Date
of Delivery, due: May 01, 2024
[Fee Discounted For Frequent Issuance]

FOR INQUIRIES PLEASE CONTACT: SANTOSHI VYRAGARAM
SANTHOSHI_VYRAGARAM@STANDARDANDPOORS.COM
PHONE: 1-800-767-1896 EXT #5
FAX: 1-212-438-5178

For inquiries contact the client services representative listed on this invoice. Do not return
it or direct any inquiries about the invoice to credit ratings analysts. S&P maintains
a separation of commercial and analytical activities. Please note that our credit ratings
analysts are not permitted to communicate, negotiate, arrange or collect credit rating fees.

PLEASE REFERENCE INVOICE OR STATEMENT NUMBER ON ALL CHECKS AND WIRE TRANSFERS

This Invoice Due and Payable As Of: 11/20/12

INVOICE TOTAL

\$11,400.00 USD

Make Checks Payable To

**STANDARD
& POOR'S**
RATINGS SERVICES

Standard & Poor's Financial Services, LLC
Federal I.D.: 26- 3740348

Invoice No. : 10310680
Customer No. : 1000090043
Invoice Date: 11/20/12

0201 Billed To: MS. CINDY GIRALDO
CITY OF BURBANK
SUITE 222
301 EAST OLIVE AVENUE
BURBANK CA 91502

Wire Transfer To: BANK OF AMERICA
SAN FRANCISCO CA
STANDARD AND POOR'S
ACCOUNT NO. 12334-02500
ABA No. 0260-0959-3
PLEASE REFERENCE INVOICE #

Remit To: STANDARD AND POOR'S
2542 COLLECTION CENTER DRIVE
CHICAGO, IL 60693

10000900431 10310680 01140000 1 700 10 07 1112 8

TOTAL AMOUNT DUE:
\$11,400.00 USD
AMOUNT ENCLOSED:

Invoice Number	10023294
Date	11/15/2012
Payment Terms	Due Upon Receipt
Customer No.	ROSSFINA



i-Deal
Bigdough
Marketpipe
CapitalBridge

Bill To:

Ross Financial
Peter Ross
1736 Stockton Street
Suite 1
San Francisco, CA 94133

Federal Tax ID # 20-0295153

\$6,485,000 00
City of Burbank, California
Waste Disposal Refunding Revenue Bonds
Series 2012

Service(s) Rendered	Description	Amount
ELECTRONIC DISTR OF POS/OS		\$1,500 00

Please send remittance to:
i-Deal LLC
P.O. Box 26886
New York, NY 10087-6886
or Via Wire Transfer to:
JPMorganChase, New York, NY
ABA # 021000021
Acct # 066603161
SWIFT CODE: CHASUS33

Subtotal	\$1,500.00
Sales Tax	\$0.00
Total Due	\$1,500.00

Questions? Email Acctsrec@ipreo.com



Invoice

Date	Invoice #
11/26/2012	33943

Bill To
City of Burbank Financial Services Department 301 East Olive Avenue Burbank CA 91502

Remit To
ImageMaster, LLC 1182 Oak Valley Drive Ann Arbor, MI 48108-9624 Phone: 734-821-2523 Fax: 734-821-2524 EIN: 27-3916541

Terms	Due Date
Net 30	12/26/2012

Description	Amount
\$6,315,000, CITY OF BURBANK Waste Disposal Refunding Revenue Bonds, Series 2012 Preliminary Official Statement and Official Statement: 40# opaque, 80# glossy cover, black ink with 'red herring', color logo, 8 1/2 x 11, perfect bound, printing on spine with electronic distribution per bid specifications with additional 64 pages.	2,685.00
Shipping - UPS	357.63
FSC Mixed - Cert no BV-COC-960893 Acct:375008638277 - Bank of America ACH ABA 072000805 / Wire ABA: 026009593 Please supply invoice number with payment	

Please remit to above address. For billing inquiries:734-821-2536.	Total \$3,042.63
--	-------------------------

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

REQUEST OF THE CITY TO TRUSTEE REGARDING INVESTMENTS

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Management Services Director of the City of Burbank, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the City;

(ii) that the undersigned is a duly designated "Authorized Representative" of the City, as that term is defined in that certain Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee");

(iii) that, pursuant to Section 5.07 of the Indenture, the Trustee is hereby directed to invest the net proceeds of the above-captioned bonds and other moneys received by the Trustee and deposited into the accounts established pursuant to the Indenture and further identified on Exhibit A attached hereto and by this reference incorporated herein, in the Permitted Investments identified on said Exhibit A;

(iv) that all of said Permitted Investments are comprised of securities traded on established markets and are to be acquired by the Trustee at Fair Market Value;

(v) that the undersigned acknowledges that the investments listed on Exhibit A are Permitted Investments; and

(vi) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: December 4, 2012

CITY OF BURBANK

By  _____
Justin Hess,
Management Services Director

EXHIBIT A


<u>Account</u>	<u>Amount of Deposit</u>	<u>Invested Amount</u>	<u>Description by Name</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Purchase Price</u>
Costs of Issuance Fund	\$ 138,592.54	\$ 8,393.04*	100% Treasury Money Market Fund	Daily	Variable	100%

* This amount represents the total amount allocable to the Costs of Issuance Fund (\$138,592.54), less disbursements made on the date hereof in the amount of \$130,199.50, pursuant to Requisition No. 1 for Disbursement from the Costs of Issuance Fund.

The undersigned hereby acknowledges that the foregoing investment instructions have been complied with.

Dated: December 4, 2012

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee


By 
Aimee Tabor,
Vice President

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF MAILING FORM 8038-G

I, Bruce C. Todd, of Quint & Thimmig LLP, hereby state and certify that for and on behalf of the City of Burbank and on the date hereof, I caused to be mailed to the Internal Revenue Service, Ogden, Utah 84201, by first class certified mail, return-receipt requested, postage prepaid, an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, relating to the captioned financing, a true copy of which Form 8038-G is hereto attached.

Dated: December 4, 2012

By  _____
Bruce C. Todd,
Project Manager,
Quint & Thimmig LLP

Form **8038-G**

(Rev. September 2011)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name CITY OF BURBANK		2 Issuer's employer identification number (EIN) 95-6000683	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P O box if mail is not delivered to street address) 275 East Olive Avenue		Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Burbank CA 91510		7 Date of Issue December 4, 2012	
8 Name of issue Waste Disposal Refunding Revenue Bonds, Series 2012		9 CUSIP number 120784 ES2	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Justin Hess Management Services Director		10b Telephone number of officer or other employee shown on 10a 818-238-5500	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.			
11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15	6,943,563.75	
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	5/1/2022	\$ 6,943,563.75	\$ 6,315,000.00	5.305689 years	1.01835 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest	22		0.00	
23	Issue price of entire issue (enter amount from line 21, column (b))	23		6,943,563.75	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	151,552.54		
25	Proceeds used for credit enhancement	25	0.00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0.00		
27	Proceeds used to currently refund prior issues	27	6,792,011.21		
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)	29		6,943,563.75	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		0.00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	12/17/2012
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)		2/20/2002

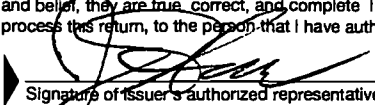

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ <input type="checkbox"/>			
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ <input type="checkbox"/>			
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box ▶ <input type="checkbox"/>			
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ <input checked="" type="checkbox"/>			
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ <input type="checkbox"/>			
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ _____			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	12/4/12 Date	Justin Hess Management Services Director Type or print name and title	
Paid Preparer Use Only	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Brian D. Quint		12/4/12	PTIN P01063927
	Firm's name ▶ Quint & Thimmig LLP	Firm's EIN ▶ 94-3263256		Phone no (415) 765-1550
Firm's address ▶ 575 Market Street, Suite 3600, San Francisco, CA 94105				



CITY OF BURBANK
OFFICE OF THE CITY ATTORNEY

275 East Olive Avenue • P O Box 6459 • Burbank, California 91510-6459
818 238 5700 • 818 238 5724 FAX

December 4, 2012

Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, NY 10019-6708

Re: \$6,315,000 City of Burbank (Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

Ladies and Gentlemen:

I am a Senior Assistant City Attorney for the City of Burbank (the "City") in connection with the issuance by the City of its "City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012," in the aggregate principal amount of \$6,315,000 and dated the date hereof (the "Bonds"). The Bonds are being issued pursuant to that certain Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and Resolution No. 28,575, adopted by the City Council of the City on October 30, 2012 (the "Resolution").

I have reviewed the Indenture; the Escrow Deposit and Trust Agreement, dated December 4, 2012, by and between the City and Wells Fargo Bank, National Association, as escrow bank; the Redemption Instructions and Request to Trustee, dated November 15, 2012, by the City; the Continuing Disclosure Certificate of the City, dated December 4, 2012, (the foregoing documents are collectively referred to herein as the "Financing Agreements"), and the Official Statement, dated November 15, 2012, relating to the Bonds (the "Official Statement"), all of which were considered by the City Council and approved through adoption of the Resolution, as well as such other documents as I have deemed necessary in order to render this opinion. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Based upon such examination, I am of the opinion, under existing law, that:

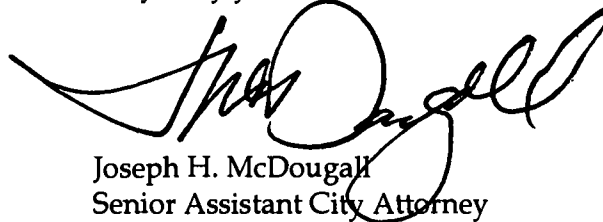
1. The City is a chartered city and municipal corporation, duly organized and existing pursuant to the laws of the State of California, and has the full legal right, power and authority to enter into the Financing Agreements and to perform and observe the agreements and covenants on its part contained therein, and by proper action has duly authorized the execution and delivery thereof.

2. The Resolution was duly adopted at a meeting of the governing board of the City duly called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

3. Except as described in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending with respect to which the City has been served with process or, to the best of my knowledge, threatened against or affecting the City in which an unfavorable decision, ruling or finding would adversely affect the City's participation in or consummation of the transactions contemplated by the Financing Agreements, the Official Statement, or the Bonds, or in any way contesting the existence of the City, or the powers of the City with respect thereto, or the ability of the City to collect or receive the revenues that are the source of the payment of the Bonds or to apply such revenues to the payment of the Bonds.

4. The execution and delivery of the Financing Agreements by the City do not, and the fulfillment of the terms thereof by the City will not, result in a material breach of any of the terms or provisions of, or constitute a material violation of or default under, any resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the City is now a party or by which it or any of its properties are now bound.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joe McDougall", written in a cursive style.

Joseph H. McDougall
Senior Assistant City Attorney



JONES HALL

650 California Street
18th Floor
San Francisco, CA 94108
t 415 391 5780
f. 415.391.5784

December 4, 2012

City Council
City of Burbank
301 East Olive Avenue
Burbank, CA 91502

Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, NY 10019

Re: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal
Refunding Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have acted as special disclosure counsel to the City of Burbank (the "Issuer") in connection with issuance of the referenced bonds (the "Bonds") pursuant to an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee. This letter is being delivered in our capacity as special disclosure counsel to the Issuer, and not as counsel to the underwriter addressee. Capitalized terms not otherwise defined herein have the meanings assigned to them in the Indenture.

We are of the opinion that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and that the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

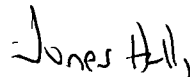
We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in connection with the Official Statement, we have reviewed certain documents and have participated in conferences in which the contents of the Official Statement and related matters were discussed. During the course of our work on this matter, no facts have come to our attention that have caused us to believe that the Official Statement (except for the following items, which we expressly exclude from the scope of this sentence: any financial and statistical data, forecasts, numbers, estimates, assumptions, expressions of opinion, and information concerning the Depository Trust Company and the book-entry system for the Bonds, that is contained or incorporated by reference in the Official Statement and the

appendices to the Official Statement) as of the date of the Official Statement or the date hereof contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The preceding paragraph is not an opinion, but is in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as special disclosure counsel to the Issuer. The scope of the activities we performed for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws. In addition, in performing those activities, we relied on third party representations, warranties, certifications and opinions, including and primarily, representations, warranties and certifications made by the Issuer. The preceding paragraph is otherwise subject to the conditions set forth herein.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur, and our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,



A Professional Law Corporation

WELLS FARGO BANK, NATIONAL ASSOCIATION

ASSISTANT SECRETARY'S CERTIFICATE

I, Scott C. Emmons, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

* * *

C. Signing Officers


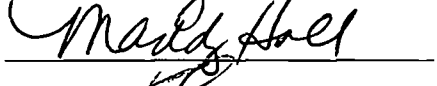
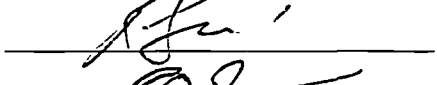
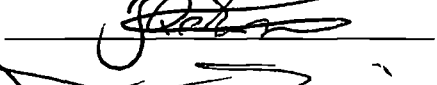


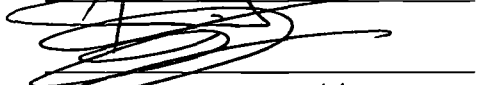
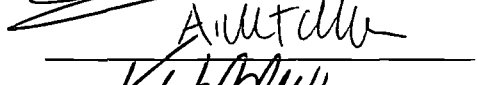
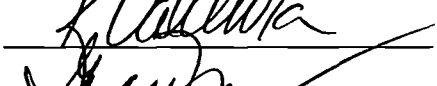

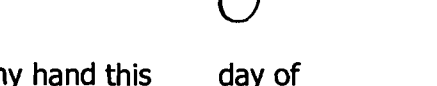
FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *


Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as

certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Sandy Chan	Vice President	
Maddy Hall	Vice President	
Kyle Lim	Assistant Vice President	
Tom Orlina	Vice President	
Dania Samai	Vice President	
Robert Schneider	Vice President	
Kheang (TK) Tan	Assistant Vice President	
Michael Tu	Assistant Vice President	
Aimee Tabor	Vice President	
Kathryn Valdivia	Vice President	
Grace Yang	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this December 2012 day of



Scott C. Emmons
Assistant Secretary

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized representative of Wells Fargo Bank, National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and the Trustee, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Trustee;

(ii) that the Trustee has all necessary power and authority to enter into, and perform its duties and accepts the trusts created under, the Indenture;

(iii) that the Trustee is duly authorized to enter into the Indenture and to authenticate the above-captioned bond issued by the City (the "Bonds") pursuant to the terms of the Indenture;

(iv) that the Bonds have been duly authenticated and delivered by the Trustee to the Mitsubishi UFJ Securities (USA), Inc., as underwriter, pursuant to the direction from the City;

(v) that the Trustee is not in breach of or default under any law or administrative rule or regulation of the State of California or the United States of America, or of any department, division, agency or instrumentality thereof, or any applicable court or administrative decree or order, or any other instrument to which the Trustee is a party or is otherwise subject or bound and which would materially impair the ability of the Trustee to perform its obligations under the Indenture; and

(vi) that to the best of the Trustee's knowledge, the execution and delivery of the Indenture and the authentication of the Bonds will not conflict with or constitute a breach of or default under the Trustee's duties under any law, administrative regulation, court decree, resolution, charter or bylaws to which the Trustee is subject or by which it is bound.

Dated: December 4, 2012

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee

By _____

Aimee Tabor

Aimee Tabor,
Vice President

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

**TRUSTEE'S RECEIPT OF PROCEEDS AND
ACKNOWLEDGMENT OF TRANSFER OF FUNDS**

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized representative of Wells Fargo Bank, National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City of Burbank (the "City") and the Trustee, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Trustee;

(ii) that on the date hereof, the Trustee received from Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter") of the above-captioned bonds issued by the City (the "Bonds"), the amount of \$6,865,603.75, which amount represents the purchase price for the Bonds plus the good faith deposit of \$65,000.00 previously received by the Trustee, and has deposited or transferred such amount this date pursuant to Section 3.02 of the Indenture as follows:

\$ 138,592.54	Deposited into the Costs of Issuance Fund
<u>6,792,011.21</u>	Transferred on the date hereof to Wells Fargo Bank, National Association, as escrow bank (the "Escrow Bank")
<u>\$6,930,603.75</u>	TOTAL PROCEEDS DEPOSITED OR TRANSFERRED THIS DATE

(iii) that said purchase price has been calculated by the City and represented to the Trustee to be as follows:

\$6,315,000.00	Principal Amount of Bonds
628,563.75	Plus: Net Original Issue Premium
<u>(12,960.00)</u>	Less: Underwriter's Discount
\$6,930,603.75	TOTAL PURCHASE PRICE
<u>(65,000.00)</u>	Less: Good Faith Deposit
<u>\$6,865,603.75</u>	NET AMOUNT RECEIVED THIS DATE

(iv) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: December 4, 2012

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee

By Aimee Tabor
Aimee Tabor,
Vice President

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF ESCROW BANK

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of Wells Fargo Bank, National Association, acting as escrow bank (the "Escrow Bank") under that certain Escrow Deposit and Trust Agreement, dated December 4, 2012 (the "Escrow Agreement"), by and between the City of Burbank (the "City") and the Escrow Bank, and as such, is familiar with the facts herein certified and is authorized and qualified to execute and deliver this certificate on behalf of the Escrow Bank;

(ii) that the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreement;

(iii) that the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trust of the Escrow Agreement; and

(iv) that to the best of knowledge of the undersigned, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement, or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions.

Dated: December 4, 2012

WELLS FARGO BANK, NATIONAL
ASSOCIATION, *as Escrow Bank*

By Aimee Tabor
Aimee Tabor,
Vice President

November 2, 2012

City of Burbank
301 East Olive Avenue
Suite 222
Burbank, CA 91502
Attention: Ms. Cindy Giraldo, Financial Services Director

**Re: US\$6,280,000 City of Burbank, California, Waste Disposal Refunding Revenue Bonds,
Series 2012, dated: Date of delivery, due: May 01, 2024**

Dear Ms. Giraldo:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AAA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

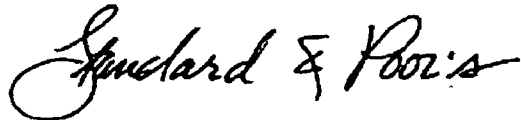
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

tw
enclosures

cc: Mr. Peter J. Ross, Principal
Ross Financial

**Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Ratings**

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US\$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

RatingsDirect®

Summary:

Burbank, California; Solid Waste/Resource Recovery

Primary Credit Analyst:

Corey A Friedman, Chicago (1) 312-233-7010; corey_friedman@standardandpoors.com

Secondary Contact:

Edward R McGlade, New York (1) 212-438-2061; edward_mcglade@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Burbank, California; Solid Waste/Resource Recovery

Credit Profile

US\$6.28 mil waste disp rfdg rev bnds ser 2012 due 05/01/2024

Long Term Rating

AAA/Stable

New

Burbank waste disp rfdg rev bnds ser 2002A taxable dtd 02/20/2002 due 05/01/2002-2008 (AGM)

Unenhanced Rating

AAA(SPUR)/Stable

Upgraded

Many issues are enhanced by bond insurance

Rationale

Standard & Poor's Ratings Services raised its rating to 'AAA' from 'AA+' on the City of Burbank, Calif.'s outstanding waste disposal revenue-supported debt, reflecting the enterprise's strong financial profile, with minimal capital needs. At the same time, we assigned our 'AAA' rating to the city's 2012 waste disposal refunding revenue bonds. The outlook is stable.

The rating reflects our view of Burbank's:

- Strong local economy, although somewhat concentrated in the entertainment industry, with easy access to the greater Los Angeles area;
- Favorable business position with ample landfill capacity and a large and stable residential customer base;
- Strong financial profile, in terms of annual debt service coverage and reserve levels;
- No additional debt plans with limited capital needs; and
- Strong predictable revenue collection mechanism.

The bonds are secured by a first lien on the net revenues of the system. The rate covenant requires that net revenues equal at least 1.25x annual debt service. The bonds will refund the enterprise's outstanding 2002 bonds for interest cost savings. The city plans to use the outstanding debt service reserve from the 2002 bonds to reduce the par amount of this issue. In conjunction with this financing, Burbank (AAA/Stable issuer credit rating) is also closing the lien securing the bonds. At this time, the city does not have any additional debt plans for the solid waste enterprise.

The city's waste disposal enterprise, established in 1927, serves over 104,000 residents of Burbank and encompasses a 17.2-square-mile area located 12 miles northeast of downtown Los Angeles. The system provides waste collection, recycling, and disposal services to more than 65,600 accounts, as of 2012, with the city's public works department operating the enterprise. Accounts declined 3.2% between fiscals 2011 and 2012 due primarily to smaller multiyear unit buildings converting from unit-specific accounts to bins for the entire building. The system consists of a recycling center and one active landfill, for which access is restricted to the city and select public agencies.

In our view, the enterprise enjoys a favorable business position due to the system's ample landfill capacity, competitive

rates, and a stable residential customer base. The city expects that the 240 tons-per-day permitted capacity at Landfill No. 3 will meet system disposal needs until 2053, the estimated closure date. The landfill averages about 150 tons per day. Burbank has represented that it does not have any post-closure liability remaining from the closure of its Landfills No. 1 and No. 2. At the end of fiscal 2012, the city had already reserved \$13.8 million for Landfill No. 3's closure liability and expects to continue increasing that reserve amount annually.

The enterprise's customer base is what we consider to be diverse and mostly residential. The 10 leading customers account for very diverse 5.6% of total revenues. Total collections decreased 3.8% mostly due to lower consumption in fiscal 2012 than in fiscal 2011. Domestic waste collection revenues accounted for more than 53% of total revenues in unaudited fiscal 2012, which was up from fiscal 2011's 50%. Commercial and apartment collections accounted for 35% of total operating revenue in fiscal 2012. Recycling revenues were down 73% in fiscal 2012 from 2011 levels due to some issues pertaining to the enterprise's former recycle center operating company at a facility located in different city. Consequently, the city was denied its permit in 2011 for curbside recycling. It plans to reapply during fiscal 2013 for its certification. Burbank's rates at \$30.48 per month are about average for comparable municipal disposal enterprises, and are expected to remain stable. The city had increased rates every year, raising them 8% annually in fiscals 2009-2012 and plans another 3% for fiscal 2013. It is projecting raising rates annually by a similar rate over the next few years. Burbank bills its utilities on one bill, which includes refuse, water, sewer, and electricity. Delinquencies are low at 0.36% in fiscal 2012.

Financial performance continues to be strong, in our view. Annual debt service coverage was at 2.4x in fiscal 2009, 3.2x in fiscal 2010, and 3.2x in fiscal 2011. Unaudited fiscal 2012 (June 30 fiscal year-end) showed coverage of 3.1x. The city is projecting coverage of at least 2x annual debt service through fiscal 2017 and operating expenditures to increase 2.5% in addition to 3% annual rate increases. The enterprise's cash position has been strong as well, with cash levels at \$7.4 million in fiscal 2011, or 219 days' unrestricted cash, which we consider strong. Unaudited fiscal 2012 showed levels of \$9.3 million, or 253 days. Liquidity levels have far exceeded Burbank's policy to maintain unrestricted cash reserves equivalent to 30 days of operating and maintenance expenses. At this current time, the city has no plans to draw cash down significantly. The system's capital needs are in our opinion manageable and consist primarily of equipment replacements, totaling only \$250,000 through fiscal 2016 in addition to projects for which funds have already been appropriated.

Outlook

The stable outlook reflects Standard & Poor's expectation that the enterprise will continue to maintain its strong coverage of debt service by ongoing net revenues (absence the use of cash reserves) will meet or exceed agreed levels of 1.25x, and that Burbank will raise rates as necessary to meet potentially higher-than-expected operating expenses in the current and future fiscal years. Given that the city has represented that capital needs are minimal over the next few years and the city's track record of annual rate increases to maintain its strong financial picture, we do not view that minimal downward rating pressure exists during the current two-year outlook horizon. However, while not expected, any prolonged significant financial deterioration could lower the rating.

Related Criteria And Research

USPF Criteria: Solid Waste System Financings, June 15, 2007

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McGRAW-HILL

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

CERTIFICATE OF PURCHASER

The undersigned is an officer of Mitsubishi UFJ Securities (USA), Inc. (the "Purchaser"), and as such officer I hereby certify as follows:

1. On November 15, 2012 (the "Sale Date"), the Purchaser purchased the \$6,315,000 principal amount of "City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), of the City of Burbank (the "Issuer"), by submitting a bid responsive to an Official Notice of Sale and having its bid accepted by the Issuer. The terms of the purchase have not been modified by the Purchaser since the Sale Date.

2. All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the "Public") at the price for such maturity as shown on attached Appendix A (the "First Offer Price"). Based upon our assessment of then prevailing market conditions, the First Offer Price for the Bonds of each maturity was not less than the fair market value to the Public of the Bonds of such maturity as of the Sale Date.

3. As of the Sale Date, the Purchaser reasonably expected (a) that the first sale to the Public of an amount of Bonds of each maturity equal to ten percent or more of such maturity of the Bonds (the "First Substantial Block") would be at the First Offer Price for such maturity and (b) that no Bonds of any maturity would be sold at a higher price before the First Substantial Block of Bonds of such maturity was sold to the Public at the First Offer Price.

4. In offering all of the Bonds to the Public, the Purchaser did not reserve or hold back any Bonds for itself, its affiliates or its affiliated accounts or for any other person not part of the Public. For purposes of this Certificate, "affiliate" means any entity or person that controls, is controlled by, or is under common control with the Purchaser and "affiliated account" means any account that is controlled by the Purchaser or an affiliate or in which the Purchaser or an affiliate of the Purchaser has a beneficial ownership interest.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this Certificate is attached.

Dated: December 4, 2012

MITSUBISHI UFJ SECURITIES (USA),
INC., as Underwriter

By 
Authorized Representative

EXHIBIT A

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Price (% of Par)</u>	<u>Price (\$)</u>
May 1, 2013	480,000	3.00%	0.200	101.142%	485,481.60
May 1, 2014	575,000	3.00	0.300	103.791	596,798.25
May 1, 2015	590,000	3.00	0.400	106.225	626,727.50
May 1, 2016	610,000	3.00	0.500	108.437	661,465.70
May 1, 2017	630,000	3.00	0.600	110.425	695,677.50
May 1, 2018	645,000	3.00	0.700	112.185	723,593.25
May 1, 2019	665,000	3.00	0.900	113.047	751,762.55
May 1, 2020	685,000	3.00	1.100	113.481	777,344.85
May 1, 2021	710,000	3.00	1.320	113.328	804,628.80
May 1, 2022	725,000	3.00	1.500	113.115	820,083.75

\$6,315,000
CITY OF BURBANK
(Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

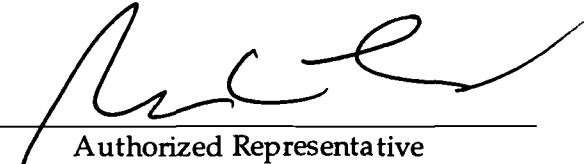
RECEIPT FOR BONDS

The undersigned, on behalf of Mitsubishi UFJ Securities (USA), Inc., as underwriter (the "Underwriter"), hereby acknowledges receipt this date of the following described bonds issued by the City of Burbank (the "City"):

"City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012," in the aggregate principal amount of \$6,315,000 and dated the date hereof, issued as fully registered book-entry only bonds, without coupons, and duly authenticated by Wells Fargo Bank, National Association, as trustee.

Dated: December 4, 2012

MITSUBISHI UFJ SECURITIES (USA),
INC., as Underwriter

By  _____
Authorized Representative

NUMBER R-1

\$480,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2013	December 4, 2012	12082M EH6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED EIGHTY THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-2

\$575,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2014	December 4, 2012	12082M EJ2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-3

\$590,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2015	December 4, 2012	12082M EK9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED NINETY THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2016	December 4, 2012	12082M EL7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED TEN THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-5

\$630,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2017	December 4, 2012	12082M EM5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED THIRTY THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-6

\$645,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2018	December 4, 2012	12082M EN3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED FORTY-FIVE THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-7

\$665,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2019	December 4, 2012	12082M EP8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-8

\$685,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2020	December 4, 2012	12082M EQ6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

NUMBER R-9

\$710,000

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2021	December 4, 2012	12082M ER4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED TEN THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Waste Disposal Refunding Revenue Bonds, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
3.000%	May 1, 2022	December 4, 2012	12082M ES2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The CITY OF BURBANK, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the May 1 or November 1 (each an "Interest Payment Date") next preceding the date of authentication hereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to April 15, 2013, in which event such interest is payable from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the date to which interest has previously been paid or made available for payment on this Bond in full at the Interest Rate per annum stated above, payable semiannually on each Interest Payment Date, commencing May 1, 2013. The principal amount of this Bond is payable at the principal corporate trust office of Wells Fargo Bank, National Association, as trustee (the "Trustee"), in Los Angeles, California, or at such office as the Trustee may designate, upon presentation and surrender of this Bond to the Trustee. Payment of the interest on this Bond will be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the fifteenth day of the month immediately preceding an Interest Payment Date whether or not said day is a business day (the "Record Date"), such interest to be paid by check mailed on the Interest Payment Date to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of Bonds and upon written notice received by the Trustee prior to the Record Date, by wire transfer, at the Owner's address as it appears on such bond registration books or to such account as shall have been identified by the Owner in the notice requesting payment by wire transfer.

Capitalized terms used herein and not otherwise defined are used with the meanings ascribed to them in the Indenture (as hereinafter defined).

This Bond is one of a series of Bonds of various maturities designated as "City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012" (the "Bonds"), issued pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code in the aggregate principal amount of \$6,315,000, all of like tenor (except for such variations, if any, as may be required to designate varying numbers, maturities or interest rates), issued under and pursuant to an Indenture of Trust (the "Indenture") by and between the City and the Trustee, dated as of December 1, 2012, and approved by the City by Resolution No. 28,575, adopted by the City Council of the City on October 30, 2012. A copy of the Indenture is on file at the office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Bond Law is made for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Net Revenues, as that term is defined in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the City and the Owners from time to time of this Bond, and to all the provisions thereof the Owner of this Bond, by his acceptance hereof, consents and agrees. Each taker and subsequent Owner hereof shall have recourse to all of the provisions of the Bond Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The Bonds are issued to provide for the refunding of certain outstanding obligations of the City which are secured by a pledge of the net revenues (the "Net Revenues") of the City's municipal refuse collection and disposal enterprise (the "Enterprise"), as more particularly described in the Indenture. The Bonds are special obligations of the City and are payable, as to interest thereon and principal thereof, from the Net Revenues of the Enterprise. All of the Bonds are equally secured by a pledge of, and charge and lien upon, that portion of the Net Revenues necessary to pay the principal of and interest on the Bonds in any Fiscal Year, and the Net Revenues constitute a trust fund for the security and payment of the principal of and interest on all of the Bonds. Additional obligations of the City payable from the Net Revenues may be issued but only on a subordinate basis to the Bonds.

The principal of and interest on the Bonds are payable solely from the Net Revenues, and the City is not obligated to pay the Bonds except from the Net Revenues. The general fund of the City is not liable, and the full faith and credit or taxing power of the City is not pledged, for the payment of the principal of and interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income or receipts, except the Net Revenues.

The City covenants that, so long as any of the Bonds are outstanding, it will fix, prescribe and collect charges so as to yield Net Revenues at least equal to the amounts thereof prescribed by the Indenture and sufficient to pay the principal of and interest on the Bonds in accordance with the provisions of the Indenture.

The Bonds are not subject to optional redemption prior to maturity.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the office of the Trustee, by the Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his

attorney duly authorized in writing, and thereupon a new Bond or Bonds, without coupons, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange herefor, as provided in the Indenture, and upon the payment of charges, if any, including, after the first exchange, the cost of preparing new Bonds therein prescribed.

The rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture. No such modification or amendment shall permit a change in the maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, all as more fully set forth in the Indenture.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

SPECIMEN

IN WITNESS WHEREOF, the City of Burbank has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Mayor and the manual or facsimile signature of its Deputy City Clerk all as of the Bond Date stated above.

CITY OF BURBANK

By *Don Holm*
Mayor

ATTEST:

Joan M. Dimer
Deputy City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated and registered on _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

SPECIMEN

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

whose address and social security or other tax identifying number is

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the Bond registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SPECIMEN



Attorneys at Law

575 Market Street, Suite 3600
San Francisco, CA 94105-2874

Phone: 415/765-1550
Fax: 415/765-1555

December 4, 2012

City Council of the
City of Burbank
275 East Olive Avenue
Burbank, California 91502

OPINION: \$6,315,000 City of Burbank (Los Angeles County, California) Waste Disposal Refunding Revenue Bonds, Series 2012

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Burbank (the "City") of its \$6,315,000 Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), under the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Law"), an Indenture of Trust, dated as of November 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and Resolution No. 28,575, adopted by the City Council of the City on October 30, 2012 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is a duly created and validly existing municipal corporation and chartered city with the power to enter into the Indenture and to perform the agreements on its part contained therein.

2. The Indenture has been duly authorized, executed and delivered by the City and is valid, binding and enforceable against the City in accordance with its terms.

3. The Bonds constitute valid and binding special obligations of the City payable solely from Net Revenues of the Enterprise (as such terms are defined in the Indenture) and certain other amounts held under the Indenture, as described in the Indenture.

4. Subject to the City's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals

and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

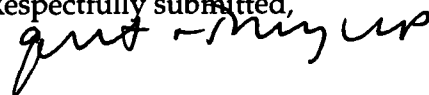
5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

With respect to the opinions expressed herein, the enforceability of the Indenture is subject to the limitations on the imposition of certain fees and charges by the City related to its municipal wastewater system under Articles XIII C and XIII D of the California Constitution. In addition, the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



Quint & Thimmig LLP

Attorneys at Law

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San Francisco, CA 94105 2874

Phone: 415/765-1550

Fax: 415/765-1555

December 4, 2012

Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, NY 10019-6708

Wells Fargo Bank, National Association
707 Wilshire Boulevard 17th Floor
Los Angeles, California 90017

DEFEASANCE OPINION: \$10,290,000 City of Burbank Waste Disposal Revenue Bonds,
2002 Series B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Burbank (the "City") of its \$6,315,000 Waste Disposal Refunding Revenue Bonds, Series 2012 (the "Bonds"), under the provisions of section 53570 *et seq.* of the California Government Code (the "Law"), an Indenture of Trust, dated as of December 1, 2012 (the "Indenture"), by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and Resolution No. 28,575, adopted by the City Council of the City on October 30, 2012 (the "Resolution"). A portion of the proceeds of the Bonds, together with other moneys, will be applied to the defeasance of all outstanding City of Burbank Waste Disposal Revenue Bonds, 2002 Series B, dated February 20, 2002, in the principal amount of \$10,290,000, of which \$7,760,000 remains outstanding (the "2002 Bonds").

In that connection we have examined the Indenture, the Escrow Deposit and Trust Agreement, dated December 4, 2012 (the "Escrow Agreement"), by and between the City and Wells Fargo Bank, National Association, as escrow bank, the Redemption Instructions and Request to Trustee, dated November 15, 2012 (the "Redemption Request"), by the City to the Trustee; the Law and such other certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that as a result of the deposit and application of funds as provided in the Escrow Agreement and the Indenture and the Indenture, all covenants, agreements and other obligations of the City thereunder, have ceased, terminated, become void and been completely discharged and satisfied with respect to the 2002 Bonds; and all liability of the City in respect of the 2002 Bonds has ceased, terminated and been completely discharged in accordance with the terms of the Indenture. We have not undertaken to verify independently the sufficiency of the amounts held by the Trustee for the purpose of paying in full the principal and interest with respect to the 2002 Bonds to and including the date of redemption of the Certificates Bonds as provided in the Redemption Request.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John A. [unclear]", is written over the typed text "Respectfully submitted,".

Quint & Thimmig LLP

Attorneys at Law

575 Market Street, Suite 3600
San Francisco, CA 94105-2874

Phone: 415/765-1550
Fax: 415/765-1555

December 4, 2012

Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, NY 10019-6708

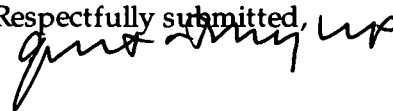
RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$6,315,000 City of Burbank (Los Angeles County, California)
Waste Disposal Refunding Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have this date released to the City of Burbank our final approving legal opinion with respect to the captioned financing.

The foregoing opinion may be relied upon by Mitsubishi UFJ Securities (USA), Inc., as underwriter, to the same extent as if such opinion were addressed to it.

Respectfully submitted,



Quint & Thimmig LLP

Attorneys at Law

575 Market Street, Suite 3600
San Francisco, CA 94105-2874

Phone: 415/765-1550
Fax: 415/765-1555

December 4, 2012

Wells Fargo Bank, National Association
2030 Main Street, 7th Floor
Irvine, CA 92614

RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$6,315,000 City of Burbank (Los Angeles County, California) Waste
Disposal Refunding Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have this date released to the City of Burbank our final approving legal opinion with respect to the captioned financing.

The foregoing opinion may be relied upon by Wells Fargo Bank, National Association, as trustee, to the same extent as if such opinion were addressed to it.

Respectfully submitted,

