

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

SCHEDULE OF TRANSCRIPT DOCUMENTS

A. BASE LEGAL DOCUMENTS

1. List of Financing Participants.
2. City of Burbank (the "City") Resolution No. 14-28,681, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTEWATER REFUNDING REVENUE BONDS, SERIES 2014, 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 May 6, 2014, together with Certificate of City Clerk.
3. Acknowledgment No. 2014-0561 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, dated May 13, 2014.
6. Preliminary Official Statement, dated May 13, 2014.
7. Certificate of Award, dated May 20, 2014, by the City to Raymond James & Associates, Inc., as purchaser (the "Purchaser") of the Bonds.
8. Redemption Instructions and Request to Trustee, dated May 20, 2014, by the City.
9. Indenture of Trust, dated as of June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").
10. Escrow Deposit and Trust Agreement, dated June 10, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank").
11. Continuing Disclosure Certificate, dated June 10, 2014, by the City, as acknowledged and accepted by NBS Government Finance Group, dba NBS, as dissemination agent.
12. Final Official Statement, dated May 20, 2014.

13. 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 Jones Hall, A Professional Law Corporation, 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 Letters of Moody's Investors Service ("Aa2") and Standard & Poor's Ratings Services ("AA+").
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.

F. MISCELLANEOUS

1. Final Numbers.

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

FINANCING PARTICIPANTS

CITY

Ms. Cindy Giraldo (*,X)
 Financial Services Director
 Ms. Kristen Perez
 Assistant to Ms. Giraldo
 Ms. Jennifer Becker
 Deputy Financial Services Director
 Ms. Carrie Matson
 Deputy Financial Services Director
 Mr. Dino Balos
 Account and Audit Manager
 Financial Services Department
 City of Burbank
 301 East Olive Avenue
 Burbank, CA 91502
 (818) 238-5487 (Giraldo)
 (818) 238-5506 (Perez)
 (818) 238-5507 (Becker)
 (818) 238-5512 (Matson)
 (818) 238-5518 (Balos)
 (818) 238-5520 (Fax)
cgiraldo@burbankca.gov
kperez@burbankca.gov
jbecker@burbankca.gov
cmatson@burbankca.gov
dbalos@burbankca.gov

Ms. Bonnie Teaford
 Public Works Director
 Ms. Jacqui Batayneh
 Public Works Analyst
 Mr. Dan Rynn
 Assistant Public Works Director
 City of Burbank
 150 North Third Street
 Burbank, CA 91502
 (818) 238-3921 (Teaford)
 (818) 238-3949 (Batayneh)
 (818) 238-3940 (Rynn)
 (818) 238-3918 (Fax)
bteaford@burbankca.gov
jbatayneh@burbankca.gov
drynn@burbankca.gov

Amy Albano, Esq.
 City Attorney
 Ms. Hazel Mendoza
 Assistant to Ms. Albano
 Christopher Chwang, Esq.
 Senior Assistant Attorney
 Office of the City Attorney
 City of Burbank
 275 East Olive Avenue
 Burbank, CA 91502
 (818) 238-5718 (Albano)
 (818) 238-5718 (Mendoza)
 (818) 238-5715 (Chwang)
 (818) 238-5724 (Fax)
aalbano@burbankca.gov
hmendoza@burbankca.gov
cchwang@burbankca.gov

FINANCIAL ADVISOR

Mr. Peter J. Ross (X)
 Ross Financial
 1736 Stockton Street, Suite One
 San Francisco, CA 94133
 (415) 912-5612
 (415) 912-5611 (Fax)
rossfinancial@smkc.com

PURCHASER

Ms. Robbie Breck-Specter (X)
 Mr. Adam Theriault
 Mr. Robert Bowen
 Raymond James & Associates, Inc.
 Tower Three, 3rd Floor
 880 Carillon Parkway
 St. Petersburg, FL 33716
 (727) 567-1293
 (727) 567-8616 (Fax)
robbie.specter@raymondjames.com
adam.theriault@raymondjames.com
eric.slifer@raymondjames.com

TRUSTEE/ESCROW BANK

Ms. Deborah Young (X)
Vice President
Transaction Manager
Ms. Valere Boyd
Vice President
Client Service Manager
Mr. Scott Boroczi
Vice President
Senior Relationship Manager:
The Bank of New York
Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
(213) 630-6260 (Young)
(213) 630-6247 (Boyd)
(213) 553-4362 (Boroczi)
(213) 630-6215 (Fax)
deborah.young@bnymellon.com
valere.boyd@bnymellon.com
scott.boroczi@bnymellon.com

TRUSTEE'S COUNSEL

Samuel D. Waldman, Esq.
64 Oak Knoll Drive
San Anselmo, Ca 94960
(415) 459-4535
(415) 459-4747 (Fax)
waldmans13@comcast.net

DISCLOSURE COUNSEL

Christopher K. Lynch, Esq. (X)
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, CA 94108
(415) 391-5780
(415) 391-5784 (Fax)
clynch@joneshall.com

BOND COUNSEL


Brian D. Quint, Esq. (*,X,X)
Ms. Katherine L. Reed
Project Manager
Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
(415) 925-4200
(415) 925-4201 (Fax)
bquint@qtllp.com
kreed@qtllp.com

-
- Original Transcript Recipient
 - X Electronic Transcript Recipient

ATTEST:

DATE:

5-15-14



City Clerk

City of Burbank, California

CITY OF BURBANK

RESOLUTION NO. 14-28,681

RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTEWATER REFUNDING REVENUE BONDS, SERIES 2014, 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 \$19,130,000 City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$14,110,000 remains outstanding (the "2004 Bonds"), for the purpose of financing and refinancing of improvements to the City's municipal wastewater 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 2004 Bonds maturing on and after June 1, 2015 (the "Refunded 2004 Bonds");

WHEREAS, to that end, the City has determined to issue its City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "2014 Bonds"), pursuant to an indenture of trust (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WHEREAS, the 2014 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 2014 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 2014 Bonds and the defeasance of the Refunded 2004 Bonds.

SECTION 2. Issuance of the 2014 Bonds; Approval of Indenture.

(a) The Council hereby authorizes the issuance of the 2014 Bonds. The maximum aggregate principal amount of the 2014 Bonds is not limited but the Bonds must generate at least 4% of present value savings, as compared to the Refunded 2004 Bonds.

(b) The 2014 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 The Bank of New York Mellon Trust Company, N.A., as escrow bank and as trustee for the 2004 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 a Designated Officer 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 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 2014 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 five (5) 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the 2014 Bonds, and does not, as of the date of delivery of the 2014 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 2014 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 2014 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 6th day of May, 2014.

s/David Gordon
 Dr. David Gordon
 Mayor of the City of Burbank

Attest:

s/Susan M. Domen
 Susan M. Domen, CMC, Deputy City Clerk

Approved as to Form
Office of the City Attorney

s/Christopher Chwang
By: Christopher Chwang
Senior Assistant City Attorney

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

I, Susan M. Domen, CMC, Deputy City Clerk of the City of Burbank, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by a vote of the Council of the City of Burbank at its regular meeting held on the 6th day of May, 2014, by the following vote:

- AYES: Council Members Bric, Frutos, Gabel-Luddy, Talamantes and Gordon.
- NOES: Council Members None.
- ABSENT: Council Members None.

s/Susan M. Domen
Susan M. Domen, CMC, Deputy City Clerk

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF CITY CLERK

The undersigned hereby states and certifies:

(i) that the undersigned is the duly elected, qualified and acting City Clerk of the City of Burbank, a chartered city and municipal corporation duly 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. 14-28,681, entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTEWATER REFUNDING REVENUE BONDS, SERIES 2014, 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 May 6, 2014 (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: June 10, 2014

CITY OF BURBANK

By: 

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

April 22, 2014

TO: Blythe Fleet
Quint & Thimmig LLP
900 Larkspur Landing Circle Ste 270
Larkspur, CA 94939-1726

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 your written notice of the following proposed debt issuance:

CDIAC Number: 2014-0561
Issuer: Burbank
Project: Wastewater collection, treatment
Proposed Amount: \$15,000,000
Proposed Sale Date: May 20, 2014
Date Notice Received: April 16, 2014

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

CDIAC Number: 2014-0561
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

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure 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.¹

ISSUER NAME City of Burbank

(If pool bond, list participants)

ISSUE NAME 2014 Wastewater Treatment Refunding Revenue Bonds

Please specify type/name of project: _____

PROPOSED SALE DATE 05/20/2014

PRINCIPAL TO BE SOLD \$ 15,000,000.00

IS ANY PORTION OF THE DEBT FOR REFUNDING?²

No Yes, proposed amount for refunding \$ 15,000,000.00

Private Placement?

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 Addr. cont. _____

Addr. cont. _____ Addr. cont. _____

City Burbank State CA Zip Code 91502

Phone 818 2385500 Extension _____ ISSUER LOCATED IN Los Angeles COUNTY

Filing Contact : Name of Individual (representing Bond Counsel Financial Advisor Lead Underwriter)

who completed this form and may be contacted for information.

Name Brian Middle Name D. Last Name Quint

Firm/Agency Quint & Thimmig LLP

Address 900 Larkspur Landing Circle, Ste 270 Addr. cont. _____

Addr. cont. _____ Addr. cont. _____

City Larkspur State CA Zip Code 94939

Phone 415 9254200 Extension _____ E-mail bquint@qtlp.com

Send acknowledgement to: Blythe Fleet E-mail bfleet@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) Yes (taxable)

Under Federal law: No (tax-exempt) Yes (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

Yes, preference item No, not a preference item

TYPE OF SALE: Competitive Negotiated

¹ Section 8855(k) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDIAC no later than 30 days prior to the sale. Under California Government Code Section 8855(l), "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 to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate.

² 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 private sale or on a negotiated basis instead of at public sale.

TYPE OF DEBT INSTRUMENT

NOTE

- Bond anticipation (BAN)
- Other note (Please specify below.) (OTHN)
- Grant anticipation (GAN)
- Revenue anticipation (RAN)
- Tax allocation (TALN)
- Tax and revenue anticipation (TRAN)
- Tax anticipation (TAN)

- Commercial paper (CP)
- Certificates of participation/leases (COP/L)
- Other (Please specify below.) (OTH)

Please specify if "Other note/Other bond/Other" was checked

BOND

- Conduit revenue (Private obligor) (CRB)
- General obligation (GOB)
- Limited tax obligation(LTOB)
- Other bond (Please specify below.) (OTHB)
- Public lease revenue (PLRB)
- Revenue (Pool) (RB)
- Revenue (Public enterprise) (PERB)
- Sales tax revenue (STRB)
- Special assessment (SAB)
- Tax allocation (TAB)

SOURCE(S) OF REPAYMENT

- Bond proceeds (BDPR)
- General fund of issuing jurisdiction(GNFD)
- Grants (GRNT)
- Intergovernmental transfers other than grants (ITGV)
- Local obligations (LOB)
- Other (Please specify.) (OTHS)
- Private obligor payments (POP)

Please specify if "Other" was checked

- Property tax revenues (PRTX)
- Public enterprise revenues (PER)
- Sales tax revenues (SATR)
- Special assessments (SA)
- Special tax revenues (SPTR)
- Tax-increment (TI)

PURPOSE(S) OF FINANCING

- Cash flow, interim financing (CFIF)
- Project, interim financing (PIF)

- College/university housing (CUH)
- Multifamily housing (MFH)
- Single-family housing (SFH)

- Health care facilities (HCF)
- Hospital (HOSP)
- Other/multiple health care purposes (equipment; etc.)(OMHC)

- College/university facility (CUF)
- K-12 school facility (KSCH)
- Other/multiple educational uses (equipment, etc.) (OMED)
- Student Loans (SLC)

- Redevelopment, multiple uses (RD)

- Commercial development (CMDV)
- Industrial development (INDV)
- Pollution control (PC)

- Airport (APRT)
- Bridges and highways (BRHI)
- Convention center (CCTR)
- Equipment (EQUF)
- Flood control/storm drainage (FLDS)
- Multiple capital improvements and public works (MCAP)
- Other capital improvements and public works (OCAP)
- Parking (PRKG)
- Parks/Open space (PRKO)
- Ports and marinas (PRTS)
- Power generations/transmission (PWR)
- Prisons/jails/correctional facilities (PRSN)
- Public building (PB)
- Public transit (PTR)
- Recreation and sports facilities (RCSP)
- Seismic safety improvements/repair (SSI)
- Solid waste recovery facilities (SWST)
- Street construction and improvements (SCI)
- Wastewater collection and treatment (WSTW)
- Water supply/storage/distribution (WTR)

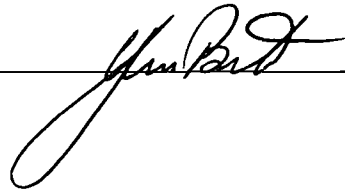
- Insurance/pension funds (IPF)
- Other than listed above(OTH)

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 May 8th, 2014.



Billing Coordinator

Subscribed and sworn to before me this

May 13th, 2014



CYNTHIA D. LEWIS
Notary Public, State of New York
No. 01LE6202296
Qualified in New York County
Commission Expires March 9, 2017

NOTICE OF INTENTION TO SELL BONDS

\$10,550,000

(Preliminary, subject to change)

CITY OF BURBANK

(Los Angeles County, California)

Wastewater Refunding Revenue Bonds, Series 2014

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 \$10,550,000 (preliminary, subject to change) aggregate principal amount of City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"). Bids will be received on

TUESDAY, MAY 20, 2014, until 9:00 A.M., Pacific Daylight time,

electronically only through the I-Deal LLC BIDCOMP/PARITY® system ("PARITY®"), 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 City reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through any of the Bond Buyer Wire, Thomson Financial or Bloomberg Business News (each, a "News Service") and/or PARITY®. In the event that no bid is awarded for the Bonds, the City will reschedule such sale to another date or time by providing notification through a News Service and/or PARITY®.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale. The Preliminary Official Statement and the Official Notice of Sale for the Bonds will be posted electronically at www.i-dealprospectus.com on or around May 12, 2014. Failure of any bidder to receive such notice shall not affect the legality of the sale. Copies of the Preliminary Official Statement and the Official Notice of Sale for the Bonds may be obtained from the City's Financial Advisor: Ross Financial, 1736 Stockton Street, Suite 1, San Francisco, CA 94133; telephone: (415) 912-5612, Attention: Peter J. Ross (email: rossfinancial@smkc.com).

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale relating to the Bonds in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through a News Service and/or PARITY® not later than 1:00 P.M., Pacific Daylight time, on the business day preceding the date for receiving bids for the Bonds. Failure of any 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.

Legal opinion: Quint & Thimmig LLP, Larkspur, CA.

OFFICIAL NOTICE OF SALE

\$10,555,000*
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of \$10,555,000* aggregate principal amount of City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (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: TUESDAY, MAY 20, 2014
Until 9:00 A.M., Pacific Daylight Time (subject to postponement or cancellation in accordance with this Official Notice of Sale)

ELECTRONIC BIDS: Electronic bids shall be submitted through the Ipreo 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 Ipreo LLC BiDCOMP™/PARITY® system. See "FORM OF BID" herein. No other form of bid or provider of electronic bidding services will be accepted.

NO FAX OR SEALED BIDS: No fax or sealed bids will be accepted.

Bidders are referred to the Preliminary Official Statement relating to the Bonds, dated May 13, 2014 (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.

ISSUE; BOOK ENTRY: \$10,555,000* consisting of fully registered bonds, without coupons. The Bonds will be dated as of their date of delivery, expected to be June 10, 2014, 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.

| Maturity Date (June 1) | Principal Amount | Maturity Date (June 1) | Principal Amount |
|---------------------------|------------------|---------------------------|------------------|
| 2015 | \$ 765,000 | 2025 | \$ 75,000 |
| 2016 | 785,000 | 2026 | 140,000 |
| 2017 | 815,000 | 2027 | 145,000 |
| 2018 | 845,000 | 2028 | 150,000 |
| 2019 | 885,000 | 2029 | 160,000 |
| 2020 | 910,000 | 2030 | 170,000 |
| 2021 | 965,000 | 2031 | 175,000 |
| 2022 | 1,010,000 | 2032 | 185,000 |
| 2023 | 1,060,000 | 2033 | 195,000 |
| 2024 | 1,120,000 | | |

ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES: The principal amounts set forth in this Official Notice of Sale reflect certain estimates with respect to the likely interest rates of the winning bid. Potential bidders will be notified via **Thomson Financial, the Bond Buyer wire and/or the Bloomberg News wire (the "News Service") and/or BiDCOMP™/PARITY®** prior to the sale of any change to the principal payment schedule for the Bonds to be utilized for the bidding process. The City reserves the right to change the principal amounts set forth above after determination of the winning bidder by increasing or decreasing the aggregate principal amount of the Bonds and/or by adjusting one or more principal payments of the Bonds in increments of \$5,000, as determined in the sole discretion of the City. Any such adjustment of principal amounts shall be based on the schedule of principal amounts provided by the City to be used as the basis of bids for the Bonds. Any such adjustment will not change the average per Bond dollar amount of the Purchaser's discount. The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Bonds within 26 hours after the expiration of the time prescribed for the receipt of proposals. 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, payable semiannually on each June 1 and December 1, commencing December 1, 2014.

OPTIONAL REDEMPTION: The Bonds maturing on or before June 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole or in part on any date or in part, in such manner as shall be selected by the City (or on a pro rata basis if the City shall fail to select a particular order) and by lot within a maturity, on or after June 1, 2024, from any source of available funds, at a redemption prices equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Bonds, beginning June 1, 2025, 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 June 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 The Bank of New York Mellon Trust Company, N.A., 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.

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 June 1, 2014, by and between the City and the Trustee (the “Indenture”) to (a) refund, on a current basis, all outstanding City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, maturing on and after June 1, 2015, 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 wastewater 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 1.20 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 which each Bonds will bear. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

- (i) The maximum interest rate bid shall not exceed five percent (5%) per annum;
- (ii) Each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1% per annum) and a zero rate of interest cannot be named;
- (iii) Each Bond shall bear interest from its date to its stated payment date at a single rate of interest specified in the bid;
- (iv) A single interest payment shall be due on each Bond on each Interest Payment Date, and no supplemental payments will be permitted; and
- (v) All Bond payments due at any one time shall bear the same rate of interest.

FORM OF BID: All bids must be (1) for not less than all of the Bonds hereby offered for sale and for not less than the aggregate par amount thereof; (2) for not less than 99% of the par value of the Bonds; (3) unconditional; and (4) submitted under BiDCOMP™/PARITY®.

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.

BASIS OF AWARD: The Bonds will be awarded to the responsible bidder 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 June 10, 2014) 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.

MULTIPLE BIDS: In the event multiple bids are received from a single bidder, the City will have the right to accept the bid representing the lowest TIC to the City, and each bidder agrees by submitting any bid to be bound by the bid representing the lowest TIC to the City.

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 Daylight 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 May 20, 2014, 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 Daylight 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 Financial Advisor, on behalf of the City, will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) 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 \$100,000.00 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:

The Bank of New York Mellon
ABA 021 000 018
GL Account No. 111-565
For Further Credit to: TAS # 558946
Ref: Burbank Wastewater 2014
Attn: Deborah Young 213-630-6260

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, Larkspur, 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 fax 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, 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 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. 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: May 13, 2014

**NEW ISSUE
BOOK-ENTRY ONLY**

RATINGS:
S&P: "AA+"
Moody's: "Aa2"
See "RATING" herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the 2014 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 2014 Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



\$10,555,000*
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds,
Series 2014

Dated: Date of Delivery

Due: June 1, as shown on inside cover

Authority for the 2014 Bonds. The captioned bonds (the "2014 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 June 1, 2014 (the "Indenture"), by and between the City of Burbank (the "City") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the 2014 Bonds will be used to (a) refund, on a current basis, the City's outstanding Wastewater Treatment Revenue Bonds, 2004 Series A (the "Refunded 2004 Bonds") and (b) pay the costs of issuing the 2014 Bonds.

Payment of Debt Service. The 2014 Bonds will bear interest at the rates shown below, payable semiannually on each June 1 and December 1, commencing December 1, 2014 (each an "Interest Payment Date"), and are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof.

The principal of the 2014 Bonds will be payable upon presentation and surrender of such 2014 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 2014 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 2014 Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the 2014 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 2014 Bonds.

Registration. The 2014 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 2014 Bonds will not receive certificates representing their interests therein.

Redemption. The 2014 Bonds are subject to optional redemption and mandatory sinking fund redemption before maturity. See "THE 2014 BONDS – Redemption."

Security for the 2014 Bonds. The 2014 Bonds are payable from and secured by a first lien pledge of the Net Revenues generated by operation of the City's wastewater collection, treatment, disposal and re-use enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture, and certain other moneys and securities held by the Trustee. The term "Net Revenues" is defined in the Indenture to mean the Gross Revenues (as defined in the Indenture) less Operation and Maintenance Costs (as defined in the Indenture). Operation and Maintenance Costs includes the debt service on future State of California revolving fund loans, if any, that are payable from revenues of the Enterprise (see "State Revolving Fund Loans" below).

No Reserve Fund. The City is not funding a debt service reserve fund for the 2014 Bonds.

No Existing Parity Obligations; Future Parity Obligations. Following defeasance of the 2004 Bonds with proceeds of the 2014 Bonds, the City will have no outstanding obligations that are secured by a pledge of and payable from Net Revenues on a parity with the 2014 Bonds. The City is authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the 2014 Bonds.

State Revolving Fund Loans. The Indenture allows the City to pay debt service on revolving fund loans from the State of California that are payable from Gross Revenues as Operation and Maintenance Costs. No such State revolving fund loans are outstanding at this time.

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 (a) Gross Revenues sufficient in each Fiscal Year to pay all anticipated Operation and Maintenance Costs, debt service payments on the 2014 Bonds and any Parity Obligations and all other obligations payable from Gross Revenues and (b) Net Revenues equal to at least 1.20 times the aggregate of obligations of the City with respect to the 2014 Bonds and any Parity Obligations in such Fiscal Year.

MATURITY SCHEDULE
(See inside cover)

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 2014 Bonds. Investors should review the entire Official Statement before making any investment decision.

The 2014 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, Larkspur, 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 2014 Bonds will be delivered in definitive form through the facilities of DTC on or about June ____, 2014.

Dated May __, 2014

* 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, nor 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 June 1</u> | <u>Principal Amount*</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Suffix†</u> |
|----------------------------|------------------------------|--------------------------|--------------|--------------------------|
| 2015 | | | | |
| 2016 | | | | |
| 2017 | | | | |
| 2018 | | | | |
| 2019 | | | | |
| 2020 | | | | |
| 2021 | | | | |
| 2022 | | | | |
| 2023 | | | | |
| 2024 | | | | |
| 2025 | | | | |
| 2026 | | | | |
| 2027 | | | | |
| 2028 | | | | |
| 2029 | | | | |
| 2030 | | | | |
| 2031 | | | | |
| 2032 | | | | |
| 2033 | | | | |

* Preliminary; subject to change.

† Copyright 2014, 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 2014 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 2014 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 2014 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 2014 Bonds.

CITY OF BURBANK

City Council

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

City Staff and Officials

Mark Scott, *City Manager*
Justin Hess, *Assistant City Manager*
Debbie Kukta, *City Treasurer*
Amy Albano, *City Attorney*
Bonnie Teaford, *Public Works Director*
Cindy Giraldo, *Financial Services Director*
Zizette Mullins, *City Clerk*

Special Services

Ross Financial
San Francisco California
Financial Advisor

Quint & Thimmig LLP
Larkspur, California
Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California
Disclosure Counsel

The Bank of New York Mellon Trust Company, N.A.
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 2014 Bonds 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 2014 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 2014 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. In general, the information in this Official Statement derives from sources within the City. However, the City has included in this Official Statement certain information that it obtained from outside sources that the City believes are reliable. 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE 2014 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 2014 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 2014 Bonds.



TABLE OF CONTENTS

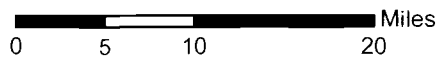
| | |
|---|--|
| <p>INTRODUCTION 1</p> <p style="padding-left: 20px;">General 1</p> <p style="padding-left: 20px;">The City 1</p> <p style="padding-left: 20px;">Authority for Issuance 1</p> <p style="padding-left: 20px;">The Enterprise 2</p> <p style="padding-left: 20px;">Purpose of the 2014 Bonds 2</p> <p style="padding-left: 20px;">Security for the 2014 Bonds 2</p> <p style="padding-left: 20px;">No Reserve Fund 2</p> <p style="padding-left: 20px;">Additional Obligations 2</p> <p style="padding-left: 20px;">Rate Covenant 3</p> <p style="padding-left: 20px;">Payment 3</p> <p style="padding-left: 20px;">Redemption 3</p> <p style="padding-left: 20px;">Form of 2014 Bonds 3</p> <p style="padding-left: 20px;">Book-Entry System 3</p> <p style="padding-left: 20px;">Risks of Investment 4</p> <p style="padding-left: 20px;">Continuing Disclosure 4</p> <p style="padding-left: 20px;">Other Matters 4</p> <p style="padding-left: 20px;">Other Information 4</p> <p>THE REFUNDING PLAN 5</p> <p>ESTIMATED SOURCES AND USES OF FUNDS 5</p> <p>DEBT SERVICE REQUIREMENTS 6</p> <p>THE 2014 BONDS 6</p> <p style="padding-left: 20px;">Authority for Issuance 6</p> <p style="padding-left: 20px;">General Provisions 6</p> <p style="padding-left: 20px;">Redemption 7</p> <p style="padding-left: 20px;">Book-Entry Only System 9</p> <p>SECURITY FOR THE 2014 BONDS 10</p> <p style="padding-left: 20px;">Pledge of Net Revenues 10</p> <p style="padding-left: 20px;">Receipt, Deposit and Application of Gross Revenues and Net Revenues 11</p> <p style="padding-left: 20px;">Application of Interest Account 12</p> <p style="padding-left: 20px;">Application of Principal Account 12</p> <p style="padding-left: 20px;">Application of Sinking Account 12</p> <p style="padding-left: 20px;">Investment of Moneys in Funds and Accounts 12</p> <p style="padding-left: 20px;">No Reserve Fund 13</p> <p style="padding-left: 20px;">Rate Covenant 13</p> <p style="padding-left: 20px;">Limitations on Future Obligations Secured by Net Revenues 13</p> <p style="padding-left: 20px;">Limited Obligation 15</p> <p>THE ENTERPRISE 16</p> <p style="padding-left: 20px;">General 16</p> <p style="padding-left: 20px;">Management 17</p> | <p style="padding-left: 20px;">Existing Facilities 18</p> <p style="padding-left: 20px;">Industrial Pretreatment Program 18</p> <p style="padding-left: 20px;">The Hyperion Agreement 18</p> <p style="padding-left: 20px;">Regulatory Issues 20</p> <p style="padding-left: 20px;">Historical Operations 21</p> <p style="padding-left: 20px;">Rates and Charges 22</p> <p style="padding-left: 20px;">Employee Costs 26</p> <p style="padding-left: 20px;">Capital Improvement Program 27</p> <p style="padding-left: 20px;">Enterprise Fund 27</p> <p style="padding-left: 20px;">Enterprise Reserves 28</p> <p style="padding-left: 20px;">Balance Sheets 29</p> <p style="padding-left: 20px;">Historical Financial Results 30</p> <p style="padding-left: 20px;">Projected Financial Results 32</p> <p>RISK FACTORS RELATING TO THE 2014 BONDS 34</p> <p style="padding-left: 20px;">General 34</p> <p style="padding-left: 20px;">Limited Obligations 34</p> <p style="padding-left: 20px;">No Reserve Fund 34</p> <p style="padding-left: 20px;">Revenues of the Enterprise 34</p> <p style="padding-left: 20px;">Enterprise Expenses 35</p> <p style="padding-left: 20px;">Risks Related to the Hyperion Agreement 35</p> <p style="padding-left: 20px;">Environmental Laws and Regulations 35</p> <p style="padding-left: 20px;">Demand and Usage; Drought 35</p> <p style="padding-left: 20px;">Risk of Disaster 36</p> <p style="padding-left: 20px;">Limited Recourse on Default 37</p> <p style="padding-left: 20px;">Limitations on Remedies 37</p> <p style="padding-left: 20px;">Articles XIIC and XIID of the California Constitution 38</p> <p style="padding-left: 20px;">Initiatives 40</p> <p style="padding-left: 20px;">Bankruptcy 40</p> <p style="padding-left: 20px;">Tax Exemption 41</p> <p style="padding-left: 20px;">Secondary Market 41</p> <p>INVESTMENT OF CITY FUNDS 41</p> <p>TAX MATTERS 41</p> <p>FINANCIAL STATEMENTS OF THE CITY 43</p> <p>CERTAIN LEGAL MATTERS 44</p> <p>LITIGATION 44</p> <p>RATINGS 44</p> <p>FINANCIAL ADVISOR 44</p> <p>CONTINUING DISCLOSURE 45</p> <p>UNDERWRITING 48</p> <p>MISCELLANEOUS 48</p> |
|---|--|

| | |
|-------------|--|
| APPENDIX A: | SUMMARY OF THE INDENTURE |
| APPENDIX B: | AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013 |
| 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 |



County of Los Angeles
 City of Burbank

-  County of Los Angeles
-  City of Burbank



City of Burbank
 275 E. Olive Ave
 Burbank, CA 91502

The City of Burbank has no indication to believe that there are any inaccuracies or defects with information incorporated in this work, and make no representations of any kind, including but not limited to, the warranties of merchantability or fitness for a particular use, nor are any such warranties to be implied with respect to information or data furnished herein. This map incorporates digital map products licensed to the City of Burbank by Thomas Bros. Maps and is furnished in accordance to the terms of such license.

OFFICIAL STATEMENT

\$10,555,000*
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds,
Series 2014

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices, provides information in connection with the sale of the captioned bonds (the “**2014 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 2014 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, 2013, was estimated to be 104,980. 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 2014 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 May 6, 2014 (the “**Resolution**”), and an Indenture of Trust (the “**Indenture**”), dated as of June 1, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

* Preliminary, subject to change.

The Enterprise

Since its incorporation in 1911, the City has provided and maintained a wastewater collection, treatment, disposal and re-use system (the “**Enterprise**”) serving the entire City. The Enterprise is administered by the Water Reclamation and Sewer Division of the City’s Public Works Department.

The City currently operates the Burbank Water Reclamation Plant (“**BWRP**”; see “THE ENTERPRISE – Existing Facilities”) and has a contractual agreement (the “**Hyperion Agreement**”) with the City of Los Angeles (“**Los Angeles**”) that entitles the City to discharge sewage into the Los Angeles Conveyance and Treatment System (the “**Los Angeles Wastewater System**”). See “THE ENTERPRISE.”

Purpose of the 2014 Bonds

The 2014 Bonds are issued to (i) refund, on a current basis, the City’s \$19,130,000 initial principal amount Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$13,330,000 will be outstanding as of the date of the 2014 Bonds (the “**Refunded 2004 Bonds**”) and (ii) pay the costs of issuing the 2014 Bonds. See “THE REFUNDING PLAN.”

Security for the 2014 Bonds

The 2014 Bonds are payable from and secured by a first lien pledge of Net Revenues received from the operation of the Enterprise and moneys in the funds and accounts established under the Indenture, and certain other moneys and securities held by the Trustee as defined in the Indenture. See “SECURITY FOR THE 2014 BONDS.”

No Reserve Fund

The City is not funding a debt service reserve fund for the 2014 Bonds.

Additional Obligations

No Existing Parity or Senior Obligations Secured by and Payable from Net Revenues. Following defeasance of the 2004 Bonds with proceeds of the 2014 Bonds and other funds, there will be no outstanding obligations that are secured by a pledge of and payable from Net Revenues of the Enterprise on a parity with the 2014 Bonds.

Future Parity Obligation. The City is authorized under the Indenture to incur additional obligations and issue additional bonds that are payable from Net Revenues on a parity with the 2014 Bonds (“**Parity Obligations**”). See “SECURITY FOR THE 2014 BONDS—Limitations on Future Obligations Secured by Net Revenues.”

State Revolving Fund Loans. The Indenture permits the City to pay debt service on State revolving fund loans (“**State Revolving Fund Loans**”) that are payable from Gross Revenues (as defined below) as Operation and Maintenance Costs (as defined below). The City has no outstanding State Revolving Fund Loans and has no current plans to incur State Revolving Fund Loans in the future.

Future Subordinate Obligations. The City is authorized to incur obligations payable from Net Revenues on a subordinate basis to the 2014 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:

(i) yield Gross Revenues that are sufficient to pay, in the following order of priority, (i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year (including any debt service on State Revolving Fund Loans), (ii) debt service payments on the 2014 Bonds and any Parity Obligations as they become due and payable during such Fiscal Year and (iii) all other obligations of the City payable from Gross Revenues, and

(ii) yield Net Revenues that are at least equal to 120% of the total Debt Service Payments on the 2014 Bonds and any Parity Obligations coming due and payable in such Fiscal Year. See "SECURITY FOR THE 2014 BONDS—Rate Covenant."

Payment

Principal of the 2014 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 2014 Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See "THE 2014 BONDS—General." Initially, principal of and interest on the 2014 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 2014 Bonds. See "THE 2014 BONDS—Book-Entry Only System."

Redemption

The 2014 Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates. See "THE 2014 BONDS—Redemption."

Form of 2014 Bonds

The 2014 Bonds will be dated as of their date of delivery and will be issued in fully registered form, without coupons, in 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 2014 BONDS—General."

Book-Entry System

The 2014 Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2014 Bonds. Ownership interests in the 2014 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 2014 Bonds, DTC will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the 2014 Bonds. See "THE 2014 BONDS—Book-Entry Only System" below and APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Risks of Investment

The 2014 Bonds are secured by and payable only from Net Revenues and moneys in certain funds and accounts established under the Indenture. See "RISKS RELATING TO THE 2014 BONDS."

Continuing Disclosure

The City has covenanted, for the benefit of the owners and beneficial owners of the 2014 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."

Other Matters

There follows in this Official Statement, including the appendices, brief descriptions of the 2014 Bonds, the security for the 2014 Bonds, the Indenture, the City, the Enterprise, and certain other information relevant to the issuance of the 2014 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 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, 301 East Olive Avenue, Burbank, CA 91502, Attention: Financial Services Director. 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 Refunded 2004 Bonds to (i) refund, on an advanced basis, a portion of the City's Wastewater Treatment Refunding Bonds, 1995 Series A and (ii) finance the construction of certain improvements to the Enterprise.

The Refunded 2004 Bonds are subject to optional redemption in whole on any date on or after June 1, 2014, 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 Refunded 2004 Bonds, into an escrow fund to be held by The Bank of New York Mellon Trust Company, N.A., 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 Refunded 2004 Bonds on or about June 20, 2014.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources:

Principal Amount of 2014 Bonds

Less: Underwriter's Discount

Plus/Less: Original Issue Premium/Original Issue Discount

Plus: Funds Relating to the Refunded 2004 Bonds

Total Sources

Uses:

Amount to Redeem the Refunded 2004 Bonds

Deposit to Costs of Issuance Fund ⁽¹⁾

Total Uses

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

* Preliminary; subject to change.

DEBT SERVICE REQUIREMENTS

Scheduled debt service on the 2014 Bonds is presented below.

| Maturity (June 1) | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|------------------|-----------------|--------------|
| 2015 | | | |
| 2016 | | | |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | | |
| 2021 | | | |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| TOTALS | | | |

THE 2014 BONDS

Authority for Issuance

The 2014 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 May 6, 2014, and the Indenture.

General Provisions

The 2014 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 2014 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 2014 Bonds. Interest on the 2014 Bonds will be payable on June 1 and December 1 in each year, beginning December 1, 2014 (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 2014 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 2014 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 2014 Bonds not less than 10 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 2014 Bonds will be payable in lawful money of the United States of America.

The 2014 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 November 15, 2014, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2014 Bond, interest thereon is in default, such 2014 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 2014 Bonds will initially be issued in book-entry only form, registered in the name of Cede & Co., as nominee of DTC. Purchasers of the 2014 Bonds will not receive certificates representing their interests therein, which will be held at DTC. See “THE 2014 BONDS—Book-Entry Only System.”

Redemption

Optional Redemption. The 2014 Bonds maturing on or before June 1, 2024 are not subject to optional redemption. The 2014 Bonds maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates on or after June 1, 2024, as a whole or in part on any date (and, if in part, in such manner as selected by the City (or on a pro rata basis if the City fails to select a particular order) and by lot within a maturity), from any source of available funds, at a redemption price equal to the principal amount of the 2014 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The 2014 Bonds maturing on June 1, _____, are also subject to redemption prior to their stated maturity, in whole, or in part by lot, from sinking fund payments made pursuant to the Indenture, on each June 1 on and after June 1, _____, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, as set forth in the following table:

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|--|-------------------------|
|--|-------------------------|

† Maturity.

Selection of 2014 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2014 Bonds or any given portion thereof, and unless otherwise specified as part of an optional redemption, the Trustee will select the 2014 Bonds to be redeemed, from all 2014 Bonds or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. The Trustee will promptly notify the City in writing of the 2014 Bonds or portions thereof that have been selected for redemption.

Notice of Redemption. Unless waived by the Owner, notice of any such redemption must be given by the Trustee on behalf of the City by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2014 Bond or 2014 Bonds to be redeemed at the address shown on the Bond Registration Books.

All notices of redemption will be dated and will state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding 2014 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2014 Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such 2014 Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date, and (v) the place where such 2014 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Trust Office of the Trustee.

Notice of redemption having been given, the 2014 Bonds or portions of 2014 Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City defaults in the payment of the redemption price) interest with respect to such 2014 Bonds or portions of 2014 Bonds will cease to accrue and be payable. Upon surrender of the 2014 Bonds for redemption, the 2014 Bonds will be paid by the Trustee at the redemption price. Upon surrender for any partial redemption of any 2014 Bond, there will be prepared for the Owner a new 2014 Bond or 2014 Bonds of the same maturity in the amount of the unredeemed principal. All 2014 Bonds which have been redeemed will be canceled and destroyed by the Trustee and will not be reissued.

Notwithstanding the foregoing, in the case of any optional redemption of the 2014 Bonds, the notice of redemption may state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the 2014 Bonds on the anticipated redemption date, and that the optional redemption will not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the 2014 Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the 2014 Bonds to be optionally redeemed, such event will not constitute an Event of Default; the Trustee will send written notice to the Owner, to the effect that the redemption did not occur as anticipated, and the 2014 Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

Partial Redemption of 2014 Bonds. Upon surrender of any 2014 Bond redeemed in part only, the City will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the City, a new 2014 Bond of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2014 Bond surrendered. The Owner will not be required to submit any 2014 Bond to reflect mandatory sinking account payments.

Effect of Redemption. Notice of redemption having been duly given, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the 2014 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2014 Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in the notice plus interest accrued thereon to the redemption date, interest on the 2014 Bonds so called for redemption will cease to accrue, said 2014 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owner of the 2014 Bonds to be redeemed will have no rights in respect thereof except to receive payment of said redemption price and accrued interest.

Book-Entry Only System

The 2014 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 2014 Bonds so purchased. Individual purchases will be made in book-entry form. One fully registered 2014 Bond certificate will be issued for each series and maturity of the 2014 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 2014 Bonds. So long as Cede & Co. is the registered owner of the 2014 Bonds, as nominee of DTC, references in this Official Statement to the owners of the 2014 Bonds or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the “Beneficial Owners” of the 2014 Bonds. In this Official Statement, the term “Beneficial Owner” shall mean the person for whom a DTC Participant acquires an interest in the 2014 Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

So long as Cede & Co. is the registered owner of the 2014 Bonds, principal of and interest on the 2014 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 2014 BONDS

Pledge of Net Revenues

General. The 2014 Bonds (and any future Parity Obligations) are secured by a first lien pledge of Net Revenues.

In addition, the 2014 Bonds are secured by a first lien 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 2014 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 reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or reuse of sewage, 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, rates, tolls, and charges (including connection fees and standby 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 and excluding the proceeds of any casualty or eminent domain award.

The Indenture defines “**Operation and Maintenance Costs**” as the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on sound 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, amounts payable under the Hyperion Agreement (to the extent such costs are properly characterized as maintenance and operation costs under sound accounting principles), 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. Operation and Maintenance Costs also include amounts payable with respect to any State Revolving Fund Loans.

The Indenture defines “**Hyperion Agreement**” as the agreement dated April 8, 2003, by and between the City and the City of Los Angeles, entitled “Agreement Between the City of Los Angeles and the City of Burbank for the Conveyance, Treatment and Disposal of Wastewater,” as amended from time to time.

The Indenture defines “**Parity Obligations**” as all bonds, notes, or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the 2014 Bonds pursuant to the Indenture.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All Gross Revenues will be deposited by the City immediately upon receipt in the Water Reclamation and Sewer Fund established by the City for purposes of accounting for the revenues and expenditures of the Enterprise (the “**Revenue Fund**”). All Gross Revenues will be held in trust by the City in the Revenue 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 Revenue Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable. Operation and Maintenance Costs may include amounts payable under future State Revolving Fund Loans.

Payment of Debt Service. On or before the fifth Business Day preceding each Interest Payment Date, the City will withdraw from the Revenue 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 and the Sinking Account (other than amounts required for payment of principal of or interest on any 2014 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 2014 Bonds. The City shall also withdraw from the Revenue Fund and transfer amounts required for the payment of debt service on any Parity Obligations on the next succeeding Interest Payment Date. The transfers required to pay debt service on the 2014 Bonds and any Parity Obligations shall be made without preference or priority and, in the event moneys in the Revenue Fund are not sufficient to pay the debt service requirement for the 2014 Bonds and any Parity Obligations, the City shall pay such amounts on a pro rata basis based on the debt service requirements for the 2014 Bonds and each outstanding Parity Obligations.

Replenishment of any Reserve Fund. Following the transfer of amounts required to pay debt service on the 2014 Bonds and any Parity Obligations, the City will withdraw from the Revenue Fund and transfer amounts required to replenish the debt service reserve fund created for the Parity Obligations, if any, to the requirement of such fund.

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 Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Moneys 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; provided, however, that a Sinking Account will be created only if the winning bidder for the 2014 Bonds elects to create term bonds), 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 2014 Bonds then Outstanding;

Second: to the Principal Account, the aggregate amount of principal or sinking fund installment becoming due and payable on the Outstanding 2014 Bonds on the next succeeding Interest Payment Date; and

Third: to the Sinking Account, the aggregate amount of sinking fund installment becoming due and payable on the Outstanding 2014 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 2014 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 2014 Bonds when due and payable.

Application of Sinking Account

All amounts in the Sinking Account will be used and withdrawn by the Trustee solely for the purposes of paying the sinking fund installments of the 2014 Bonds when due and payable. Notwithstanding the foregoing, if some but not all of the Bonds have been redeemed pursuant to the Indenture, the total amount of all future mandatory Sinking Account payments will be reduced by the aggregate principal amount of 2014 Bonds so redeemed, allocated among such mandatory Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the City.

Any amounts remaining in the Sinking Account when all of the 2014 Bonds are no longer Outstanding will be withdrawn by the Trustee and transferred to the Revenue Fund.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the Indenture will, 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.

No Reserve Fund

The City is not funding a debt service reserve fund for the 2014 Bonds and is not obligated to fund a debt service reserve fund for any Parity Obligations.

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 (including debt service on State Revolving Fund Loans);

(ii) Debt Service payments on the 2014 Bonds and any Parity Obligations 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 2014 Bonds or such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(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 Net Revenues which are at least equal to 120% of the total Debt Service Payments on the 2014 Bonds and the debt service on any Parity Obligations coming due and payable in such Fiscal Year. Investors should note that debt service on any State Revolving Fund Loans may be payable as Operations and Maintenance Costs; as a result, any such State Revolving Fund Loans will not be included in debt service for purposes of the Net Revenue covenant.

Limitations on Future Obligations Secured by Net Revenues

No Existing Parity Debt. Following defeasance and redemption of the 2004 Bonds with proceeds of the 2014 Bonds, no outstanding obligations will be secured by a pledge of and payable from Net Revenues of the Enterprise other than the 2014 Bonds.

No Obligations Superior to 2014 Bonds; State Revolving Fund Loans. The City may not incur debt payable from Net Revenues on a basis senior to the 2014 Bonds. However, the City may incur State Revolving Fund Loans and pay the debt service on such State Revolving Loans as Operation and Maintenance Costs. The City has no outstanding State Revolving Fund Loans and has no current plans to incur State Revolving Fund Loans in the future.

Future Parity Obligations. Additional obligations may be issued on a parity with the 2014 Bonds and any then existing Parity Obligations subject to the following specific conditions, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the 2014 Bonds or Parity Obligations:

(i) The City must be in compliance with all covenants set forth in the Indenture.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent 12-month period selected by the City ending not more than 60 days prior to the adoption of the instrument issuing such Parity Obligations are issued, as shown by the books of the City, plus, at the option of the City, either or both of the items described in (A) and (B) below, but excluding connection charges, must at least equal 120% of the amount of Maximum Annual Debt Service on all 2014 Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations. Any or all of the following may be added to Net Revenues for the purpose of issuing or incurring Parity Obligations:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of the Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations must provide that:

(A) The proceeds of the Parity Obligations will be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which the City determines are of benefit to the Enterprise, or for the purpose of refunding any Parity Obligations in whole or in part, including all related costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable);

(B) Interest on the Parity Obligations will be payable on June 1 and December 1 in each year of the term of the Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1;

(C) The principal of such Parity Obligations will be payable on June 1 in any year in which principal is payable.

(iv) A reserve fund may, but will not be required to, be established for such Parity Obligations.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the 2014 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 2014 Bonds. The owners of the 2014 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 for purposes of the State Constitutional limitation or debt, 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

Since its incorporation in 1911, the City has provided and maintained a wastewater treatment and disposal system (the “**Enterprise**”) serving the entire City. The Enterprise is administered by the Water Reclamation and Sewer Division of the City’s Public Works Department.

The Water Reclamation and Sewer Fund Operations Program is comprised of four sections:

- Engineering & Design: This section provides for present and future needs of the community related to the collection, treatment and disposal of residential, commercial and industrial wastewater, in compliance with federal, state and local regulatory agencies.
- Industrial Waste Permitting & Inspection: This section provides industrial/commercial waste management to fully comply with federal, state and local regulations.
- Plant Operations & Maintenance: This section provides for the treatment and disposal of residential, commercial, and industrial wastewater generated in the City, and protects the receiving waters from potential pollution and deterioration of quality.
- Sewer Maintenance, Engineering & Design: This section cleans all sanitary sewer lines and the City owned storm drain system, televises problem sewer lines, and clears sewer stoppages.

The City currently operates the Burbank Water Reclamation Plant (“**BWRP**”; see “- Existing Facilities” below) and also has a contract with the City of Los Angeles (“**Los Angeles**”), dated March 25, 2003 (which replaced a 1927 contract), that entitles the City to discharge sewage into the Los Angeles Conveyance and Treatment System (the “**Los Angeles Wastewater System**”). See “- The Hyperion Agreement” below.

In fiscal year 2012-13, the Enterprise collected approximately 10 million gallons per day (“**mgd**”) of wastewater, of which 8.36 mgd was treated at the BWRP and the balance was disposed of through the Los Angeles Wastewater System. Of this fiscal year 2012-13 amount, approximately 0.175 mgd was conveyed by Los Angeles to the City for treatment. See “Hyperion Agreement” below.

In fiscal year 2012-13, the City disposed of the 8.36 mgd of wastewater treated at the BWRP as follows:

- Approximately 0.25 mgd was discharged as sludge to the Los Angeles Wastewater System.
- Burbank Water and Power used an average of approximately 1.44 mgd of recycled water for the power plant and City-wide irrigation.
- The City discharged the remainder (approximately 6.69 mgd) into the Burbank Western Flood Control Channel

Operation and maintenance of the BWRP as well as implementation of the City's industrial waste pretreatment program are provided by United Water Services pursuant to a contract dated July 1, 2011, which expires June 30, 2016.

Management

Set forth below are biographies of members of senior staff of the City with responsibility for the Enterprise. Operations of the Enterprise are carried out under the general supervision of the City's Director of Public Works.

Mark Scott, City Manager. Mark Scott has worked in the city management profession for more than 35 years, including 24 years as a city manager in 5 cities. He joined the City of Burbank in 2013, after serving as city manager in Fresno, California. He has also been city manager in Culver City, California; Spartanburg, South Carolina; and Beverly Hills, California. Mr. Scott worked in Beverly Hills for 20 years, including 14 as city manager.

Mr. Scott received a B.A degree in political science from Fresno State University, and an MBA degree from the Stanford University Graduate School of Business.

Justin Hess, Assistant City Manager. Justin Hess was named Assistant City Manager in 2013. He began his career with the City as a management intern in the Community Development Department, and has worked as an Assistant Planner, Administrative Analyst, Deputy Financial Services Director, Interim Financial Services Director, Deputy City Manager and most recently, Management Services Director.

Mr. Hess earned a B.A. in Political Science from the University of California, Los Angeles and is a graduate of the Executive Master of Leadership Program at the USC School of Policy, Planning and Development.

Bonnie Teaford, Director of Public Works. Bonnie Teaford joined the City of Burbank in 1999 as Chief Assistant Public Works Director. She was named Director in 2005.

Ms. Teaford is a California Registered Professional Civil Engineer. She is a member of the American Society of Civil Engineers, American Public Works Association, Solid Waste Association of North America, City and County Engineers Association (where she was President in 2006), National Management Association, Southern California Waste Management Forum, and Leadership Burbank, Class of 2000.

She has a B.A. in Cultural Anthropology from University of California, Santa Cruz; a B.S. in Civil Engineering from California State University, Sacramento, and M.P.A. from California State University Northridge.

Cindy Giraldo, Financial Services Director. Cindy Giraldo joined the City in 2010 after serving as Vice President of Finance overseeing the contract management area for Ticketmaster in Los Angeles. Prior to her 14 years at Ticketmaster, Ms. Giraldo worked as a public accountant at KPMG LLP in Los Angeles.

Ms. Giraldo earned her Bachelor of Science in Business from California State University, Northridge.

Existing Facilities

General. The Enterprise generally consists of the following facilities:

- The BWRP
- Approximately 18 miles of a storm sewer system
- Approximately 230 miles of sanitary sewer lines

BWRP. The BWRP is a tertiary wastewater treatment plant with a maximum capacity of 12.5 mgd of treated wastewater. The BWRP was built in 1966 to meet the wastewater and sewer needs of the growing residential population and expanding commercial industries located in the City. Before the BWRP was built, the City sent all of its wastewater to the City of Los Angeles for treatment and disposal.

Originally built to treat 6 mgd, the City upgraded the BWRP to 9 mgd capacity in 1971. The BWRP was upgraded in 2000 to ensure that it meets new stringent regulations raising the quality of the cleaned wastewater it discharges after the treatment process. The BWRP was upgraded again in 2002 to remove ammonia from the wastewater.

Finally, a two-million-gallon Equalization Basin Project, which was completed in 2010, increased plant capacity from 9 to 12.5 mgd, capturing peak daytime flows for treatment during nighttime low flow hours, providing more reclaimed water for irrigation and other reuse.

Industrial Pretreatment Program

The City established a pretreatment program to ensure that commercial, industrial and certain institutional users in the City meet federal requirements for the treatment and disposal of their waste and that harmful process waste (i.e., chemicals, grease, industrial debris) do not enter the City's sewer collection system.

The City requires commercial, industrial and institutional users in the City that generate domestic and process waste obtain an industrial waste discharge permit or provide a waste discharge control mechanism. For example, full-service restaurant establishments are required to install grease interceptors to prevent grease from entering the City's sewer collection system. Each permitted user must be inspected by the City. Random sampling at each user's discharge point is performed as part of the inspection efforts. The program is mandated by the U.S. Environmental Protection Agency and has been approved by the Regional Water Quality Control Board.

The pretreatment program places these users into one of eight classifications. Each user must pay a permit application fee and an annual inspection fee based on classification. Charges are also assessed for follow-up inspections for any violations of the permit requirements.

The Hyperion Agreement

General. The City has had a contract with the City of Los Angeles since 1927 regarding wastewater conveyance and treatment. The original contract was updated in 1944 and 1946 and replaced on March 25, 2003 by a new 27-year agreement (the "**Hyperion Agreement**").

Key Provisions. The City and Los Angeles agreed that the Hyperion Agreement, which calculates each entity's payment obligations for wastewater treatment services (includes capital,

operations, and maintenance costs) on both flow and strength, is consistent with the Clean Water Act requirements. The Hyperion Agreement does not cap the amount of discharge from the City to Los Angeles, although any increased discharge over 5.5 mgd will incur additional cost.

The Hyperion Agreement provides for wastewater to flow in two directions:

- Los Angeles sends a small amount of water to the City each year for treatment at the BWRP. Los Angeles conveyed approximately 0.175 mgd to the City for treatment in fiscal year 2012-13.
- The City sends wastewater to Los Angeles for treatment. The City discharged approximately 0.25 mgd from the BWRP as sludge to the Los Angeles Wastewater System in fiscal year 2012-13.

Treatment of Capital Costs at Hyperion Plant. The City's share of the capital costs of the Hyperion Plant under the Hyperion Agreement is treated as a capital cost of the Enterprise and not as an element of Operation and Maintenance Costs.

Ongoing Dispute with Los Angeles. The City and Los Angeles disagree about the calculation of amounts owed by the City to Los Angeles under the Hyperion Agreement.

The City's cost of discharging wastewater to Los Angeles depends largely upon its net wastewater flow to Los Angeles. Per the Hyperion Agreement, net flow is calculated by subtracting (a) the amount of flow, measured by Los Angeles, coming from Los Angeles into the City from (b) the amount of flow, measured by the City, going into Los Angeles. The City and Los Angeles use different types of flow measuring devices.

Flow penalties can be assessed to either party for missing flow data.

Annual payments are to be made by the City based on estimated flows and strength, with reconciliation occurring in the following year once actual measured data become available.

In fiscal year 2008-09, the net flow from the City to Los Angeles was, for the first time, calculated as a negative amount. Negative net flow has continued in subsequent years. Negative net flow could arise if, in any fiscal year, Los Angeles sends more flow to the City than the City sends to Los Angeles; this scenario, while possible, is unlikely. Negative net flow could also arise due to the assessment of "flow penalties" for missing data.

The calculation of negative net flow suggested a potential problem with either or both of the City's and Los Angeles' measuring devices. Between April 1, 2008 and December 12, 2012, the City identified 329 days when Los Angeles' equipment failed to collect flow data; during that same period, the flow meter used by the City had no (zero) missed flow data. The Hyperion Agreement did not contemplate a "negative net flow" scenario.

Based on the disputed flow data, the last payment the City made to Los Angeles was in 2009 for estimated fiscal year 2008-09 flows. This fiscal year 2008-09 payment was never reconciled due to the "negative net flow" situation. After meeting several times to develop a resolution, the City and Los Angeles concluded at their last meeting on October 2013 that an independent third party was needed to evaluate the data collection processes and equipment. An independent third party has not yet been appointed.

The City set aside funds in a separate account to cover the full amount of capital and operations and maintenance costs that Los Angeles claims the City owes. The current balance in that account is \$17,070,759, which is sufficient to pay (a) the fiscal year 2012-13 invoice of \$13,455,039 for prior fiscal years through 2012-13 and (b) the fiscal year 2013-14 budgeted amount of \$3,615,720. The City also has included in its fiscal year 2014-15 budget for the Enterprise a further deposit of \$4,063,620 into this separate account.

Regulatory Issues

General. The City is not aware of any environmental or regulatory issues that would adversely impact its ability to treat wastewater in the City and to pay debt service on the 2014 Bonds.

Recycled Water - General. The City's recycled water operations are subject to regulation under Section 402 of the federal Clean Water Act, implementing regulations adopted by the United States Environmental Protection Act, the California Water Code and regulations promulgated by the California Department of Health Services. On February 3, 2009, the State Water Resources Control Board ("**SWRCB**") adopted a statewide Recycled Water Policy to support increased sustainable local water supplies by increased production and use of recycled water.

Sewer System - General. Regulatory requirements applicable to the Enterprise are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Water Board.

Enterprise-Specific Requirements. The City operates the Enterprise pursuant to the following National Pollutant Discharge Elimination System ("**NPDES**") permits:

(i) On September 9, 1991, the California Regional Water Quality Control Board, Los Angeles Region, adopted the Water Reclamation Requirements for City of Burbank Department of Public Works ("**Order No. 91-101**"). This permit does not have a stated expiration date.

(ii) On March 1, 2012, the Regional Water Quality Control Board adopted the Waste Discharge Requirements for the City of Burbank Water Reclamation Plant ("**NPDES No. CA0055531**"). This permit expires on February 10, 2017.

(iii) On November 8, 2012, the Regional Board adopted the Final Waste Discharge Requirements for Municipal Separate Storm Sewer System ("**MS4**") Discharges within the Coastal Watersheds of Los Angeles County. The City is a co-permittee in fulfilling the requirements of this State-issued municipal storm water permit, which regulates discharges of storm water and urban runoff from the storm drain systems.

The permit essentially prohibits any non-storm water discharges from entering the storm drain system. Failure to comply with any of the provisions written in the MS4 permit would subject the City to notices of violation and fines. The City does not expect the MS4 permit to impact the Enterprise because the City's storm drain system is not

part of the Enterprise; the costs of the storm drain system are paid from the City's general fund.

Historical Operations

Customer Base. The following table shows the historical number of residential customers and combined commercial and industrial customers, as well as the approximate percentages of service charge revenues derived from the residential (single family and multi-family) use and combined commercial and industrial use for the five fiscal years ended June 30, 2009 through June 30, 2013.

**Table 1
CITY OF BURBANK WASTEWATER ENTERPRISE
CUSTOMER ACCOUNTS AND PERCENTAGE OF
SEWER SERVICE CHARGE REVENUES FOR
FISCAL YEARS ENDED JUNE 30, 2009 THROUGH 2013**

| Fiscal Year Ended June 30 | Residential | | Commercial/Industrial | |
|---------------------------------|---------------------------------------|---|---------------------------------------|---|
| | Number of Customer Accounts (1) | Percentage of Sewer Service Charge Revenues | Number of Customer Accounts (1) | Percentage of Sewer Service Charge Revenues |
| 2009 | 44,639 | 62% | 3,977 | 38% |
| 2010 | 43,277 | 64 | 4,298 | 36 |
| 2011 | 43,642 | 65 | 4,364 | 35 |
| 2012 | 43,727 | 64 | 4,364 | 36 |
| 2013 | 42,290 | 64 | 3,102 | 36 |

(1) The decline in customer accounts can be partly attributed to (a) real property foreclosures in the City during the recession, (b) the high unemployment rate in the City in the years following the recession, and (c) in a number of cases, consolidation of multiple accounts into a single account as a result of property densification (e.g., conversion of single-family residence into multi-family rental projects). As of August 2013, the City's unemployment rate rose 0.8% from the previous year, from 8.0% to 8.8%.

Source: City of Burbank Financial Services Department.

Major Accounts. The City's 10 principal sewer accounts for the fiscal year ended June 30, 2013 are shown below. These accounts represented an aggregate of 7.48% of total sewer service charge revenues (\$16,534,590) for fiscal year 2012-13.

**Table 2
CITY OF BURBANK WASTEWATER ENTERPRISE
MAJOR SEWER ACCOUNTS FOR FISCAL YEAR ENDED JUNE 30, 2013**

| <u>Name of Account</u> | <u>Type of Business</u> | <u>Revenue</u> | <u>% of Total Sewer Service Charge Revenue</u> |
|-----------------------------------|-------------------------|--------------------|--|
| Providence St. Joseph | Medical | \$242,951 | 1.47% |
| Walt Disney Pictures | Entertainment | 166,582 | 1.01 |
| Burbank Glendale Pasadena Airport | Airport | 151,914 | 0.92 |
| SHC Burbank LLC | Hotel | 144,962 | 0.88 |
| Warner Bros Entertainment | Entertainment | 129,997 | 0.79 |
| Ralphs Grocery Co. | Convenience Store | 118,149 | 0.71 |
| Foto Kem Ind Inc | Media Management | 92,923 | 0.56 |
| M David Paul & Assoc | Real Estate/Constr | 67,084 | 0.41 |
| Holiday Inn Burbank | Hotel | 62,417 | 0.38 |
| Aries Beef Co. | Meat Processing | 60,225 | 0.36 |
| Total | | \$1,237,204 | 7.48% |

Source: City of Burbank.

Average Daily Flows. The following table shows the average daily flow into the BWRP for the five fiscal years ended June 30, 2009 through June 30, 2013. The decline in sewer flows in the previous five years is attributable to, among other things: (i) voluntary water conservation, which results in less use of indoor and outdoor water and more recycling of gray water; (ii) higher water rates; (iii) implementation of Building Code requirements for low-flush toilets, low-flow sink and shower heads, and waterless urinals; and (iv) economic incentives for water-efficient appliances.

**Table 3
CITY OF BURBANK WASTEWATER ENTERPRISE
AVERAGE DAILY FLOW OF ENTERPRISE FOR
FISCAL YEARS ENDED JUNE 30, 2009 THROUGH JUNE 30, 2013**

| <u>Fiscal Year Ended</u> <u>June 30</u> | <u>Average Daily</u> <u>Flow into BWRP (mgd)</u> |
|--|---|
| 2009 | 9.00 |
| 2010 | 9.00 |
| 2011 | 8.17 |
| 2012 | 8.23 |
| 2013 | 8.36 |

Source: City of Burbank Public Works Department.

See "- Projected Operations" below.

Rates and Charges

Rate-Making Authority. The City Council of the City establishes the rates for the Enterprise as well as the policies regarding wastewater discharged into the City system and

enforcement actions. The rates prescribed by the City Council are not subject to approval or regulation by any other governmental entity but, pursuant to the Municipal Code, must be just and reasonable. The Public Works Department of the City administers and executes the policies and rates established by the City Council. The Public Works Director oversees the Public Works Department and serves at the direction of the City Manager.

The City adopts its rates and charges on an annual basis in accordance with Articles XIII C and XIII D of the California Constitution. This process is usually done each year during the budget review process. See "RISK FACTORS RELATING TO THE BONDS - Articles XIII C and XIII D of the California Constitution."

Sewer Service Charge. The City imposes a monthly sewer service charge on dischargers. The sewer service charge incorporates all costs of sewage collection, treatment and disposal, including administrative and general expenses and certain capital costs. The sewer service charge is based upon four cost components:

- operations and maintenance
- capital requirements
- the City's portion of costs associated with the operation and maintenance of Los Angeles' wastewater treatment
- the City's portion of costs associated with the capital requirements of Los Angeles wastewater treatment.

The charges for capital requirements and operation and maintenance costs for the Los Angeles Wastewater System are treated as costs of the Enterprise and are passed on to the ratepayers through the rates set by the City Council. The charges depend on whether the ratepayer is residential or non-residential.

Residential Sewer Service Charge (Group I). Residents in the City are categorized as Group I Residential and pay a flat rate every month dependent upon whether the residence is a single- or multiple-family residential dwelling. For fiscal year 2013-2014:

- the single-family residential rate is \$22.79 per month
- the multiple-family residential rate is \$19.44 per month for each dwelling

The Group I Residential sewer service charge is not based on water usage but reflects the actual costs associated with providing sewer services.

Non-Residential Sewer Service Charges (Groups II-VI). Commercial, industrial and institutional users are grouped into five other categories:

- Group II Commercial/Industrial includes businesses such as retail stores, professional offices, hospitals, warehouses, and theatres.
- Group III Commercial/Industrial includes businesses with higher wastewater strength such as hotels, repair and service stations, and manufacturing industries.
- Group IV Commercial/Industrial includes businesses with the highest wastewater strength such as bakeries, restaurants, and supermarkets.
- Group V Institutional includes schools, social service halls, and membership organizations.
- Group VI Large Volume Users includes all users whose wastewater discharge quantity is more than 25,000 gallons per day on an annual average basis.

These customers pay a sewer service charge based on the type of business/industry and strength of the wastewater produced.

Sewer Facilities Charge. The Sewer Facilities Charge is a one-time capacity charge imposed on all newly-constructed or expanded structures and for increases in occupancy of an existing structure or parcel of land. This charge is an investment in the capacity necessary in the Enterprise to receive the wastewater generated by these structures, and it assures that current customers are not unfairly burdened with the cost of future capacity. The Sewer Facilities Charge equitably distributes facility costs to future users based on their demands on the Enterprise. The Sewer Facilities Charge is based upon the expected strength of an applicant's wastewater, measured by biochemical oxygen demand and suspended solids discharged into the system, as well as the required hydraulic capacity in the Enterprise.

Connection Fees. The Connection Fee is a one-time permit fee. All structures in the City with plumbing fixtures or piping that convey sewage or liquid waste must be connected to the Enterprise. Buildings and structures are connected to the City's sewer mainline by sewer lateral lines.

To connect to the City's sewer mainline, the property owner must obtain an excavation permit and a sewer connection permit from the Public Works Permit Section.

For sewer construction entirely on private property, the owner must obtain a plumbing permit from the Building Department and an excavation permit from the Public Works Permit Section.

Historical Rates. The following table shows the five-year history of the City's sewer service and sewer facilities charges; it does not include connection fees.

Table 4
CITY OF BURBANK WASTEWATER ENTERPRISE
FIVE-YEAR HISTORY OF SEWER SERVICE
AND SEWER FACILITIES CHARGES

| Year and Effective Date | Monthly Sewer Service Charges | | Sewer Facilities Charges | |
|-------------------------|-------------------------------|-----------------------|--------------------------|-----------------------|
| | Single Family Dwelling | Multi-Family Dwelling | Single Family Dwelling | Multi-Family Dwelling |
| July 1, 2009 | 20.01 | 17.07 | \$814.00 | \$667.00 |
| July 1, 2010 | 21.01 | 17.92 | 814.00 | 667.00 |
| July 1, 2011 | 21.85 | 18.64 | 814.00 | 667.00 |
| July 1, 2012 | 22.34 | 19.06 | 814.00 | 667.00 |
| July 1, 2013 | 22.79 | 19.44 | 814.00 | 667.00 |

Source: City of Burbank Public Works Department.

Comparative Rates. The following table sets forth the monthly sewer service charges and the sewer facilities charges charged to single family dwelling customers within the City and the comparable charges and fees charged to such customers in certain other cities as of June 30, 2013.

Table 5
CITY OF BURBANK WASTEWATER ENTERPRISE
MONTHLY RESIDENTIAL SEWER SERVICE AND
SEWER FACILITIES CHARGES FOR THE
CITY AND CERTAIN OTHER CITIES
(as of June 30, 2013)

| City | Monthly Sewer Service Charges | Sewer Facilities Charges |
|----------------|-------------------------------|--------------------------|
| | Single Family Dwelling | Single Family Dwelling |
| Alhambra | \$16.19 | \$493 |
| Glendale | 18.29 | 950 |
| Burbank | 22.34 | 814 |
| Pasadena | 22.98 | 1,595 |
| Culver City | 26.33 | 2,247 |
| San Fernando | 28.32 | 1,798 |
| Santa Monica | 32.24 | 2,239 |
| Los Angeles | 32.63 | 950 |

Source: City of Burbank Public Works Department.

Billing and Collection. Sewer Facilities Charges are billed and due at the time the building permit relating to such facilities is granted. Sewer service charges are billed monthly by the City's Burbank Water and Power. Electric, refuse, water and sewer service charges are issued jointly in a general utility bill. The general utility bill is due within 15 days from the date the bill is delivered or mailed. All services may be disconnected if payment is 15 days

delinquent. Delinquent fees and charges may be made a lien against the property, placed on the tax roll of the county and collected in the same manner as ad valorem taxes.

The delinquency rates for collection of payment for electric, refuse, water and sewer services of the City (expressed as a percentage of annual total revenues received by the City for the use of such utility systems) for the five fiscal years ended June 30, 2009 through June 30, 2013, are set forth in the following table.

Table 6
CITY OF BURBANK WASTEWATER ENTERPRISE
DELINQUENCY RATES FOR
COLLECTION OF PAYMENT FOR ELECTRIC,
REFUSE, WATER AND SEWER SERVICES
FOR FIVE YEARS ENDED JUNE 30, 2009 THROUGH JUNE 30, 2013

| Fiscal Year | Delinquency Rate (percent) | | | |
|-------------|----------------------------|--------|-------|---------------|
| | Electric | Refuse | Water | Sewer Service |
| 2009 | 0.12% | 0.61% | 0.15% | 0.53% |
| 2010 | 0.18 | 0.45 | 0.18 | 0.40 |
| 2011 | 0.13 | 0.27 | 0.10 | 0.24 |
| 2012 | 0.09 | 0.48 | 0.19 | 0.50 |
| 2013 | 0.12 | 0.47 | 0.18 | 0.49 |

Source: Burbank Water and Power

Employee Costs

The Enterprise pays a portion of certain City employee costs; the costs fall in two categories:

- labor costs of employees of the Enterprise
- 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 include a variety of benefit costs; see Appendix D for a description of the City's defined benefit plans.

The following table shows the number of Enterprise employees and the Enterprise's labor costs for the past five fiscal years:

| <u>Fiscal Year</u> | <u>Enterprise Employees (FTEs)</u> | <u>Salaries and Benefits</u> |
|--------------------|------------------------------------|------------------------------|
| 2008-09 | 11.000 | \$1,263,670 |
| 2009-10 | 11.000 | 1,369,798 |
| 2010-11 | 12.200 | 1,482,093 |
| 2011-12 | 11.247 | 1,306,634 |
| 2012-13 | 11.297 | 1,344,202 |

Capital Improvement Program

The City Council adopted a five-year Capital Improvement Program (“CIP”) budget on June 11, 2013 as part of the fiscal year 2013-14 budget process. The CIP plans for five years and is updated annually.

The CIP for the Enterprise is summarized below

Table 7
CITY OF BURBANK WASTEWATER ENTERPRISE
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2013-14 THROUGH 2017-18

| Project | FY 13-14 Adopted | FY 14-15 Projected | FY 15-16 Projected | FY 16-17 Projected | FY 17-18 Projected | Total |
|--|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Beachwood Force Main Replacement Project | \$750,000 | \$8,000,000 | \$1,275,000 | -- | -- | \$10,025,000 |
| Sewer upgrades | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 4,500,000 |
| Repair of Pump Stations | 200,000 | 80,000 | 80,000 | 80,000 | 80,000 | 520,000 |
| Water Reclamation Plant Operation Improvements | 400,000 | 612,539 | 340,000 | 400,000 | 250,000 | 2,002,539 |
| Sewer maintenance hole repair | 20,000 | 50,000 | 50,000 | 50,000 | 50,000 | 220,000 |
| Hyperion Capital | 863,280 | 1,035,936 | 1,243,123 | 1,491,748 | 1,790,097 | 6,424,184 |
| Total | \$3,133,280 | \$10,678,475 | \$3,888,123 | \$2,921,748 | \$3,070,097 | \$23,691,723 |

(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.

Source: City of Burbank.

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

Enterprise Fund

The City accounts for operations of the Enterprise in its Water Reclamation and Sewer Fund. At the end of the 2012-13 fiscal year, the unrestricted balance was \$33,280,000 while net assets totaled \$82,762,000.

Enterprise Reserves

Reserve Policy. The City's current wastewater reserve policy is to maintain a 60-day working capital reserve for the Enterprise and for operating expenses related to the Hyperion plant. This City's reserve policy also addresses future capital construction: the City calculates the projected capital payments for the next five years and reserves 20% of those projected payments per year.

The City's reserve policy is subject to change. 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 an audited history of the balance in cash accounts and available reserve accounts of the Enterprise.

**Table 8
CITY OF BURBANK WASTEWATER ENTERPRISE
CASH ACCOUNTS AND RESERVES**

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> | <u>FY 2012-13</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Cash ⁽¹⁾ | \$22,186,962 | \$17,760,213 | \$20,160,072 | \$25,565,059 | \$17,520,636 |
| Reserve Funds ⁽²⁾ : | | | | | |
| Hyperion | 880,518 | 880,518 | 880,518 | 880,518 | 13,455,039 |
| Market value adjustment ⁽³⁾ | (493,345) | (195,731) | (234,549) | (359,789) | (655,650) |
| Refunded 2004 Bonds debt service reserve | 1,458,826 | 1,458,826 | 1,458,826 | 1,458,826 | 1,493,514 |
| 1993 Series A arbitrage rebate | 18,544 | -- | -- | -- | -- |

Source: City of Burbank, Financial Services Department.

(1) "Operating Cash" is defined as the cash available to fund operations.

(2) "Reserve Funds" is defined as the cash available in (i) a Hyperion reserve related to a dispute between the City and Los Angeles (see " - Hyperion Agreement"), which will be used, if necessary, to pay Los Angeles following a resolution of the dispute, with the remainder becoming Operating Cash, (ii) the debt service reserve fund for the 2004 Bonds (which will be applied in full to the refunding of the 2004 Bonds) and (iii) other cash reserve funds.

(3) At year's end, the City does a mark-to-market adjustment on its investments, per GASB 31. In fiscal year 2012-13, the City recognized losses as a result of the Lehman Brothers bankruptcy in calendar year 2008, which caused negative balances for most funds in fiscal years 2008-09 through 2012-13.

Balance Sheets

The following tables are the comparative statements of net assets for periods ending June 30, 2012, and June 20, 2013:

Table 9
CITY OF BURBANK WASTEWATER ENTERPRISE
WATER RECLAMATION AND SEWER FUND
STATEMENT OF NET ASSETS
Fiscal Years Ended June 30, 2012 and 2013
(\$ In Thousands)

| | Fiscal Year 2011-12 | Fiscal Year 2012-13 |
|---|------------------------|------------------------|
| ASSETS | | |
| Current assets: | | |
| Pooled cash and cash equivalents | \$26,085 | \$30,319 |
| Accounts receivable | 1,261 | 1,759 |
| Interest Receivable | 81 | 82 |
| Restricted non-pooled investments | -- | 1,494 |
| Prepaid expenses | 99 | 2 |
| Total current assets | <u>27,526</u> | <u>33,656</u> |
| Non-current assets: | | |
| Deferred bond issuance costs | 629 | -- |
| Restricted non-pooled investments | 1,459 | -- |
| Advances receivable | 50 | 2 |
| Pension/OPEB Asset | -- | 194 |
| Total other non-current assets | <u>2,138</u> | <u>196</u> |
| Capital assets: | | |
| Land | 5,316 | 5,316 |
| Land improvements | 6,096 | 6,096 |
| Buildings and improvements | 115,025 | 115,833 |
| Machinery and equipment | 2,374 | 2,366 |
| Construction in progress | 26 | 414 |
| Less accumulated depreciation | <u>(62,674)</u> | <u>(66,024)</u> |
| Total capital assets, net of accumulated depreciation | 66,163 | 64,001 |
| Total non-current assets | <u>68,301</u> | <u>64,197</u> |
| Total assets | \$95,827 | \$97,853 |
| Deferred loss on bond refunding | -- | 253 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 92 | 102 |
| Accrued expenses | 274 | 474 |
| Compensated absences | 4 | 4 |
| Customer deposits | 103 | 83 |
| Bond interest payable | 57 | 53 |
| Current portion of revenue bonds | <u>740</u> | <u>780</u> |
| Total current liabilities | 1,270 | 1,496 |
| Long-term liabilities (net of current portion): | | |
| Revenue bonds | 14,440 | 13,739 |
| Compensated absences | 161 | 109 |
| Total long-term liabilities | <u>14,601</u> | <u>13,848</u> |
| Total liabilities | 15,871 | 15,344 |
| Net assets: | | |
| Invested in capital assets, net of related debt | 50,983 | 49,482 |
| Unrestricted (deficit) | <u>28,973</u> | <u>33,280</u> |
| Total net assets | \$79,956 | \$87,762 |

Source: City of Burbank Comprehensive Annual Financial Statements Fiscal Years Ended June 30, 2012, June 30, 2013.

Historical Financial Results

The following table presents a summary of the operating results of the Enterprise for the five fiscal years ended June 30, 2009 through June 30, 2013.

For additional information on the financial results of the Enterprise, see "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013" herein.

Table 10
CITY OF BURBANK WASTEWATER ENTERPRISE
WATER RECLAMATION AND SEWER FUND
(Dollars in Thousands)

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> | <u>FY 2012-13</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | |
| Charges for services (1) | \$14,171 | \$14,459 | \$14,941 | \$15,915 | \$16,606 |
| Total Operating Revenues | 14,171 | 14,459 | 14,941 | 15,915 | 16,606 |
| Operating Expenses | | | | | |
| Operations and Maintenance (2) | 6,737 | 6,085 | 6,346 | 6,219 | 6,429 |
| Inspection and Investigation | 1,698 | 1,760 | 1,797 | 1,654 | 1,821 |
| Design and Permits | 659 | 785 | 895 | 1,037 | 1,145 |
| Refuse Disposal | -- | -- | 5 | -- | -- |
| Depreciation (3) | 3,764 | 3,326 | 3,843 | 3,846 | 3,375 |
| Total Operating Expenses | 12,858 | 11,956 | 12,886 | 12,756 | 12,770 |
| Operating Income (Loss) | 1,313 | 2,503 | 2,055 | 3,159 | 3,836 |
| Non Operating Income/ (Expense) | | | | | |
| Interest Income (4) | 585 | 833 | 401 | 273 | (187) |
| Intergovernmental | -- | 271 | | | |
| Interest Expense | (781) | (758) | (691) | (652) | (826) |
| Other income (expense) -net | 35 | 253 | (9) | 29 | 16 |
| Total Non-Operating Income (Expenses) | (161) | 599 | (299) | (350) | (997) |
| Income (loss) before capital contributions and transfers | 1,152 | 3,102 | 1,756 | 2,809 | 2,839 |
| Transfers out | -- | -- | -- | -- | (33) |
| Change in net position | 1,152 | 3,102 | 1,756 | 2,809 | 2,806 |
| Net position, July 1 | 71,137 | 72,289 | 75,391 | 77,147 | 79,956 |
| Net position, June 30 | \$72,289 | \$75,391 | \$77,147 | \$79,956 | \$82,762 |

- (1) The increases in service charge revenue in the five-year period is attributable to the City's annual rate increases.
- (2) The City paid Los Angeles for estimated service charges in fiscal year 2008-09, but did not pay Los Angeles for estimated service charges in fiscal year 2009-10 and thereafter. See "Hyperion Agreement - Ongoing Dispute with Los Angeles" above. In addition, between fiscal years 2008-09 and 2009-10, overtime was reduced and merit pay was eliminated as part of budget cuts.
- (3) Declines in this category in fiscal year 2009-10 are attributable to write-off of fully budgeted assets. Increases in later years are attributable to the purchase of vehicles and other major assets.
- (4) Fluctuations in this category are attributable to changes in the invested fund balances. Interest income in fiscal year 2012-13 was negative because of a market value adjustment under GASB 31.

Source: City of Burbank Comprehensive Annual Financial Statement Fiscal Years June 30, 2009 through June 30, 2013.

The following table presents a summary of the operating results of the Enterprise, debt service and debt service coverage for the five fiscal years ended June 30, 2009 through June 30, 2013, calculated in accordance with the provisions of the Indenture.

Table 11
CITY OF BURBANK WASTEWATER ENTERPRISE
HISTORICAL SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30, 2009 THROUGH 2013
(Dollars in Thousands)

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> | <u>FY 2012-13</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | |
| Charges for services | \$13,989 | \$14,431 | \$14,878 | \$15,663 | \$16,549 |
| Sewer Facilities Charges/Connection fees | 182 | 28 | 63 | 252 | 57 |
| Interest earnings | 585 | 833 | 401 | 273 | (187) |
| Intergovernmental (1) | -- | 271 | -- | -- | -- |
| Other revenue | 43 | 253 | -- | 174 | 115 |
| Total Revenues | 14,799 | 15,816 | 15,342 | 16,362 | 16,534 |
| Less Expenses: | | | | | |
| Operations & maintenance (2) | 9,033 | 8,480 | 8,756 | 8,663 | 9,068 |
| Other expenses (3) | 69 | 151 | 297 | 392 | 427 |
| Total Expenses | 9,102 | 8,631 | 9,053 | 9,055 | 9,495 |
| Net Revenues | 5,697 | 7,185 | 6,289 | 7,307 | 7,039 |
| Debt Service | | | | | |
| 2004 Bonds | 1,418 | 1,421 | 1,414 | 1,417 | 1,419 |
| Debt Service Coverage (4) | 4.02x | 5.06x | 4.45x | 5.16x | 4.96x |
| Beginning Balance (5) | 23,916 | 22,572 | 18,443 | 20,804 | 26,083 |
| Plus: Revenues after Debt Service | 4,279 | 5,764 | 4,875 | 5,890 | 5,620 |
| Less: Capital Expenditures and Other Payments | (5,623) | (9,893) | (2,514) | (611) | (1,775) |
| Ending Balance (5) | 22,572 | 18,443 | 20,804 | 26,083 | 29,928 |

Source: City of Burbank Financial Services Department.

(1) Intergovernmental revenues includes funds for seismic retrofit of Enterprise facilities.

(2) Excludes depreciation.

(3) Excludes interest expense.

(4) Equals Net Revenues divided by Total Debt Service.

(5) Includes amounts reserved for payments under the Hyperion Agreement pending the resolution of the City's dispute with Los Angeles. See "Hyperion Agreement - Ongoing Dispute with Los Angeles" above.

Projected Financial Results

The following table presents a summary of the projected operating results of the Enterprise, debt service and debt service coverage for the five fiscal years ending June 30, 2014 through June 30, 2018, calculated in accordance with the provisions of the Indenture.

The projections are based on the following assumptions.

Revenues: The projections assume annual rate adjustments of 2.5% per year, no change in number of sewer accounts and no change in flow and strength by non-residential users.

Expenses: The projections assume annual Operation and Maintenance Costs of the Enterprise will increase 2.5% annually, primarily as a result of inflation, increased pension costs and increased costs for operation and maintenance and capital improvements to the Los Angeles Wastewater System.

Interest earnings: The projections assume annual interest earnings on Enterprise funds of 1.0%.

No Parity Debt: The projections assume that the City will pay any capital improvement requirements from annual revenues and will not incur Parity Obligations. 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 2014 Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the 2014 Bonds.

Table 12
CITY OF BURBANK WASTEWATER ENTERPRISE
PROJECTED SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30,
(Dollars in Thousands)

| | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues: | | | | | |
| Charges for services (1) | \$16,246 | \$16,650 | \$17,065 | \$17,492 | \$17,929 |
| Sewer Facilities Charges/ Connection fees | 173 | 173 | 173 | 173 | 173 |
| Interest earnings (2) | 320 | 344 | 88 | 76 | 71 |
| Other revenue (3) | 1,559 | 50 | 25 | -- | -- |
| Total Revenues | 18,298 | 17,217 | 17,351 | 17,741 | 18,173 |
| Less Expenses: | | | | | |
| Operations & maintenance (4) | 9,244 | 13,044 | 13,518 | 14,016 | 14,371 |
| Other expenses (5) | 34 | 88 | 35 | 35 | 35 |
| Total Expenses | 9,278 | 13,132 | 13,553 | 14,051 | 14,406 |
| Net Revenues | 9,020 | 4,085 | 3,798 | 3,690 | 3,767 |
| Debt Service | | | | | |
| 2004 Bonds | 1,422 | | | | |
| 2014 Bonds* | | 1,233 | 1,233 | 1,237 | 1,235 |
| Total Debt Service* | 1,422 | 1,233 | 1,233 | 1,237 | 1,235 |
| Debt Service Coverage* (6) | 6.34x | 3.31x | 3.08x | 2.98x | 3.05x |
| Beginning Balance (7) | 29,928 | 34,393 | 26,868 | 25,245 | 24,776 |
| Plus: Revenues after Debt Service* | 7,598 | 2,852 | 2,565 | 2,453 | 2,532 |
| Less: Capital Expenditures (8) | (3,133) | (10,678) | (3,888) | (2,922) | (3,070) |
| Ending Balance* (7) | \$34,393 | \$26,568 | \$25,245 | \$24,776 | \$24,328 |

* Preliminary; subject to change. Debt service is based on estimated market interest rates as May 6, 2014.

- (1) Assumes planned 2.5% annual rate increase in each year through fiscal year 2017-18 and no rate increase thereafter. Also assumes no increase in accounts.
- (2) Assumes an interest rate of 1.0% each year.
- (3) Of this amount, \$1,417,000 consists of one-time reimbursement for capital expenditures previously paid by the City from Enterprise funds.
- (4) Excludes depreciation. Assumes 2.5% annual increase in Operation and Maintenance Costs. Includes amounts projected to be owing on a current basis under the Hyperion Agreement.
- (5) Excludes interest expense.
- (6) Equals Net Revenues divided by Total Debt Service.
- (7) Includes amounts previously reserved for payments under the Hyperion Agreement following the resolution of the pending dispute.
- (8) See Table 7.

Source: City of Burbank Financial Services Department.

RISK FACTORS RELATING TO THE 2014 BONDS

Payment of principal of and interest on the 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 wastewater collection, treatment, disposal and re-use services will be realized in the future.

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 2014 BONDS – Rate Covenant" for a summary of the City's covenant to increase revenues to generate specific amounts of Net Revenues.

The City's rate covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay debt service on the 2014 Bonds. In addition, see "- Articles XIII C and XIII D 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 XIII C and XIII D of the California Constitution."

Risks Related to the Hyperion Agreement

The City is not aware of any risk factors associated with the Los Angeles Wastewater System and the Hyperion Agreement that would adversely impact its ability to pay debt service on the 2014 Bonds.

The City and Los Angeles are in a dispute about the amounts owed by the City to Los Angeles under the Los Angeles Wastewater Contract for previous fiscal years. The City is confident that it has set aside sufficient funds to cover the full amount that Los Angeles has estimated that the City might owe for operation and maintenance and capital costs for those years.

Environmental Laws and Regulations

Wastewater collection treatment disposal and re-use facilities 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 2014 Bonds. See "THE ENTERPRISE - Regulatory Issues."

Demand and Usage; Drought

There can be no assurance that the local demand for services provided by the Enterprise will continue according to historical levels. In addition, drought conditions and voluntary or mandatory water conservation measures could decrease usage of the services of the Enterprise. California is currently in the midst of one of the worst droughts in its recorded history.

Reduction in the level of demand or usage could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenants. Such rate increases could increase the likelihood of nonpayment.

In this regard, it should be noted that Group I Residential sewer service charges, which accounted for approximately 64% of sewer service charge revenue in fiscal year 2012-13, are not based on water usage. Instead, they reflect the actual costs associated with providing sewer

services. However, commercial/industrial rates are based on the type of business/industry, and the amount of flow and strength of the wastewater produced.

A significant amount of the water use in the City is attributable to landscaping, which results in inflow to the storm drain system rather than the sewer collection system. As a result, the City anticipates two primary impacts on the Enterprise from a drought: (i) in the event of a severe drought, there could be a decrease in sewer influent as a result of a drought-related decline in general economic activity in the City and (ii) wastewater treatment costs could increase as a result of saltier influent, which could result from saltier domestic water sources.

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 2014 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. Wildfires 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.

In 2010, the City managed a seismic retrofit project to seismically upgrade three buildings at the water reclamation plant. The retrofitted buildings were the Administration Building, the Operations Building and the Aeration/Blower Building.

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.

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.

Limited Recourse on Default

Failure by the City to pay debt service on the 2014 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 2014 Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. See also “- Articles XIIC and XIID 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 2014 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 XIIC and XIID of the California Constitution.” Furthermore, the remedies available to the owners of the 2014 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 2014 Bonds will be subject to such limitations and the various other legal opinions to be

delivered concurrently with the issuance of the 2014 Bonds will be similarly qualified. See APPENDIX E – “FORM OF OPINION OF BOND COUNSEL.” If the City fails to comply with its covenants in the Indenture or fails to pay principal of and interest due on the 2014 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the 2014 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 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 XIII C and XIII D and the City's Rates and Charges. The City's current rate structure for fiscal year 2013-14 was adopted by the City Council on June 4, 2013 pursuant to Resolution No. 28.616, 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 wastewater rates and charges do not constitute "taxes" under Article XIII C as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIII C, they are "property-related fees imposed in accordance with the provisions of Article XIII D" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIII D) and because, as described in subsection 1(e)(2) of Article XIII C, they are charged for wastewater 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 XIII C and Article XIII D 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 2014 Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIII C and Article XIII D 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 2014 Bonds. See "- Articles XIII C and XIII D 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 2014 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 2014 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 2014 Bonds from the gross income of the Owners of the 2014 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."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2014 Bonds or, if a secondary market exists, that any 2014 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 2014 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 2014 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 2014 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2014 Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the 2014 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 2014 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 2014 Bonds.

Ownership of the 2014 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 2014 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 2014 Bonds is the price at which a substantial amount of such maturity of the 2014 Bonds is first sold to the public. The Issue Price of a maturity of the 2014 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 2014 Bonds who dispose of 2014 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2014 Bonds in the initial public offering, but at a price different from the Issue Price, or purchase 2014 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 2014 Bond's stated redemption price at maturity (the "**Reduced Issue Price**"), the purchaser will be treated as having purchased a 2014 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 2014 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 2014 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 2014 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2014 Bonds.

An investor may purchase a 2014 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 2014 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 2014 Bond. Investors who purchase a 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any 2014 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 2014 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 2014 Bonds is exempt from California personal income taxes.

Ownership of the 2014 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 2014 Bonds. Prospective purchasers of the 2014 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 2014 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, 2013, together with the report dated November 12, 2013 of White Nelson Diehl Evans, 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, Larkspur, California, Bond Counsel, will render an opinion with respect to the validity of the 2014 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 2014 Bonds.

LITIGATION

In connection with issuance of the 2014 Bonds, the City will certify that there is no litigation pending or, to the City’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2014 Bonds, to contest the validity of the 2014 Bonds, the Indenture or any proceedings of the City with respect thereto.

Also in connection with issuance of the 2014 Bonds, the City will certify that there are no lawsuits or claims pending against the City that will materially affect the Enterprise Fund so as to impair the ability of the City to pay principal of and interest on the 2014 Bonds when due.

RATINGS

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“**S&P**”) and Moody’s Investors Service (“**Moody’s**”) assigned the rating of “AA+” and “Aa2”, respectively, to the 2014 Bonds. Each such rating reflects only the views of such organization and an explanation of the significance of such ratings may be obtained from the rating agency.

There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2014 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 2014 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 Financial Advisor

has assisted the City in in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring and sale of the 2014 Bonds. The Financial Advisor has not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein.

The fee of the Financial Advisor is contingent upon the sale and delivery of the 2014 Bonds.

CONTINUING DISCLOSURE

2014 Undertaking. The City has covenanted for the benefit of owners and beneficial owners of the 2014 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, 2014, 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).

Existing Undertakings. The City and its related governmental entities -- including the Burbank Public Finance Authority (the "**BPFA**"), the Redevelopment Agency of the City of Burbank ("**BRA**") and the City in its capacity as the successor agency, and Burbank Water and Power ("**BWP**")¹ -- previously entered into 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, 2013 – Note 8").

Compliance in the Past Five Years. The City retained NBS to undertake a review of the compliance of the City and its related governmental entities with their continuing disclosure undertakings during the past five years. Based on a report prepared by NBS, the City and its related governmental entities failed on the occasions identified below during the past five years to fully comply, in all material respects, with their disclosure undertakings. The City and these related entities have now made all required filings and established procedures that will ensure compliance with all material requirements of their continuing disclosure undertakings in the future.

City of Burbank. The following summarizes the City's compliance failures in the last five years:

¹ The City's Public Service Department was established in 1913 under the laws of the State, to supervise the generation, purchase, distribution and sale of electricity and the purchase, distribution and sale of water. In 2000, the name of the Public Service Department was changed to Burbank Water and Power. Burbank Water and Power provides service to all electric and water customers within the City. The City owns and operates an integrated electric system which includes generation, transmission and distribution facilities (the "Electric System") and a water transmission and distribution system (the "Water System" and, together with the Electric System, the "Enterprise"). Continuing disclosure compliance for Burbank Water and Power is supervised by different staff than continuing disclosure compliance for other City entities.

City of Burbank Waste Disposal Revenue Bonds Series 2002B

On one occasion (for a rating change that occurred on 11/30/11), the City failed to file a bond insurer-related rating change notice on a timely basis. On six other occasions (rating changes that occurred on 11/21/08, 5/11/09, 10/12/09, 11/12/09, 2/24/10, and 10/25/10), the City included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

City of Burbank Waste Disposal Refunding Revenue Bonds, Series 2012

On one occasion (fiscal year 2011-12), the City failed to file its financial statements on a timely basis by more than one week.

On two occasions (fiscal years 2011-12, 2012-13), the City failed to include information on solid waste collections as required by the annual report.

City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A

On one occasion (fiscal year 2010-11), the City failed to file its financial statements on a timely basis by more than one week.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09 and 03/25/10), the City included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds

On one occasion (fiscal year 2008-09), BRA failed to file its financial statements on a timely basis by more than one week, and on two occasions (fiscal years 2010-11, 2011-12), the City failed to file its financial statements on a timely basis by one week or less.

Burbank Water and Power. The following summarizes BWP's compliance failures in the last five years:

Burbank Water and Power Electric Revenue Refunding Bonds, Series 2012A

On two occasions (fiscal years 2011-12, 2012-13), the BWP filed its unaudited financial statements on a timely basis, but failed to file its audited financial statements on a timely basis.

Burbank Water and Power Water Revenue Bonds, Series 2010B

On one occasion (fiscal year 2011-12), BWP filed its unaudited financial statements on a timely basis, but failed to file its audited financial statements on a timely basis.

Burbank Redevelopment Agency/City of Burbank as Successor Agency. The following summarizes compliance failures by BRA and the City, as successor agency, in the last five years:

Burbank Public Financing Authority Revenue Bonds, 2002 Series A (Redevelopment Agency of the City of Burbank - West Olive Redevelopment Project)

On one occasion (fiscal years 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed less than one week late.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09 and 03/25/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2003 Series A (Golden State Redevelopment Project)

On two occasions (fiscal years 2008-09, 2010-11), the BRA/City failed to file its financial statements on a timely basis by more than one week; on one occasion (fiscal year 2011-12) the financial statements were filed less than one week late.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (for rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09, and 03/25/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2003 Series B (South San Fernando Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

Burbank Public Financing Authority Revenue Bonds, 2003 Series C (City Centre Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

On three occasions (for rating changes that occurred on 05/04/09, 01/17/13, 03/18/14), the BRA/City failed to file required bond insurer-related rating change notices, as they related to the underlying bonds, on a timely basis. On eight other occasions (for

rating changes that occurred on 11/21/08, 05/11/09, 07/01/09, 10/12/09, 11/12/09, 02/24/10, 10/25/10, and 11/30/11), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2007 Series A (Golden State Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

On three occasions (for rating changes that occurred on 03/24/09, 03/25/09, and 04/22/09), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On four other occasions (for rating changes that occurred on 07/31/08, 11/24/08, 12/19/08, and 03/05/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

UNDERWRITING

The 2014 Bonds are being purchased by _____ (the “**Underwriter**”) at competitive sale. The Underwriter has agreed to purchase the 2014 Bonds at a price of \$_____ (which price is equal to the aggregate principal amount of the 2014 Bonds, plus original issue premium of \$_____ and less an Underwriter’s discount of \$_____). The Underwriter has agreed to purchase all of the 2014 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 2014 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. 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 2014 Bonds.

The summaries of certain provisions of the 2014 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, 2013, are contained in APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2013.”

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

CITY OF BURBANK

By _____
City Manager

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due on the Bonds and all Parity Obligations in such Fiscal Year, assuming that all Bonds and Parity Obligations are retired as scheduled, plus (2) the principal amount of all Bonds and Parity Obligations falling due by their terms in such Fiscal Year; provided, that as to any Parity Obligations bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be one hundred ten percent (110%) of the greater of (A) the daily average interest rate on such Parity Obligations during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Parity Obligations have borne interest) or (B) the most recent effective interest rate on such Parity Obligations prior to the date of such calculation; and provided further, that as to any such Parity Obligations having twenty-five percent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of such Parity Obligations; and provided further, that as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and provided further, that the amount on deposit in the reserve account for any Parity Obligations on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligations and in each preceding year until such amount is exhausted; and provided further, that Annual Debt Service shall not include interest on Parity Obligations which is to be paid from amounts constituting capitalized interest; and provided further, that if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Obligations to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Parity Obligations, plus (ii) the amounts payable by the City under such interest rate swap agreement, less (iii) the amounts receivable by the City under such interest rate swap agreement, are greater than the interest payable on such Parity Obligations, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Obligations shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in the first proviso of this definition.

“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 Wastewater Refunding Revenue Bonds, Series 2014, issued and at any time Outstanding under the Indenture.

“Bond Year” means any twelve-month period commencing on June 2 in a year and ending on the next succeeding June 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 June 1, 2015.

"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 reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or reuse of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the City and the Escrow Bank, providing for the defeasance of the Refunded 2004 Bonds.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., appointed by the City to act as escrow bank under the Escrow Agreement, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in the Escrow Agreement.

"Escrow Fund" means the fund by that name established pursuant to the Escrow Agreement.

"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, rates, tolls and charges (including connection fees and standby 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 and excluding the proceeds of any casualty or eminent domain award.

"Hyperion Agreement" means the agreement dated April 8, 2003, by and between the City and the City of Los Angeles, entitled "Agreement between the City of Los Angeles and the City of Burbank for the Conveyance, Treatment and Disposal of Wastewater," as amended from time to time.

"Indenture" means the Indenture of Trust, dated as of June 1, 2014, 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.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed 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; (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City, and (d) is judged by the City to have experience in matters relating to the engineering matters relating to wastewater system enterprises.

"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 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 June 1 and December 1 in each year, beginning December 1, 2014, and continuing so long as any Bonds remain Outstanding.

"Maximum Annual Debt Service" means, as of any date of calculation by the City, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of the Bonds and all Parity Obligations.

"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 sound 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, amounts payable under the Hyperion Contract (to the extent such costs are properly characterized as maintenance and operation costs under sound accounting principles) 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. Operation and Maintenance Costs also includes amounts payable with respect to any State revolving fund loans secured by revenues of the Enterprise.

"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.

"Parity Obligations" means all bonds, notes or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the Bonds pursuant to the Indenture. Parity Obligations shall not include state revolving fund loans, which are payable as Operation and Maintenance Costs.

"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 Owners 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 section 16429.1 of the California Government Code.

(j) The Los Angeles 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 June 1 in each year, beginning June 1, 2015, 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.

"Refunded 2004 Bonds" means the 2004 Bonds maturing on and after June 1, 2015, in the principal amount of \$13,330,000.

"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.

"Revenue Fund" means the Water Reclamation and Sewer Fund 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.

"Sinking Account" means the account by that name in the Bond Fund established pursuant to the Indenture, if required.

"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 The Bank of New York Mellon Trust Company, N.A., appointed by the City to act as trustee under and 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.

"2004 Bonds" means the \$19,130,000 City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$13,330,000 remains outstanding as of the Closing Date.

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.

At the end of three 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

The Bonds and any Parity Obligations 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 and any Parity Obligations 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 the Indenture. So long as any of the Bonds or any Parity Obligations 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 Revenue Fund. All Gross Revenues shall be held in trust by the City in the Revenue 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 Revenue 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 Revenue 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 and the Sinking 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 and shall withdraw from the Revenue Fund and transfer amounts required for the payment of debt service on any Parity Obligations. The transfers required to pay debt service on the Bonds and any Parity Obligations shall be made without preference or priority and, in the event moneys in the Revenue Fund are not sufficient to pay the debt service requirement for the Bonds and any Parity Obligations, the City shall pay such amounts on a pro rata basis based on the debt service requirements for the Bonds and each outstanding Parity Obligations.

(iii) **Replenishment of Any Reserve Fund.** Following the transfer of amounts required to pay debt service on the Bonds and any Parity Obligations, the City shall withdraw from the Revenue Fund and transfer amounts required to replenish the reserve fund created for the Parity Obligations, if any, to the requirement thereof.

(iv) **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 Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Moneys in the Bond Fund. 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; *provided, however*, that a Sinking Account shall be created only if the winning bidder for the Bonds elects to create term bonds), 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;

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; and

Third: to the Sinking Account, the aggregate amount of 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 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.

Application of Sinking Account

All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely for the purposes of paying the sinking fund installments of the Bonds when due and payable.

Notwithstanding the foregoing, if some but not all of the Bonds have been theretofore redeemed, the total amount of all future mandatory Sinking Account payments shall be reduced by the aggregate principal amount of Bonds so redeemed, allocated among such mandatory Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the City (notice of which determination shall be given to the Trustee).

Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund.

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 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 Encumbrances. Except as provided in the Indenture, the City covenants that the property, facilities and improvements of the Enterprise shall not be voluntarily 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 unsecured 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 Gross 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 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 and any Parity Obligations 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 such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(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 percent (120%) of the total Debt Service Payments on the Bonds and any debt service on Parity Obligations coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues.

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

Parity Obligations. Additional obligations may be issued on a parity with the Bonds and any then existing Parity Obligations subject to the following specific conditions which are made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Bonds or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in the Indenture.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the instrument issuing such Parity Obligations are issued, as shown by the books of the City, plus, at the option of the City, either or both of the items hereinafter in this covenant designated (A) and (B), but excluding connection charges, shall at least equal one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations under the Indenture are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which the City determines are of benefit to the Enterprise, or for the purpose of refunding any Bonds or Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on June 1 and December 1 in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1; and

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

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.

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, so long as any Bonds or Parity Obligations remain outstanding, but only if and to the extent available at reasonable cost from reputable insurers, a standard comprehensive general insurance policy or policies in protection of the City and its members, officers, agents, assignees and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Enterprise. Said policy or policies shall provide coverage in such liability amounts and shall be subject to such deductibles as shall be customary with respect to works and property of a like character. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Casualty Insurance. The City shall procure and maintain or cause to be procured and maintained, so long as any Bonds or Parity Obligations remain outstanding, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the Enterprise, covering such hazards as are customarily covered with respect to works and property of like character. Such insurance may be subject to deductible clauses which are customary with respect to works and property of a like character. Such insurance may be maintained as part of or in conjunction with any other casualty insurance coverage carried by the City and may be maintained, in whole or in part, in the form of self-insurance by the City, subject to the provisions of the Indenture, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise.

Insurance Net Proceeds; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies. The City shall annually, on or before December 1, deliver to the Trustee a certificate to the effect that the City has complied with the requirements of the Indenture. In the event that any insurance required pursuant to the Indenture shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of an independent actuarial consultant identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from Net Revenues or from such reserves. The Trustee shall provide copies of all said certificates and notifications to the Owner.

Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, at the election of the City (evidenced by a Written Certificate of the City filed with the Trustee and the City) shall be used for the lease, acquisition or construction of improvements or extension of the Enterprise.

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) consecutive 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) consecutive 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; *provided, however,* that abandonment by the City shall not constitute an Event of Default if such abandonment was caused by unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market and unusually severe weather or any similar even and/or occurrences beyond the control of the City; 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2013**

[THIS PAGE INTENTIONALLY LEFT BLANK]

ABOUT THE COVER

On Friday, July 8, 2011, on the anniversary of its incorporation, the City of Burbank celebrated its 100th year, marking the occasion throughout the year with more than a hundred free events and crowned by the biggest bash of all – the Party of the Century in Downtown Burbank.

Featuring great food from Downtown Burbank restaurants, an air parade, multiple stages, top local bands and DJs performing live, a mascot parade, children's entertainers, stilt walkers, Centennial memorabilia and community booths, the Party of the Century was the ultimate night on the town and perfect opportunity to dance, party, mingle and rejoice in a sensational celebration. Encompassing six city blocks including San Fernando Boulevard, Palm Avenue, AMC Walkway, Orange Grove and Olive Avenue, it expressed the civic pride and community spirit that have characterized Burbank's first 100 years.

But things really heated up when the sun went down. That's when the grand finale with a stunningly choreographed firework show capped off the festivities in a profusion of light and sound.

The Centennial Celebration was made possible by fifteen sponsors at four different levels, in addition to a myriad of in-kind support from local businesses. Special thanks to the Burbank City Federal Credit Union for sponsoring the fireworks finale. The Party of the Century was truly a special moment in Burbank's history and one that will not be forgotten.

Cover Design & Graphics:

Cassidy Allen (Graphic Media Designer - City of Burbank)

Photos:

Rick Meyer

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**CITY OF BURBANK
BURBANK, CALIFORNIA**

FISCAL YEAR ENDED June 30, 2013

Prepared by :
Financial Services Department
Cindy Giraldo
Financial Services Director

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|--|------|
| Letter of Transmittal..... | I |
| Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting..... | VIII |
| Organization Chart..... | X |

FINANCIAL SECTION

| | |
|---|---|
| Independent Auditors' Report..... | 1 |
| Management's discussion and analysis..... | 4 |

BASIC FINANCIAL STATEMENTS :

| | |
|--|----|
| Statement of Net Assets..... | 18 |
| Statement of Activities..... | 19 |
| Balance Sheet - Governmental Funds..... | 20 |
| Reconciliation of the fund balances of governmental funds to net assets of governmental activities in the Statement of Net Assets | 22 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Governmental Funds..... | 23 |
| Reconciliation of the statement of revenues, expenditures and changes in fund balances (deficits) of governmental funds to the Statement of Activities..... | 27 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (General Fund)..... | 28 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Low/Moderate Income Housing Special Revenue fund)..... | 30 |
| Statement of Net Assets - Proprietary Funds..... | 31 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Proprietary Funds..... | 33 |
| Statement of Cash Flows - all Proprietary Funds..... | 34 |
| Statement of Net Assets - Fiduciary Funds..... | 36 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Fiduciary Funds..... | 37 |
| Notes to Basic Financial Statements..... | 38 |

REQUIRED SUPPLEMENTARY INFORMATION 89

**COMBINING FUND FINANCIAL STATEMENTS AND BUDGET AND ACTUAL SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (SUPPLEMENTARY INFORMATION):**

Governmental Funds :

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Public Financing Authority Debt Service fund)..... | 90 |
| Combining Balance Sheet - Nonmajor Governmental Funds..... | 91 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds..... | 95 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Nonmajor Governmental Funds..... | 99 |

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2013**

TABLE OF CONTENTS

Proprietary Fund Activities :

Nonmajor Enterprise Funds

| | |
|--|-----|
| Combining Statement of Net Assets..... | 114 |
| Combining Statement of Revenues, Expenses, and Changes in fund Net Assets..... | 115 |
| Combining Statement of Cash Flows..... | 116 |

Internal Service Funds

| | |
|--|-----|
| Combining Statement of Net Assets..... | 118 |
| Combining Statement of Revenues, Expenses, and Changes in fund Net Assets..... | 120 |
| Combining Statement of Cash Flows..... | 122 |

STATISTICAL SECTION

(Unaudited)

Table

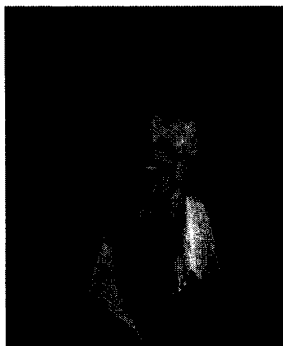
| | | |
|----|--|-----|
| 1 | Net Assets by Component (accrual basis) - Last Ten Fiscal Years..... | 126 |
| 2 | Changes in Net Assets (accrual basis) - Last Ten Fiscal Years..... | 127 |
| 3 | Fund Balances of Governmental Funds (modified accrual basis) - Last Ten Fiscal Years..... | 133 |
| 4 | Changes in Fund balances of Governmental Funds (modified accrual basis) - Last Ten Fiscal Years..... | 134 |
| 5 | Electricity Sold by Type of Customer - Last Ten Fiscal Years..... | 136 |
| 6 | Electricity Rates - Last Ten Fiscal Years..... | 137 |
| 7 | Largest Electrical Customers - Current and Nine Years Ago..... | 138 |
| 8 | Ratios of Outstanding Debt by Type - Last Ten Fiscal Years..... | 139 |
| 9 | Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years..... | 141 |
| 10 | Schedule of Direct and Overlapping Debt..... | 142 |
| 11 | Legal Debt Margin Information - Last Ten Fiscal Years..... | 143 |
| 12 | Pledged Revenue Coverage - Last Ten Fiscal Years..... | 144 |
| 13 | Demographic and Economic Statistics - Last Ten Fiscal Years..... | 146 |
| 14 | Principal Employers - Current and Four Years Ago..... | 147 |
| 15 | Full-Time and Part-Time City Employees by Function..... | 148 |
| 16 | Operating Indicators by Function - Last Ten Fiscal Years..... | 149 |
| 17 | Capital Asset Statistics - Last Ten Fiscal Years..... | 151 |
| 18 | City Employees with Earnings over \$200 Thousand | 153 |
| 19 | Schedule of Credits..... | 154 |

INTRODUCTORY SECTION

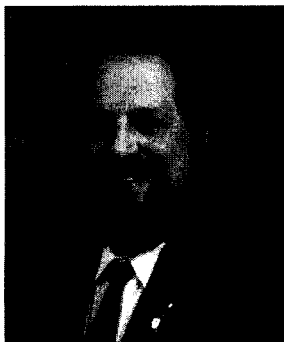
The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Burbank, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

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

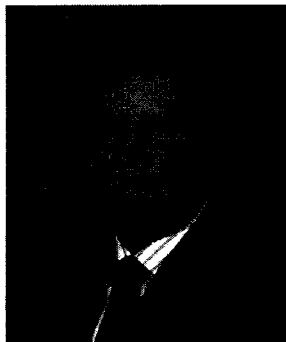
City of Burbank's Elected Officials and Principal Officers



Emily Gabel-Luddy
Mayor



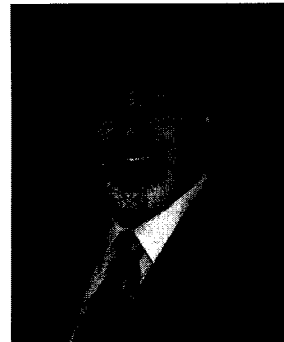
Dr. David Gordon
Vice Mayor



Gary Bric
Council Member



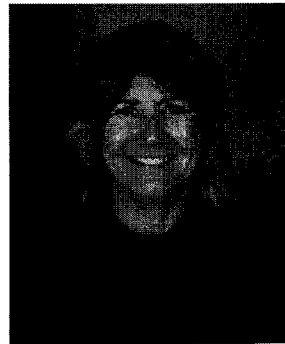
Bob Frutos
Council Member



Jess Talamantes
Council Member



Zizette Mullins
City Clerk



Debbie Kukta
City Treasurer



CITY OF BURBANK
OFFICE OF THE CITY MANAGER
(818) 238-5800
FAX (818) 238-5804

November 12, 2013

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, 2013. 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 White Nelson Diehl Evans 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, 2013, 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, 2013, 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 complement 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 105,578.

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 elected at-large for four year terms. 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 programs; public infrastructure improvements; planning and zoning; and general administrative and support services.

Financial Control Policy

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 re-appropriated 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 assigned fund balances at year-end per Governmental Accounting Standards Board (GASB) #54.

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 showing strength in commercial, residential and retail development. The City continues to focus on projects promoting 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.

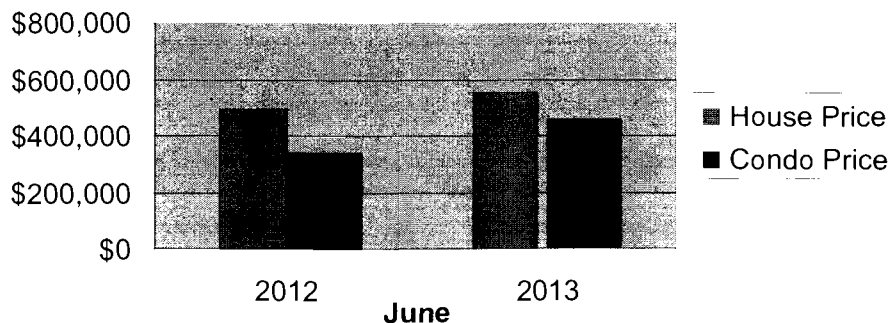
In fiscal year 2012-13 cumulative Sales Tax revenues decreased 3.4%. Sales Tax comprises approximately 21.5% of the total General Fund revenue. The decrease was due to the economic downturn and various significant Board of Equalization refunds. The City will continue to enjoy a very diversified stream of sales tax revenues in the General Fund during FY 2013-14.

Transient Occupancy Tax (TOT) contributed \$6.4 million to the General Fund of the City of Burbank. This represents an increase of 8.7%. In fiscal year 2012-13, TOT represented 4.8% of the City's total General Fund revenue base.

Transient Parking Tax contributed \$2.8 million to the General Fund of the City of Burbank as activity at the pay parking lots within the City decreased. This represents a slight decrease of \$16,000 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.

Burbank's housing market showed a robust increase in single-family home prices as reflected in a median home price of \$589,000 in June 2013, compared to \$525,000 in June 2012. Condominium sales reflected an even greater increase, with a median value of \$425,000 in June 2013, compared to \$318,000 in June 2012.

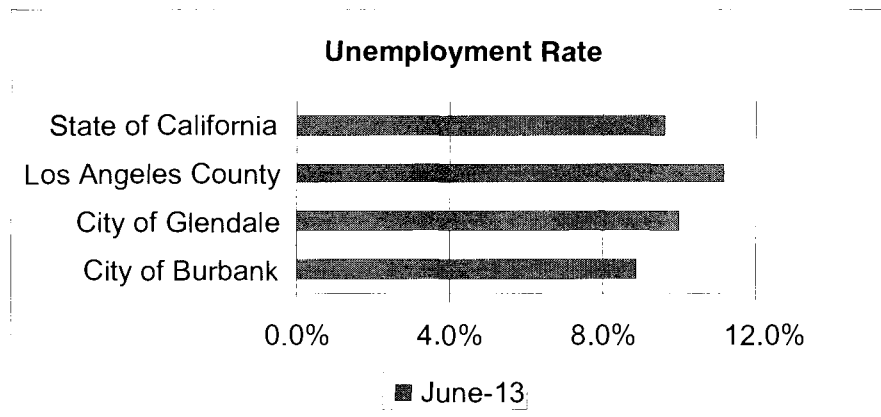
Burbank Median Housing Prices



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; Focus on retail attraction, retention and expansion; Position Burbank as a travel destination; Continue to identify and encourage strategic opportunities innovative and entrepreneurial development within the City; and Enhance outreach and communications.

Retail sales in Downtown Burbank continue to thrive with activity anchored by AMC movie theaters and IKEA, with several national 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, PF Chang's and Granville Cafe. Burbank's Downtown features a desirable mix of local and national restaurants. Downtown also has 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 the Gap Factory Store, The Melt, Wild Carvery and Bank of the West.

Burbank's office space vacancy is 12.5% compared to 9.5% in June 2012 with strong rental rates averaging \$2.68 per square foot. The employment picture is better when compared to the County and State, as evidenced by an unemployment rate of 8.3% in June 2013, compared to Glendale's rate of 8.9%, L.A. County's rate of 10.2%, and California's rate of 8.8%.



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 reviewed 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 2013-14 are as follows: \$4.9M for street improvements, \$8.9M for wastewater, and \$33.1M for various projects in the electric and water, funds. Total projected improvements for the next fiscal

year are \$52.1M. These investments reflect the City Council's commitment to maintain or improve the City of Burbank, and provide 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 0.932% for the general portfolio, compared to 1.37% in fiscal year 2011-12.

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 \$1 million. 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 \$1 million and \$5 million, and the City purchases an Excess Comprehensive General Liability Policy for \$45 million of insurance, for a total of \$50 million in coverage.

The City is self-insured for Workers' Compensation up to \$2 million 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.

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 with retirement and disability benefits. These are provided 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 a portion of the employees' required contributions on their behalf and for their account. The City has been actively negotiating to reduce this

employee pension contribution. Also, the City decreased the pension liability with a \$9 million payment for General Fund employees and a \$4.4 million payment for Enterprise Fund employees.

The City provides access to post-retirement health and dental care benefits to employees in accordance with vendor contracts and agreements with the various employees' bargaining groups. The City pays a minimum employer contribution amount per their contract with CalPERS. This is what is referred to as PEMCHA. This amount is determined by CalPERS each year and reduces the medical plan deduction amount on each individual retiree pension check (current amount is \$115 per month). The City is then billed for each minimum employer contribution (or PEMCHA offset) on their monthly invoice from CalPERS. If a retiree is not enrolled in a CalPERS medical plan, there is no employer contribution. As of June 30, 2013, the City was providing benefits to approximately 525 retiree 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 150 retired participants as of June 2013.

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, 2012. This was the 29th 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.

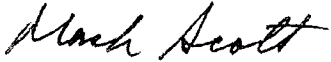
The Certificate of Achievement for Excellence in Financial Reporting from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its 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. We also acknowledge the work of Interim City Manager Ken Pulskamp during fiscal year 2013, as well as our team of department managers and their staffs.

In closing, without the leadership and financial discipline demonstrated by 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,



MARK SCOTT
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, 2012. This was the 29th 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.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

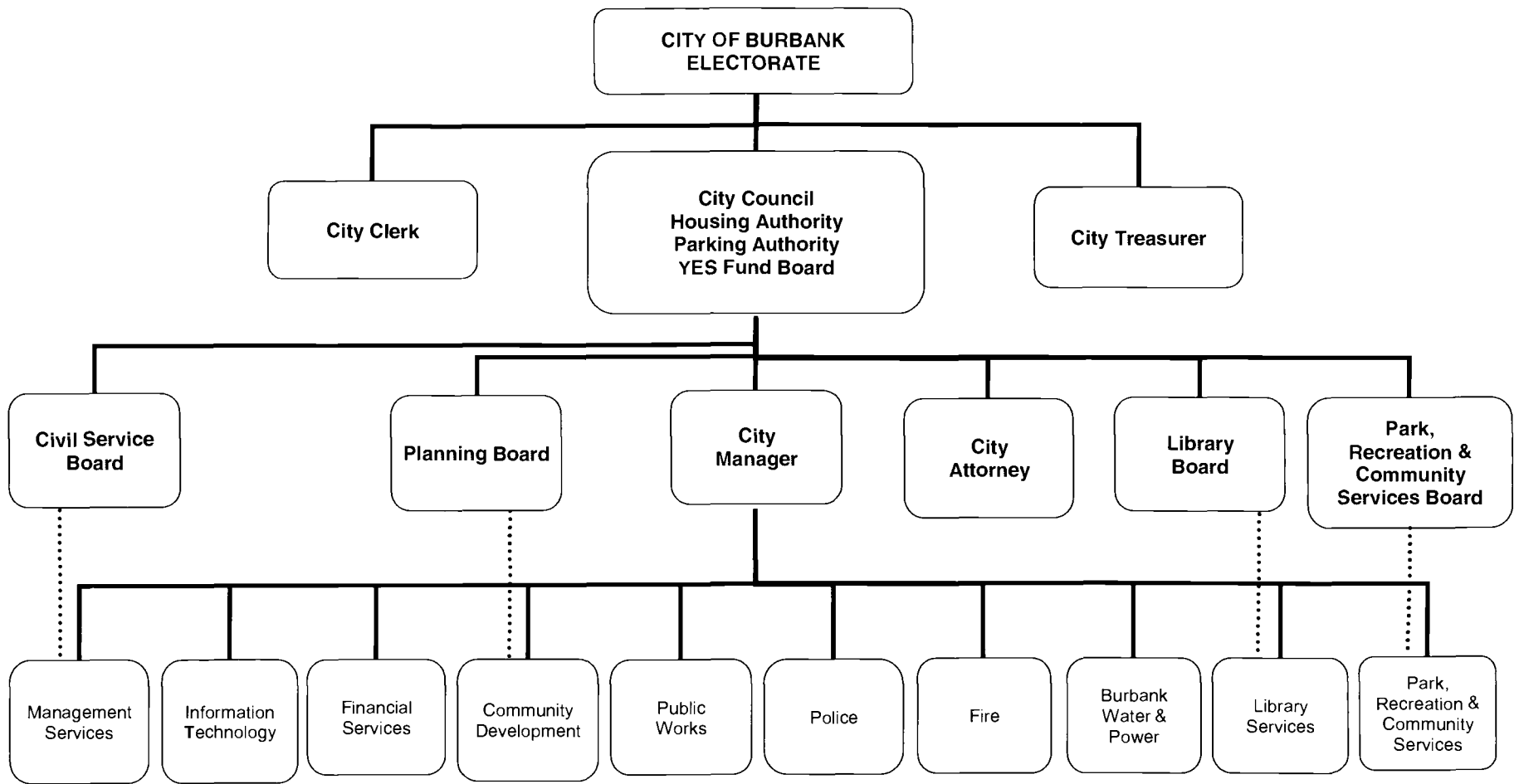
Presented to

**City of Burbank
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



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 Housing Corporation
 Burbank Water and Power Board

Civic Pride Committee
 Heritage Commission
 Landlord-Tenant Commission
 Senior Citizen Board

Sustainable Burbank Commission
 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

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above 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 of Burbank, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Low/Moderate Income Housing Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 22 to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in a \$1,950,000 reduction of previously reported net position of the Successor Agency Private Purpose Trust Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Matters (Continued)

Other Information

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 fund financial statements and budget and actual schedules of revenues, expenditures and changes in fund balances (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

White Nelson Dickerson LLP

Irvine, California
November 12, 2013

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, 2013. 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.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,454,534,000 (net assets). Of this amount, \$370,943,000 (Unrestricted net assets) may be used to meet the City's ongoing obligations.
- The city's total net assets increased by \$3,190,000 during the current fiscal year due to the increased Enterprise fund revenues.
- As of June 30, 2013, the City's governmental funds reported combined fund balances of \$288,071,000 a decrease of \$10,532,000 from the prior year. Of this amount, \$42,625,000 or approximately 15% of total fund balances are unassigned fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43,189,000 or 30% 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 position presents information on all of the City's assets, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 22 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 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 18 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 31 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 38 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 88 of this report.

Supplementary information on non-major 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 90 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 \$1,454,534,000 at the close of the most recent fiscal year.

The largest portion of the City's net assets (70%) reflects its net investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment,

City Of Burbank

Management's Discussion and Analysis

etc.), less any related debt used to acquire those assets that are 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 net 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 (4%) represent resources that are subject to external restrictions on how they may be used. Of these restricted net assets, nearly all 4% 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 Position as of June 30, 2013 and 2012 (000's):

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|--------------------|--------------------------|----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Assets : | | | | | | |
| Current and other assets | \$ 440,629 | \$ 438,593 | 199,878 | 192,034 | 640,507 | 630,627 |
| Capital assets | 735,494 | 750,743 | 447,761 | 434,593 | 1,183,255 | 1,185,336 |
| Total assets | 1,176,123 | 1,189,336 | 647,639 | 626,627 | 1,823,762 | 1,815,963 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred loss on bond refunding | - | - | 253 | - | 253 | - |
| Liabilities : | | | | | | |
| Current and other liabilities | 43,285 | 36,966 | 45,156 | 39,872 | 88,441 | 76,838 |
| Long-term liabilities | 103,949 | 110,313 | 177,091 | 177,468 | 281,040 | 287,781 |
| Total liabilities | 147,234 | 147,279 | 222,247 | 217,340 | 369,481 | 364,619 |
| Net Position : | | | | | | |
| Net Investment in capital assets | 736,794 | 750,743 | 287,055 | 273,150 | 1,023,849 | 1,023,893 |
| Restricted | 59,742 | 86,936 | - | - | 59,742 | 86,936 |
| Unrestricted | 232,353 | 204,378 | 138,590 | 136,137 | 370,943 | 340,515 |
| Total net position | \$1,028,889 | \$1,042,057 | 425,645 | 409,287 | 1,454,534 | 1,451,344 |

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 increased by \$3,190,000 during the current fiscal year. The key component of this increase was in increase in the various tax revenues the City receives. More detailed analysis of major fund income is presented beginning on page 12.

City Of Burbank

Management's Discussion and Analysis

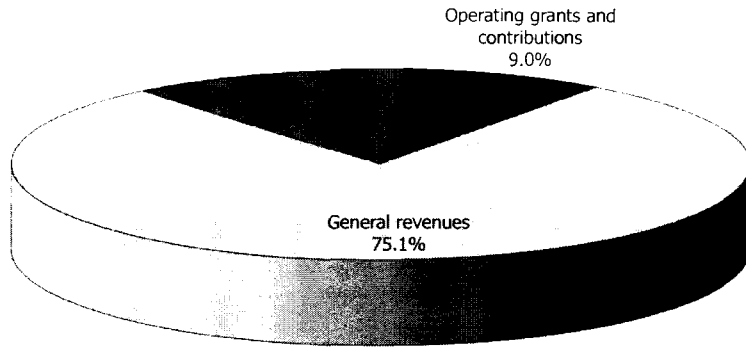
TABLE 2-The City's Changes in Net Position (000's) for the years ended June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|--------------------|--------------------------|-----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues : | | | | | | |
| Program revenues : | | | | | | |
| Charges for services | \$ 33,979 | \$ 24,530 | 281,339 | 262,292 | 315,318 | 286,822 |
| Operating grants and contributions | 19,040 | 17,869 | 1,898 | 4,502 | 20,938 | 22,371 |
| Capital grants and contributions | - | - | 732 | 1,705 | 732 | 1,705 |
| General revenues : | | | | | | |
| Property tax | 46,499 | 46,328 | - | - | 46,499 | 46,328 |
| Sales tax | 32,967 | 31,352 | - | - | 32,967 | 31,352 |
| Utility users tax | 20,237 | 19,784 | - | - | 20,237 | 19,784 |
| Motor-vehicle in-lieu tax | 8,574 | 8,436 | - | - | 8,574 | 8,436 |
| Investment earnings | 7,802 | 9,565 | 43 | 2,358 | 7,845 | 11,923 |
| Other | 31,516 | 43,184 | 2,469 | 2,218 | 33,985 | 45,402 |
| Total revenues | <u>200,614</u> | <u>201,048</u> | <u>286,481</u> | <u>273,075</u> | <u>487,095</u> | <u>474,123</u> |
| Expenses : | | | | | | |
| General government | 15,976 | 7,437 | - | - | 15,976 | 7,437 |
| Police | 50,557 | 48,453 | - | - | 50,557 | 48,453 |
| Fire | 32,743 | 31,543 | - | - | 32,743 | 31,543 |
| Public works | 51,496 | 39,573 | - | - | 51,496 | 39,573 |
| Community Development | 46,976 | 71,720 | - | - | 46,976 | 71,720 |
| Parks & Recreation | 18,526 | 19,803 | - | - | 18,526 | 19,803 |
| Library | 6,736 | 6,961 | - | - | 6,736 | 6,961 |
| Interest on long-term debt | 2,955 | 13,936 | - | - | 2,955 | 13,936 |
| Water reclamation & sewer | - | - | 13,596 | 13,408 | 13,596 | 13,408 |
| Nonmajor funds | - | - | 2,460 | 2,576 | 2,460 | 2,576 |
| Electric utility | - | - | 199,755 | 190,725 | 199,755 | 190,725 |
| Water utility | - | - | 25,957 | 24,126 | 25,957 | 24,126 |
| Refuse collection & disposal | - | - | 16,172 | 14,810 | 16,172 | 14,810 |
| Total expenses | <u>225,965</u> | <u>239,426</u> | <u>257,940</u> | <u>245,645</u> | <u>483,905</u> | <u>485,071</u> |
| Increase (decrease) in net assets before transfers | <u>(25,351)</u> | <u>(38,378)</u> | <u>28,541</u> | <u>27,430</u> | <u>3,190</u> | <u>(10,948)</u> |
| Extraordinary gain/(loss) on dissolution of redevelopment agency #1 | - | (37,354) | - | - | - | (37,354) |
| Extraordinary gain/(loss) on dissolution of redevelopment agency #2 | - | 153,953 | - | - | - | 153,953 |
| Transfers | <u>12,183</u> | <u>11,651</u> | <u>(12,183)</u> | <u>(11,651)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net assets | <u>(13,168)</u> | <u>89,872</u> | <u>16,358</u> | <u>15,779</u> | <u>3,190</u> | <u>105,651</u> |
| Net assets, July 1 | <u>1,042,057</u> | <u>952,185</u> | <u>409,287</u> | <u>393,508</u> | <u>1,451,344</u> | <u>1,345,693</u> |
| Net assets, June 30 | <u>\$1,028,889</u> | <u>\$1,042,057</u> | <u>425,645</u> | <u>409,287</u> | <u>1,454,534</u> | <u>1,451,344</u> |

Governmental Activities. Governmental activities decreased the City's net assets by \$13,168,000 mostly due to increased capital improvements. Total expenses decreased by 6%, while general revenues and transfers decreased by 45%.

City Of Burbank
Management's Discussion and Analysis

Revenues - Governmental Activities



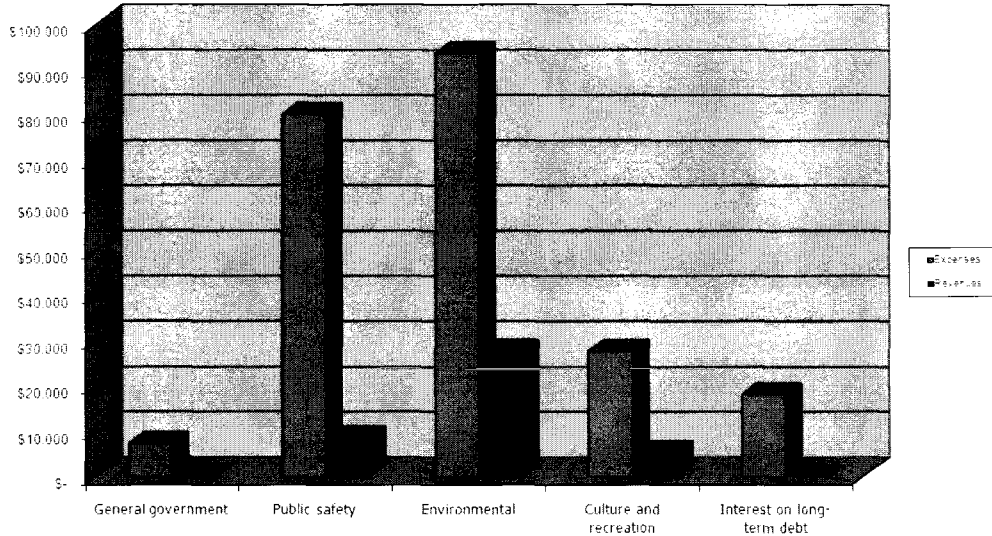
General Revenues - Governmental Activities



City Of Burbank
Management's Discussion and Analysis

- *Taxes decreased overall during the current year. Property taxes were flat due to the dissolution of the Redevelopment Agency, and utility user's taxes increased 3%. Sales taxes increased 6%. The net overall decrease in taxes was 7%, or \$9,207,000.*

**Expenses and Program Revenues -
 Governmental**



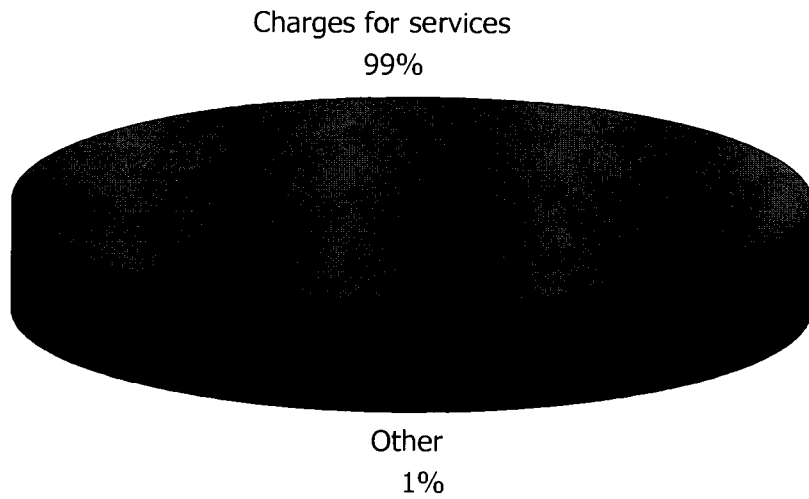
- *The charts above illustrate the City's governmental expenses and revenues by source. Public Safety (Police and Fire departments, 35%) is the largest function in expense, followed by Environmental (Public Works and Community Development departments, 19%), and Culture and Recreation (Library, and Parks and Recreation departments, 10%). 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 (32%), followed by sales taxes (22%), utility users tax (14%), and investment earnings (5%).*

Business-type Activities. Business -type activities increased the City's net assets by \$16,358,000, accounting for 100% 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:

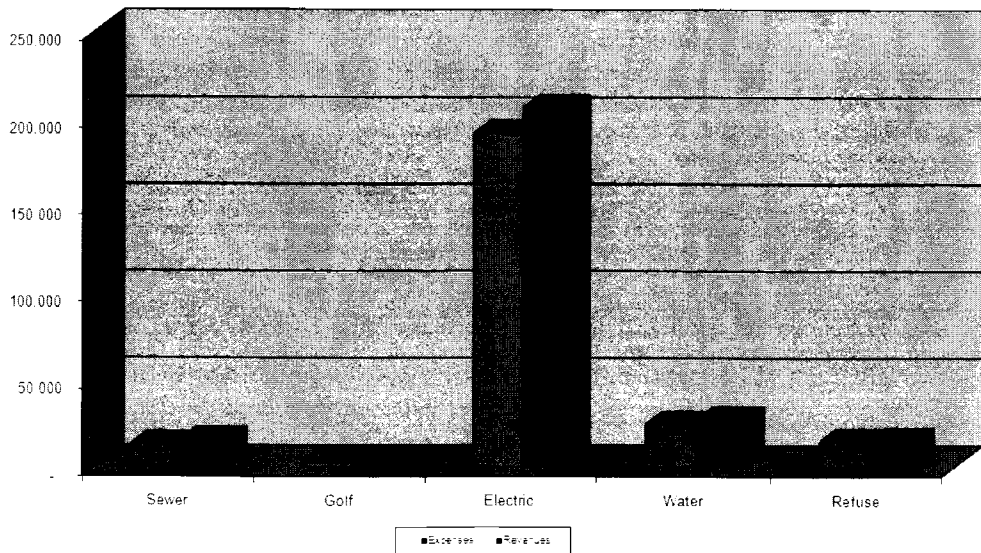
- *Rate increases were the primary factor leading to additional service charge revenue in all proprietary funds. The Electric utility fund had increased net assets of \$12,971,000; mainly due to improved expense management.*

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 \$288,071,000. Approximately 15% of fund balances (\$42,625,000) 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 or assigned 1) to liquidate contracts and purchase orders of the prior period (\$51,716,000), 2) to pay debt service (\$85,429,000), 3) Reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources (\$58,508,000), 4) to show amounts related to long-term notes (\$37,170,000), and 5) for a variety of other restricted purposes (\$12,623,000).

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 \$43,189,000, while the total fund balance was \$94,894,000. 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 30% of total General Fund expenditures of \$143,062,000, while total fund balance represents 67% of that same amount.

The fund balance of the City's General Fund increased by \$8,329,000 during the current fiscal year. Key factors of this increase are as follows:

- Sales tax was \$1,615,000 higher due new retail businesses opening in the City.

Significant budget variances in the General fund, from original budget to final, included a \$442,000 increase in the police, \$263,000 for the fire department budget and \$408,000 for the Community Development budget, composed of various budget entries to balance the budget, transfers in from holding accounts, and mid-year appropriation adjustments.

The Low and Moderate Income Housing (Low/Mod) fund holds all capital project housing activities. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$48,333,000. The unassigned fund balance represents 0% of total Low/Mod fund expenditures of \$4,388,000. The fund balance of the Low/Mod fund increased by \$10,955,000 during the current fiscal year. This increase is attributable to the extraordinary gain on the transfer of 20% of the advance receivable from the general fund.

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 \$30,171,000. This unassigned fund balance represents 0% of total General capital projects fund expenditures of \$26,935,000, while total fund balance represents 112% of that same amount. The fund balance of the General capital projects fund decreased by \$24,573,000 during the current fiscal year. This result is primarily attributable to the fact that the State Department of Finance reversed various asset transfers that were originally transferred to the Successor Agency.

City Of Burbank

Management's Discussion and Analysis

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 \$85,429,000. Total fund balance represents 1,295% of total Public Financing Authority capital projects fund expenditures of \$6,599,000. The fund balance decreased by \$2,592,000 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, 2013, the unrestricted net position of the enterprise funds totaled \$138,590,000 and total increase in unrestricted net position was \$8,196,000. 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 position was \$33,280,000, while total net position was \$82,762,000. The unrestricted net position represents 268% of total Water Reclamation and Sewer fund expenses of \$12,770,000, while total net position represents 673% of that same amount. The net position of the Water Reclamation and Sewer fund increased by \$2,806,000 during the current fiscal year. This increase is attributable to an increase in revenues of \$691,000 due to a 2% rate increase. 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 position was \$79,282,000, while total net position was \$265,046,000. The unrestricted net position represents 41% of total Electric Utility fund expenses of \$195,184,000, while total net position represents 136% of that same amount. The net position of the Electric Utility fund increased by \$12,971,000 during the current fiscal year. Revenues increased due to a 1.75% rate increase. 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 position was \$14,878,000, while total net position was \$59,005,000. The unrestricted net position represents 61% of total Water Utility fund expenses of \$24,616,000, while total net position represents 240% of that same amount. The net position of the Water Utility fund increased by \$974,000 during the current fiscal year. This increase is primarily attributable to increased revenues of \$1,042,000 caused by a 4.5% 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 position was \$14,029,000, while total net position was \$14,595,000. The unrestricted net position represents 87% of total Refuse Collection and Disposal fund expenses of \$16,159,000, while total net position represents 91% of that same amount. The net position of the Refuse Collection and Disposal fund increased by \$138,000 during the current fiscal year. This increase is attributable to an increase in revenues of \$138,000, due to a 3% rate increase. The rate increase was established to cover anticipated rising operational expenses. Operational expenses increased \$1,423,000.

City Of Burbank

Management's Discussion and Analysis

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, 2013, unrestricted net position of the internal service funds were \$44,766,000 and total decrease in net position for these funds were \$4,141,000.

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 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 \$16,311,000 when comparing actual amounts to the final budget for the current fiscal year. The largest savings came from public works expenditures of \$5,880,000.

General Fund revenue came in above estimates by \$2,107,000. Sales tax increased \$1,615,000.

City Of Burbank

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities amounts to \$1,183,255,000 (net of accumulated depreciation of \$632,850,000) as of June 30, 2013, and \$1,185,336,000 (net of accumulated depreciation of \$554,972,000) as of June 30, 2012. 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 decrease in the City's investment in capital assets from 2012 to 2013 was less than 1.0 percent before depreciation (an increase of less than 1.0% for governmental activities and business-type activities).

Governmental and business-type assets stayed flat.

The City has adopted a multi-year capital improvement program totaling over \$340 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 2012-13 included \$2,686,000 for municipal facilities, \$5,993,000 for pedestrian access and roadways and \$36,481,000 for various projects in the electric, water, wastewater, and refuse funds. The City had construction commitments of \$25,275,000 at June 30, 2013 and budgeted capital projects totaling \$47,596,000 for FY 2013.

City Of Burbank

Management's Discussion and Analysis

Table 3-The City's capital assets (net of accumulated depreciation) for June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|--------------------------------|-------------------|---------------------------------|----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Capital assets not being depreciated : | | | | | | |
| Land | \$ 91,998 | \$ 107,618 | 11,824 | 11,824 | 103,822 | 119,442 |
| Land held under easements | 345,277 | 345,277 | - | - | 345,277 | 345,277 |
| Construction in progress | 21,007 | 12,287 | 33,736 | 27,177 | 54,743 | 39,464 |
| Internal service fund assets | | | | | | |
| Construction in progress | 1,330 | 706 | - | - | 1,330 | 706 |
| Total capital assets not being depreciated : | 459,612 | 465,888 | 45,560 | 39,001 | 505,172 | 504,889 |
| Capital assets being depreciated : | | | | | | |
| Land improvements | 4,492 | 4,492 | 13,182 | 13,182 | 17,674 | 17,674 |
| Rights to purchased power | - | - | 1,335 | 1,335 | 1,335 | 1,335 |
| Buildings & improvements | 190,877 | 188,887 | 655,130 | 631,550 | 846,007 | 820,437 |
| Infrastructure | 296,237 | 288,734 | - | - | 296,237 | 288,734 |
| Machinery & other | 1,761 | 1,326 | 70,939 | 63,985 | 72,700 | 65,311 |
| Internal service fund assets | 76,980 | 77,389 | - | - | 76,980 | 77,389 |
| Accumulated depreciation | (294,465) | (275,973) | (338,385) | (314,460) | (632,850) | (590,433) |
| Total capital assets being depreciated, net | 275,882 | 284,855 | 402,201 | 395,592 | 678,083 | 680,447 |
| Total net capital assets | <u>\$ 735,494</u> | <u>\$ 750,743</u> | <u>447,761</u> | <u>434,593</u> | <u>1,183,255</u> | <u>1,185,336</u> |

Additional information on the City's capital assets can be found in notes to the basic financial statements on page 52 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$223,646,000, including current portion of \$10,085,000. Of this amount, \$15,315,000 represents pension obligation bonds, issued to pay for police and fire unfunded accrued actuarial liability, \$54,885,000 represents tax allocation bonds issued for redevelopment projects, and \$153,446,000 represents revenue bonds issued for various business type activities. Additions to the City's bonded indebtedness were due to the Refuse fund issuing debt totaling \$6,315,000. Deductions from long-term debt include repayments of outstanding principal totaling \$17,618,000.

Table 4-The City's outstanding bonded debt for June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|--------------------------------|------------------|---------------------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Pension Obligation bonds | 15,315 | 16,175 | - | - | 15,315 | 16,175 |
| Revenue bonds | 54,885 | 58,525 | 153,446 | 160,487 | 208,331 | 219,012 |
| Total long-term debt | <u>\$ 70,200</u> | <u>\$ 74,700</u> | <u>153,446</u> | <u>160,487</u> | <u>223,646</u> | <u>235,187</u> |

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> |
|--------------------------------|----------------|------------------|
| ▪ 1993A Golden State | | A |
| ▪ 1993A Wastewater Revenue | Aa3 | AA+* |
| ▪ 2012 Waste Disposal(taxable) | A2* | AAA+* |
| ▪ 2002 West Olive | Ba1 | BBB+* |
| ▪ 2003A Golden State | | A* |
| ▪ 2003B South San Fernando | Ba1 | BBB+* |
| ▪ 2003C City Centre | Ba1 | AA+ |
| ▪ 2004 Pension Obligation | - | - |
| ▪ 2005 Communities Facilities | - | - |
| ▪ 2007A Golden State | | A* |
| ▪ 2010A Electric Revenue | A1 | AA-* |
| ▪ 2010B Electric Revenue | A1 | AA-* |
| ▪ 2010A Water Revenue | - | AAA |
| ▪ 2010B Water Revenue | - | AA- |
| ▪ 2012A Electric Revenue | - | AA- |

* 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 2014 General Fund forecasted revenues total \$149.4M which reflects an increase of \$.2M or .1% over FY 2013. Sales tax is forecasted to decrease \$86K (0.30%) primarily due to economic conditions. Utility users tax will stay flat. Property tax is projected to stay flat.

Expenditures. The City's General Fund operating budget for FY 2013 reflects an increase of 2% in expenditures. In the FY 2012-13 budget, various positions were frozen across the city.

Economic Factors. The City's unemployment rate was 8.3% in June of 2013. This compares favorably to the County of Los Angeles' unemployment rate of 10.2%.

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 POSITION

June 30, 2013

(in thousands)

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|------------------|
| Assets : | | | |
| Cash and investments (note 4) | \$ 208,075 | 107,268 | 315,343 |
| Receivables, net (note 9) | 12,677 | 22,375 | 35,052 |
| Internal balances (note 7) | 3,159 | (3,159) | - |
| Intergovernmental receivables | 910 | - | 910 |
| Inventories | 834 | 10,520 | 11,354 |
| Prepaid items and deposits (note 15) | 106 | 23,872 | 23,978 |
| Land held for resale | 526 | - | 526 |
| Regulatory assets - deferred charges | - | 1,699 | 1,699 |
| Pension/OPEB asset (notes 6, 18 and 19) | 42,702 | 11,372 | 54,074 |
| Restricted cash and investments (note 4) | 80,059 | 25,931 | 105,990 |
| Advances receivable from Burbank Successor Agency (note 7) | 53,867 | - | 53,867 |
| Developer loans receivable | 37,714 | - | 37,714 |
| Capital assets not being depreciated (note 5) | 459,612 | 45,560 | 505,172 |
| Capital assets, net of accumulated depreciation (note 5) | 275,882 | 402,201 | 678,083 |
| Total assets | <u>1,176,123</u> | <u>647,639</u> | <u>1,823,762</u> |
| Deferred Outflows of Resources : | | | |
| Deferred loss on bond refunding | - | 253 | 253 |
| Liabilities : | | | |
| Accounts payable | 12,931 | 4,084 | 17,015 |
| Accrued liabilities (note 12) | 9,564 | 14,645 | 24,209 |
| Intergovernmental payables | 22 | - | 22 |
| Unearned revenue | - | 7,189 | 7,189 |
| Deposits | 3,658 | 12,282 | 15,940 |
| Advances payable to Burbank Successor Agency (note 7) | 2,007 | - | 2,007 |
| Bond interest payable | 80 | 679 | 759 |
| Current portion of long-term liabilities (note 8) | 15,023 | 6,277 | 21,300 |
| Long-term liabilities, net of current portion (note 8) | 103,949 | 177,091 | 281,040 |
| Total liabilities | <u>147,234</u> | <u>222,247</u> | <u>369,481</u> |
| Net Position : | | | |
| Net investment in capital assets (Note 2) | 736,794 | 287,055 | 1,023,849 |
| Restricted for : | | | |
| Public safety | 1,353 | - | 1,353 |
| Environmental | 58,389 | - | 58,389 |
| Unrestricted | 232,353 | 138,590 | 370,943 |
| Total net position | <u>\$ 1,028,889</u> | <u>425,645</u> | <u>1,454,534</u> |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF ACTIVITIES
For the Year ended June 30, 2013
(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 | \$ 15,976 | 160 | 227 | - | (15,589) | - | (15,589) |
| Police | 50,557 | 3,729 | 1,616 | - | (45,212) | - | (45,212) |
| Fire | 32,743 | 3,691 | 931 | - | (28,121) | - | (28,121) |
| Public works | 51,496 | 1,354 | 2,522 | - | (47,620) | - | (47,620) |
| Community development | 46,976 | 21,399 | 13,343 | - | (12,234) | - | (12,234) |
| Parks and recreation | 18,526 | 3,467 | 401 | - | (14,658) | - | (14,658) |
| Library | 6,736 | 179 | - | - | (6,557) | - | (6,557) |
| Interest on long-term debt | 2,955 | - | - | - | (2,955) | - | (2,955) |
| Total Governmental Activities | 225,965 | 33,979 | 19,040 | - | (172,946) | - | (172,946) |
| Business-Type Activities : | | | | | | | |
| Water Reclamation and Sewer | 13,596 | 16,606 | - | - | - | 3,010 | 3,010 |
| Golf Activities | 2,460 | 1,932 | - | - | - | (528) | (528) |
| Electric Utility | 199,755 | 218,712 | 1,881 | 524 | - | 21,362 | 21,362 |
| Water Utility | 25,957 | 27,724 | - | 208 | - | 1,975 | 1,975 |
| Refuse Collection & Disposal | 16,172 | 16,365 | 17 | - | - | 210 | 210 |
| Total Business-Type Activities | 257,940 | 281,339 | 1,898 | 732 | - | 26,029 | 26,029 |
| Total | \$ 483,905 | 315,318 | 20,938 | 732 | (172,946) | 26,029 | (146,917) |
| General revenues : | | | | | | | |
| Taxes: | | | | | | | |
| Property Tax | | | | | 46,499 | - | 46,499 |
| Sales Tax | | | | | 32,967 | - | 32,967 |
| Utility Users Tax | | | | | 20,237 | - | 20,237 |
| Franchise Tax | | | | | 5,021 | - | 5,021 |
| Motor Vehicle In-lieu Tax (Intergovernmental, unrestricted) | | | | | 8,574 | - | 8,574 |
| Transient Occupancy Tax | | | | | 6,548 | - | 6,548 |
| Transient Parking Tax | | | | | 2,805 | - | 2,805 |
| Other taxes(Triple Flip) | | | | | 242 | 26 | 268 |
| Unrestricted investment earnings | | | | | 7,802 | 43 | 7,845 |
| Grants/contributions not restricted to specific programs | | | | | 407 | - | 407 |
| Other | | | | | 16,493 | 2,443 | 18,936 |
| Transfers (note 7) | | | | | 12,183 | (12,183) | - |
| Total general revenues, contributions and transfers | | | | | 159,778 | (9,671) | 150,107 |
| Change in net position | | | | | (13,168) | 16,358 | 3,190 |
| Net position, July 1, 2012 | | | | | 1,042,057 | 409,287 | 1,451,344 |
| Net position, June 30, 2013 | | | | | \$ 1,028,889 | 425,645 | 1,454,534 |

See accompanying notes to basic financial statements

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

(in thousands)

| | General | Special Revenue Low/Mod Income Housing | Debt Service Public Fin. Authority | Capital Projects General Cap. Proj. | Nonmajor Govern- mental Funds |
|--|-------------------|--|---|--|--|
| Assets : | | | | | |
| Pooled cash and cash investments (note 4) | \$ 56,615 | 232 | 10,458 | 27,082 | 31,838 |
| Restricted non-pooled cash and cash equivalents (note 4) | - | - | 25,154 | 5,115 | - |
| Restricted investments (note 4) | - | - | 49,790 | - | - |
| Receivables, net (note 9) | 9,965 | 37,714 | 27 | 222 | 1,906 |
| Interfund receivables (note 7) | 156 | - | - | - | 52 |
| Intergovernmental receivables | 700 | - | - | 140 | 70 |
| Inventories | 90 | - | - | - | 250 |
| Prepaid items and deposits (note 15) | 63 | - | - | 30 | 1 |
| Land held for resale | - | 526 | - | - | - |
| Advances receivable-general city (note 7) | 3,507 | - | - | - | - |
| Advances receivable-successor agency (note 7) | 42,550 | 10,637 | - | 680 | - |
| Total assets | <u>\$ 113,646</u> | <u>49,109</u> | <u>85,429</u> | <u>33,269</u> | <u>34,117</u> |
| Liabilities : | | | | | |
| Accounts payable | \$ 3,219 | 776 | - | 2,296 | 4,313 |
| Accrued liabilities (note 12) | 9,564 | - | - | - | - |
| Interfund payable (note 7) | 1 | - | - | - | 218 |
| Intergovernmental payables | 22 | - | - | - | - |
| Deposits | 3,441 | - | - | - | 19 |
| Advances payable-general city (note 7) | - | - | - | - | 323 |
| Advances payable-successor agency (note 7) | 1,327 | - | - | 680 | - |
| Total liabilities | <u>17,574</u> | <u>776</u> | <u>-</u> | <u>2,976</u> | <u>4,873</u> |
| Deferred inflows of resources : | | | | | |
| Unavailable revenues | 1,178 | - | - | 122 | - |
| Fund balances : | | | | | |
| Nonspendable: | | | | | |
| Advances | 46,057 | 10,637 | - | 680 | - |
| Land held for resale | - | 526 | - | - | - |
| Inventories | 90 | - | - | - | 250 |
| Change and imprest | 174 | - | - | - | - |
| Prepaid items | 63 | - | - | 30 | 1 |
| Restricted : | | | | | |
| Transportation | - | - | - | - | 5,852 |
| Federal and state grants | - | - | - | - | 2,159 |
| Public safety | 105 | - | - | - | 1,353 |
| Debt service | - | - | 85,429 | - | - |
| Redevelopment | - | 37,170 | - | - | - |
| Capital projects | 14 | - | - | - | 3,140 |
| Committed : | | | | | |
| Transportation | - | - | - | - | 17,053 |
| Assigned (continuing appropriations) | 5,202 | - | - | 29,461 | - |
| Unassigned | 43,189 | - | - | - | (564) |
| Total fund balances (deficits) | <u>94,894</u> | <u>48,333</u> | <u>85,429</u> | <u>30,171</u> | <u>29,244</u> |
| Total liabilities, deferred inflow of resources and fund balances | <u>\$ 113,646</u> | <u>49,109</u> | <u>85,429</u> | <u>33,269</u> | <u>34,117</u> |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013
(in thousands)

| | Total Govern- mental Funds |
|---|---|
| Assets : | |
| Pooled cash and cash investments (note 4) | \$ 126,225 |
| Restricted non-pooled cash and cash equivalents (note 4) | 30,269 |
| Restricted investments (note 4) | 49,790 |
| Receivables, net (note 9) | 49,834 |
| Interfund receivables (note 7) | 208 |
| Intergovernmental receivables | 910 |
| Inventories | 340 |
| Prepaid items and deposits (note 15) | 94 |
| Land held for resale | 526 |
| Advances receivable-general city (note 7) | 3,507 |
| Advances receivable-successor agency (note 7) | 53,867 |
| Total assets | \$ 315,570 |
| Liabilities : | |
| Accounts payable | 10,604 |
| Accrued liabilities (note 12) | 9,564 |
| Interfund payable (note 7) | 219 |
| Intergovernmental payables | 22 |
| Deposits | 3,460 |
| Advances payable-general city (note 7) | 323 |
| Advances payable-successor agency (note 7) | 2,007 |
| Total liabilities | 26,199 |
| Deferred inflows of resources: | |
| Unavailable revenues | \$ 1,300 |
| Fund balances : | |
| Nonspendable: | |
| Interfund advances | 57,374 |
| Land held for resale | 526 |
| Inventories | 340 |
| Change and imprest | 174 |
| Prepaid items | 94 |
| Restricted : | |
| Transportation | 5,852 |
| Federal and state grants | 2,159 |
| Public safety | 1,458 |
| Debt service | 85,429 |
| Redevelopment | 37,170 |
| Capital projects | 3,154 |
| Committed: | |
| Transportation | 17,053 |
| Assigned | 34,663 |
| Unassigned | 42,625 |
| Total fund balances (deficits) | 288,071 |
| Total liabilities and fund balances | \$ 315,570 |

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2013

(in thousands)

| | |
|---|----------------------------|
| Fund balances of governmental funds | \$ 288,071 |
| Amounts reported for governmental activities in the statement of net position are different because : | |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. | 735,494 |
| Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. | (83,364) |
| 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. | (80) |
| Other Post-employment benefits 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 position, an asset is recognized. | 42,702 |
| Unavailable revenue is recognized on the governmental funds balance sheet for certain notes, which do not meet the criteria for availability, and are thus reported as deferred inflows of resources under modified accrual. This criteria is not applicable on the statement of net position. | 1,300 |
| 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 position. Net position, less capital assets and long-term liabilities disclosed above, are shown here. | <u>44,766</u> |
| Net position of governmental activities | <u><u>\$ 1,028,889</u></u> |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | General | Special Revenue Low/Mod Income Housing | Debt Service Public Fin. Authority | Capital Projects General Cap. Proj. | Nonmajor Govern- mental Funds |
|----------------------------------|----------------|--|---|--|--|
| Revenues : | | | | | |
| Taxes | \$ 109,030 | - | - | - | 4,202 |
| Licenses & permits | 4,373 | - | - | - | - |
| Fines, forfeitures and penalties | 2,308 | - | - | - | - |
| Use of money or property | 871 | 24 | 4,007 | 106 | 617 |
| Intergovernmental | 10,550 | - | - | 407 | 16,660 |
| Charges for services | 10,363 | 4,682 | - | - | 23,323 |
| Other revenues | 15,620 | - | - | - | - |
| Total revenues | <u>153,115</u> | <u>4,706</u> | <u>4,007</u> | <u>513</u> | <u>44,802</u> |
| Expenditures : | | | | | |
| General government : | | | | | |
| City council | 343 | - | - | - | - |
| City attorney | 1,977 | - | - | - | - |
| City clerk | 985 | - | - | - | - |
| City treasurer | 196 | - | - | - | - |
| City manager | 999 | - | - | - | - |
| Financial services | 2,175 | - | - | - | - |
| Management services | 2,461 | - | - | - | - |
| Administrative services | - | 448 | - | - | 792 |
| Information technology | 2,073 | - | - | - | - |
| Non-departmental | 10,664 | - | - | - | - |
| Total general government | <u>21,873</u> | <u>448</u> | <u>-</u> | <u>-</u> | <u>792</u> |
| Public safety : | | | | | |
| Police | 48,831 | - | - | - | 416 |
| Fire | 30,823 | - | - | - | - |
| Total public safety | <u>79,654</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>416</u> |
| Environmental : | | | | | |
| Community development | 6,672 | - | - | - | 42,768 |
| Public works | 10,937 | - | - | - | - |
| Total environmental | <u>17,609</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,768</u> |
| Culture and recreation : | | | | | |
| Library | 6,142 | - | - | - | - |
| Parks and recreation : | | | | | |
| Parks | 7,717 | - | - | - | - |
| Recreation | 6,910 | - | - | - | - |
| Special community activities | 2,297 | - | - | - | - |
| Total parks and recreation | <u>16,924</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total culture and recreation | <u>23,066</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013

(in thousands)

| | <u>General</u> | <u>Special Revenue Low/Mod Income Housing</u> | <u>Debt Service Public Fin. Authority</u> | <u>Capital Projects General Cap. Proj.</u> | <u>Nonmajor Govern- mental Funds</u> |
|--|------------------|---|---|--|--|
| Capital outlay : | | | | | |
| Street improvements | - | - | - | - | 6,446 |
| General capital improvements | - | 3,940 | - | 26,935 | 902 |
| Total capital outlay | <u>-</u> | <u>3,940</u> | <u>-</u> | <u>26,935</u> | <u>7,348</u> |
| Debt service : | | | | | |
| Principal retirement | 860 | - | 3,640 | - | - |
| Interest and finance charges | - | - | 2,959 | - | - |
| Total debt service | <u>860</u> | <u>-</u> | <u>6,599</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>143,062</u> | <u>4,388</u> | <u>6,599</u> | <u>26,935</u> | <u>51,324</u> |
| Excess (deficiency) of revenues over expenditures | <u>10,053</u> | <u>318</u> | <u>(2,592)</u> | <u>(26,422)</u> | <u>(6,522)</u> |
| Other financing sources (uses) : | | | | | |
| Transfers in (note 7) | 10,821 | - | - | 4,755 | 4,508 |
| Transfers out (note 7) | <u>(1,908)</u> | <u>-</u> | <u>-</u> | <u>(2,906)</u> | <u>(637)</u> |
| Total other financing sources (uses) | <u>8,913</u> | <u>-</u> | <u>-</u> | <u>1,849</u> | <u>3,871</u> |
| Income (Loss) before Extraordinary Item | <u>18,966</u> | <u>318</u> | <u>(2,592)</u> | <u>(24,573)</u> | <u>(2,651)</u> |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | <u>(10,637)</u> | <u>10,637</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>8,329</u> | <u>10,955</u> | <u>(2,592)</u> | <u>(24,573)</u> | <u>(2,651)</u> |
| Fund balances (deficits), July 1, 2012 | <u>86,565</u> | <u>37,378</u> | <u>88,021</u> | <u>54,744</u> | <u>31,895</u> |
| Fund balances (deficits), June 30, 2013 | <u>\$ 94,894</u> | <u>48,333</u> | <u>85,429</u> | <u>30,171</u> | <u>29,244</u> |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Total Govern- mental Funds |
|----------------------------------|---|
| Revenues : | |
| Taxes | 113,232 |
| Licenses & permits | 4,373 |
| Fines, forfeitures and penalties | 2,308 |
| Use of money or property | 5,625 |
| Intergovernmental | 27,617 |
| Charges for services | 38,368 |
| Other revenues | 15,620 |
| Total revenues | 207,143 |
| Expenditures : | |
| General government : | |
| City council | 343 |
| City attorney | 1,977 |
| City clerk | 985 |
| City treasurer | 196 |
| City manager | 999 |
| Financial services | 2,175 |
| Management services | 2,461 |
| Administrative services | 1,240 |
| Information technology | 2,073 |
| Non-departmental | 10,664 |
| Total general government | 23,113 |
| Public safety : | |
| Police | 49,247 |
| Fire | 30,823 |
| Total public safety | 80,070 |
| Environmental : | |
| Community development | 49,440 |
| Public works | 10,937 |
| Total environmental | 60,377 |
| Culture and recreation : | |
| Library | 6,142 |
| Parks and recreation : | |
| Parks | 7,717 |
| Recreation | 6,910 |
| Special community activities | 2,297 |
| Total parks and recreation | 16,924 |
| Total culture and recreation | 23,066 |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013

(in thousands)

| | Total Govern- mental Funds |
|--|---|
| Capital outlay : | |
| Street improvements | 6,446 |
| General capital improvements | 31,777 |
| Total capital outlay | 38,223 |
| Debt service : | |
| Principal retirement | 4,500 |
| Interest and finance charges | 2,959 |
| Total debt service | 7,459 |
| Total expenditures | 232,308 |
| Excess (deficiency) of revenues over expenditures | (25,165) |
| Other financing sources (uses) : | |
| Transfers in (note 7) | 20,084 |
| Transfers out (note 7) | (5,451) |
| Total other financing sources (uses) | 14,633 |
| Income (Loss) before Extraordinary Item | (10,532) |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | - |
| Net change in fund balances | (10,532) |
| Fund balances (deficits), July 1, 2012 | 298,603 |
| Fund balances (deficits), June 30, 2013 | 288,071 |

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

For the Year ended June 30, 2013

(in thousands)

| | |
|--|--------------------|
| Net change in fund balances - total governmental funds | (10,532) |
| Amounts reported for governmental activities in the statement of net 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 transfers to Successor Agency (\$14,320), and depreciation (\$21,358) exceeded capital outlay (\$25,503) in the current period. | (10,175) |
| The issuance of long-term debt such as bonds provides current financial resources to governmental funds, while the repayment of the principal (\$4,500)of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net position. 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. In addition, compensated absences expenses (\$587)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. These amounts are the net effect of these differences in the treatment of long-term debt and related items. | 5,087 |
| 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. | 4 |
| Net Pension asset and Other Post Employment Benefits (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. | 8,253 |
| Some revenues reported in the Statement of Activities do not increase current financial resources in the fund financial statements and therefore are not reported as revenues in governmental funds. | (1,664) |
| 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. | (4,141) |
| Change in net position of governmental activities | <u>\$ (13,168)</u> |

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL

GENERAL FUND

For the Year ended June 30, 2013

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|----------------------------|-------------------------|---------------|---|
| Revenues : | | | | |
| Taxes | \$ 92,970 | 92,989 | 109,030 | 16,041 |
| Licenses & permits | 3,825 | 3,825 | 4,373 | 548 |
| Fines, forfeitures and penalties | 2,501 | 2,449 | 2,308 | (141) |
| Use of money or property | 1,568 | 1,694 | 871 | (823) |
| Intergovernmental | 9,671 | 9,619 | 10,550 | 931 |
| Charges for services | 24,916 | 24,812 | 10,363 | (14,449) |
| Other revenues | - | - | 15,620 | 15,620 |
| Total revenues | 135,451 | 135,388 | 153,115 | 17,727 |
| Expenditures : | | | | |
| General government : | | | | |
| City council | 566 | 565 | 343 | 222 |
| City attorney | 3,556 | 3,557 | 1,977 | 1,580 |
| City clerk | 1,143 | 1,233 | 985 | 248 |
| City treasurer | 718 | 717 | 196 | 521 |
| City manager | 1,846 | 1,886 | 999 | 887 |
| Financial services | 4,360 | 4,360 | 2,175 | 2,185 |
| Management services | 5,675 | 5,751 | 2,461 | 3,290 |
| Information technology | 4,597 | 4,596 | 2,073 | 2,523 |
| Non-departmental | 4,017 | 4,086 | 10,664 | (6,578) |
| Total general government | 26,478 | 26,751 | 21,873 | 4,878 |
| Public safety : | | | | |
| Police | 51,143 | 51,585 | 48,831 | 2,754 |
| Fire | 29,548 | 29,811 | 30,823 | (1,012) |
| Total public safety | 80,691 | 81,396 | 79,654 | 1,742 |
| Environmental : | | | | |
| Community development | 8,333 | 8,741 | 6,672 | 2,069 |
| Public works | 16,817 | 16,817 | 10,937 | 5,880 |
| Total environmental | 25,150 | 25,558 | 17,609 | 7,949 |
| Culture and recreation : | | | | |
| Library | 6,411 | 6,437 | 6,142 | 295 |
| Parks | 8,227 | 8,284 | 7,717 | 567 |
| Recreation | 7,468 | 7,527 | 6,910 | 617 |
| Special community activities | 2,510 | 2,560 | 2,297 | 263 |
| Total culture and recreation | 24,616 | 24,808 | 23,066 | 1,742 |

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

For the Year ended June 30, 2013

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|---------------|---|
| Debt service : | | | | |
| Principal retirement | 860 | 860 | 860 | - |
| Total debt service | 860 | 860 | 860 | - |
| Total expenditures | 157,795 | 159,373 | 143,062 | 16,311 |
| Excess (deficiency) of revenues over expenditures | (22,344) | (23,985) | 10,053 | 34,038 |
| Other financing sources (uses) : | | | | |
| Transfers in | 12,651 | 12,651 | 10,821 | (1,830) |
| Transfers out | (728) | (1,908) | (1,908) | - |
| Total other financing sources (uses) | 11,923 | 10,743 | 8,913 | (1,830) |
| Income (Loss) before Extraordinary Item | (10,421) | (13,242) | 18,966 | 32,208 |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | - | - | (10,637) | (10,637) |
| Net change in fund balances (deficits) | (10,421) | (13,242) | 8,329 | 21,571 |
| Fund balance, July 1, 2012 | 86,565 | 86,565 | 86,565 | - |
| Fund balance, June 30, 2013 | \$ 76,144 | 73,323 | 94,894 | 21,571 |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOW/MODERATE INCOME HOUSING SPECIAL REVENUE

For the Year ended June 30, 2013
(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 | 134 | 134 | 24 | (110) |
| Charges for services | - | - | 4,682 | 4,682 |
| Total revenues | <u>134</u> | <u>134</u> | <u>4,706</u> | <u>4,572</u> |
| Expenditures : | | | | |
| Administrative services | 918 | 918 | 448 | 470 |
| General capital improvements | 6,392 | 6,392 | 3,940 | 2,452 |
| Total expenditures | <u>7,310</u> | <u>7,310</u> | <u>4,388</u> | <u>2,922</u> |
| Excess (deficiency) of revenues over expenditures | <u>(7,176)</u> | <u>(7,176)</u> | <u>318</u> | <u>7,494</u> |
| Other financing sources : | | | | |
| Transfers in | 4,038 | 4,038 | - | (4,038) |
| Total other financing sources | <u>4,038</u> | <u>4,038</u> | <u>-</u> | <u>(4,038)</u> |
| Income (Loss) before Extraordinary Item | (3,138) | (3,138) | 318 | 3,456 |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | - | - | 10,637 | 10,637 |
| Net change in fund balance | <u>(3,138)</u> | <u>(3,138)</u> | <u>10,955</u> | <u>14,093</u> |
| Fund balance, July 1, 2012 | <u>37,378</u> | <u>37,378</u> | <u>37,378</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 34,240</u> | <u>34,240</u> | <u>48,333</u> | <u>14,093</u> |

See accompanying independent auditors' report.

City Of Burbank
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013
(in thousands)

| | Business-type activities - Enterprise funds | | | | | Total | Governmental Activities- Internal Service Funds |
|--|--|-----------------------------|--------------------------|---|--|----------------|--|
| | Water Rec & Sewer | Electric Utility | Water Utility | Refuse Collection & Disposal | Nonmajor Enterprise Funds | | |
| Assets : | | | | | | | |
| Current assets : | | | | | | | |
| Pooled cash and investments (note 4) | \$ 30,319 | 51,664 | 15,416 | 9,587 | 282 | 107,268 | 81,850 |
| Accounts receivable (note 9) | 1,759 | 15,062 | 3,193 | 1,989 | 52 | 22,055 | 338 |
| Interest receivable (note 9) | 82 | 138 | 19 | 80 | 1 | 320 | 219 |
| Interfund receivable (note 7) | - | - | - | - | - | - | 11 |
| Inventories | - | 8,810 | 1,710 | - | - | 10,520 | 494 |
| Prepaid expenses (note 15) | 2 | 23,848 | 12 | - | 10 | 23,872 | 12 |
| Restricted pooled cash and investments (note 4) | - | - | - | 19,584 | - | 19,584 | - |
| Restricted non-pooled investments (note 4) | 1,494 | 4,703 | 150 | - | - | 6,347 | - |
| Total current assets | <u>33,656</u> | <u>104,225</u> | <u>20,500</u> | <u>31,240</u> | <u>345</u> | <u>189,966</u> | <u>82,924</u> |
| Non-current assets : | | | | | | | |
| Regulatory assets - deferred charges | - | 1,248 | 451 | - | - | 1,699 | - |
| Advances receivable (note 7) | 2 | 17 | 3 | 3 | - | 25 | - |
| Pension/OPEB Asset (note 19) | 194 | 9,596 | 940 | 642 | - | 11,372 | - |
| Total other non-current assets | <u>196</u> | <u>10,861</u> | <u>1,394</u> | <u>645</u> | <u>-</u> | <u>13,096</u> | <u>-</u> |
| Capital assets (note 5) : | | | | | | | |
| Land | 5,316 | 2,734 | 309 | 3,454 | 11 | 11,824 | - |
| Land improvements | 6,096 | - | - | 6,050 | 1,036 | 13,182 | - |
| Rights to purchased power | - | 1,335 | - | - | - | 1,335 | - |
| Buildings and improvements | 115,833 | 405,125 | 118,715 | 6,507 | 8,949 | 655,129 | 13,546 |
| Machinery and equipment | 2,366 | 50,789 | 5,194 | 12,199 | 391 | 70,939 | 63,468 |
| Construction in progress | 414 | 19,931 | 13,296 | 49 | 46 | 33,736 | 1,297 |
| Less accumulated depreciation | (66,024) | (197,619) | (50,156) | (21,268) | (3,317) | (338,384) | (49,347) |
| Total capital assets, net of accumulated depreciation | <u>64,001</u> | <u>282,295</u> | <u>87,358</u> | <u>6,991</u> | <u>7,116</u> | <u>447,761</u> | <u>28,964</u> |
| Total non-current assets | <u>64,197</u> | <u>293,156</u> | <u>88,752</u> | <u>7,636</u> | <u>7,116</u> | <u>460,857</u> | <u>28,964</u> |
| Total assets | <u>97,853</u> | <u>397,381</u> | <u>109,252</u> | <u>38,876</u> | <u>7,461</u> | <u>650,823</u> | <u>111,888</u> |
| Deferred outflows of resources: | | | | | | | |
| Deferred loss on bond refunding | 253 | - | - | - | - | 253 | - |

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013
(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 |
| Liabilities : | | | | | | | |
| Current liabilities : | | | | | | | |
| Accounts payable | 102 | 2,268 | 1,519 | 190 | 5 | 4,084 | 2,327 |
| Accrued expenses (note 12) | 474 | 10,871 | 2,940 | 325 | 35 | 14,645 | - |
| Compensated absences payable (note 8) | 4 | 407 | 30 | 54 | - | 495 | 42 |
| Unearned revenue | - | 7,189 | - | - | - | 7,189 | - |
| Customer deposits | 83 | 10,122 | 1,568 | 509 | - | 12,282 | 198 |
| Bond interest payable | 53 | 441 | 156 | 29 | - | 679 | - |
| Current portion of revenue bonds (note 8) | 780 | 3,450 | 470 | 575 | - | 5,275 | - |
| Current portion of loan payable (note 8) | - | - | 507 | - | - | 507 | - |
| Outstanding claims self insurance (note 16) | - | - | - | - | - | - | 8,763 |
| Total current liabilities | 1,496 | 34,748 | 7,190 | 1,682 | 40 | 45,156 | 11,330 |
| Long-term liabilities (net of current portion) (note 8) : | | | | | | | |
| Revenue bonds | 13,739 | 93,081 | 35,501 | 5,850 | - | 148,171 | - |
| Landfill closure & post closure (note 8) | - | - | - | 16,193 | - | 16,193 | - |
| Loan payable (note 8) | - | - | 6,753 | - | - | 6,753 | - |
| Compensated absences (note 8) | 109 | 4,506 | 803 | 556 | - | 5,974 | 206 |
| Outstanding claims - self insurance (note 16) | - | - | - | - | - | - | 26,597 |
| Advances payable (note 7) | - | - | - | - | 3,184 | 3,184 | 25 |
| Total long-term liabilities (net of current portion) | 13,848 | 97,587 | 43,057 | 22,599 | 3,184 | 180,275 | 26,828 |
| Total liabilities | 15,344 | 132,335 | 50,247 | 24,281 | 3,224 | 225,431 | 38,158 |
| Deferred inflows of resources : | - | - | - | - | - | - | - |
| Net position : | | | | | | | |
| Net investment in capital assets | 49,482 | 185,764 | 44,127 | 566 | 7,116 | 287,055 | 28,964 |
| Unrestricted (deficit) | 33,280 | 79,282 | 14,878 | 14,029 | (2,879) | 138,590 | 44,766 |
| Total net position | \$ 82,762 | 265,046 | 59,005 | 14,595 | 4,237 | 425,645 | 73,730 |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year ended June 30, 2013
(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 | \$ - | 212,123 | 26,727 | - | - | 238,850 | - |
| Charges for services | 16,606 | 6,589 | 997 | 16,365 | 1,932 | 42,489 | 30,683 |
| Total operating revenues | <u>16,606</u> | <u>218,712</u> | <u>27,724</u> | <u>16,365</u> | <u>1,932</u> | <u>281,339</u> | <u>30,683</u> |
| Operating expenses : | | | | | | | |
| Operations and maintenance | 6,429 | 33,406 | 230 | 8,811 | 1,863 | 50,739 | 26,890 |
| Purchased water and power | - | 144,375 | 20,823 | - | - | 165,198 | - |
| Inspection and investigation | 1,821 | - | - | - | - | 1,821 | - |
| Design and permits | 1,145 | - | - | 183 | - | 1,328 | - |
| Refuse disposal | - | - | - | 3,390 | - | 3,390 | - |
| Recycling | - | - | - | 2,549 | - | 2,549 | - |
| Depreciation | 3,375 | 17,403 | 3,563 | 1,226 | 568 | 26,135 | 6,684 |
| Total operating expenses | <u>12,770</u> | <u>195,184</u> | <u>24,616</u> | <u>16,159</u> | <u>2,431</u> | <u>251,160</u> | <u>33,574</u> |
| Operating income (loss) | <u>3,836</u> | <u>23,528</u> | <u>3,108</u> | <u>206</u> | <u>(499)</u> | <u>30,179</u> | <u>(2,891)</u> |
| Nonoperating income (expense) : | | | | | | | |
| Interest income | (187) | 927 | (150) | (544) | (3) | 43 | (731) |
| Intergovernmental | - | 1,881 | - | 17 | - | 1,898 | - |
| Other local taxes | - | - | 26 | - | - | 26 | 1,553 |
| Gain/(loss) on disposal of capital assets | - | 109 | - | 218 | - | 327 | 110 |
| Interest expense | (826) | (4,680) | (1,341) | (231) | (29) | (7,107) | - |
| Other income/(expense) - net | 16 | 1,547 | 375 | 505 | - | 2,443 | 268 |
| Total nonoperating income (expense) | <u>(997)</u> | <u>(216)</u> | <u>(1,090)</u> | <u>(35)</u> | <u>(32)</u> | <u>(2,370)</u> | <u>1,200</u> |
| Income (loss) before capital contributions and transfers | 2,839 | 23,312 | 2,018 | 171 | (531) | 27,809 | (1,691) |
| Transfers in (note 7) | - | 40 | - | - | - | 40 | 180 |
| Capital contributions | - | 524 | 208 | - | - | 732 | - |
| Transfers out (note 7) | (33) | (10,905) | (1,252) | (33) | - | (12,223) | (2,630) |
| Change in net position | 2,806 | 12,971 | 974 | 138 | (531) | 16,358 | (4,141) |
| Net position, July 1, 2012 | <u>79,956</u> | <u>252,075</u> | <u>58,031</u> | <u>14,457</u> | <u>4,768</u> | <u>409,287</u> | <u>77,871</u> |
| Net position, June 30, 2013 | <u>\$ 82,762</u> | <u>265,046</u> | <u>59,005</u> | <u>14,595</u> | <u>4,237</u> | <u>425,645</u> | <u>73,730</u> |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Year ended June 30, 2013
(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 | \$ 16,108 | 212,133 | 26,878 | 17,720 | 1,919 | 274,758 | 30,727 |
| Cash paid to suppliers | (7,900) | (155,089) | (14,795) | (10,734) | (1,924) | (190,442) | (22,771) |
| Cash paid to employees | (1,245) | (18,758) | (5,024) | (4,800) | - | (29,827) | (2,283) |
| Net cash provided by (used in) operating activities | <u>6,963</u> | <u>38,286</u> | <u>7,059</u> | <u>2,186</u> | <u>(5)</u> | <u>54,489</u> | <u>5,673</u> |
| Cash flows from noncapital financing activities : | | | | | | | |
| Proceeds from City of Burbank | - | - | - | - | 30 | 30 | - |
| Proceeds from other governmental agencies | - | 1,881 | - | 17 | - | - | - |
| Proceeds from other funds | - | - | - | - | - | - | 1,766 |
| Other income (expense) | 16 | 1,547 | 401 | 505 | - | 2,469 | - |
| Transfers from other funds | - | 40 | - | - | - | 40 | 180 |
| Transfers to other funds | (33) | (10,905) | (1,252) | (33) | - | (12,223) | (2,630) |
| Net cash provided by (used in) noncapital financing activities | <u>(17)</u> | <u>(7,437)</u> | <u>(851)</u> | <u>489</u> | <u>30</u> | <u>(9,684)</u> | <u>(684)</u> |
| Cash flows from capital and related financing activities : | | | | | | | |
| Contributed capital | - | 524 | 208 | - | - | 732 | - |
| Proceeds from sales of capital assets | - | - | - | 218 | - | 218 | 110 |
| Acquisition and construction of assets | (1,215) | (25,697) | (11,985) | (369) | 5 | (39,261) | (2,908) |
| Principal payments - bonds | (740) | (3,460) | (490) | (8,240) | - | (12,930) | - |
| Principal payments - loan payable | - | - | (650) | - | - | (650) | - |
| Proceeds from debt issuance | - | - | 6,949 | 6,315 | - | 13,264 | - |
| Interest paid | (830) | (4,584) | (1,514) | (635) | (29) | (7,592) | - |
| Net cash used in capital and related financing activities | <u>(2,785)</u> | <u>(33,217)</u> | <u>(7,482)</u> | <u>(2,711)</u> | <u>(24)</u> | <u>(46,219)</u> | <u>(2,798)</u> |
| Cash flows from investing activities : | | | | | | | |
| Interest received | 108 | 1,301 | 117 | 80 | - | 1,606 | 755 |
| Purchases of restricted investments | (35) | - | - | - | - | - | - |
| Sales of restricted investments | - | 587 | 3 | 1,360 | - | 1,950 | - |
| Net cash provided by investing activities | <u>73</u> | <u>1,888</u> | <u>120</u> | <u>1,440</u> | <u>-</u> | <u>3,556</u> | <u>755</u> |
| Net increase (decrease) in cash and cash equivalents | 4,234 | (480) | (1,154) | 1,404 | 1 | 2,142 | 2,946 |
| Cash and cash equivalents, July 1, 2012 | 26,085 | 52,144 | 16,570 | 27,767 | 281 | 122,847 | 78,904 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 30,319</u> | <u>51,664</u> | <u>15,416</u> | <u>29,171</u> | <u>282</u> | <u>126,852</u> | <u>81,850</u> |

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
ALL PROPRIETARY FUND TYPES
For the Year ended June 30, 2013
(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) | \$ 3,836 | 23,528 | 3,108 | 206 | (499) | 30,179 | (2,891) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities : | | | | | | | |
| Depreciation | 3,375 | 17,403 | 3,563 | 1,226 | 568 | 26,135 | 6,684 |
| GASB 31 market value adjustment | (296) | (375) | (106) | (247) | (3) | (1,027) | (1,455) |
| Gain/(loss) on sale of fixed assets | - | 109 | - | - | - | - | - |
| (Increase) decrease in accounts receivable | (498) | 10 | 151 | (433) | (13) | (783) | 44 |
| (Increase) decrease in due to/from City of Burbank | - | 3 | - | - | - | 3 | - |
| (Increase) decrease in advances receivable | 48 | 445 | 70 | 43 | - | 606 | - |
| (Increase) decrease in inventories | - | (3,412) | 24 | - | - | (3,388) | 63 |
| (Increase) decrease in prepaid items | (97) | (2,430) | (521) | (362) | - | (3,410) | 18 |
| (Increase) decrease in deferred bond issuance cost | 455 | (871) | (108) | 1,020 | - | 496 | - |
| Increase in outstanding claims payable | - | - | - | - | - | - | 2,608 |
| Increase (decrease) in accrued expense | 212 | 2,763 | 455 | 145 | (58) | 3,517 | 530 |
| Increase (decrease) in compensated absences | (52) | 77 | 131 | 2 | - | 158 | (43) |
| Increase (decrease) in deferred revenue | - | 1,691 | - | - | - | - | (24) |
| Increase (decrease) in interfund payable | - | (1) | - | - | - | - | 139 |
| Increase (decrease) in accrued payroll | - | - | - | - | - | - | - |
| Increase (decrease) in customer deposits | (20) | (654) | 292 | 44 | - | (338) | - |
| Increase in landfill closure and postclosure liabilities | - | - | - | 542 | - | 542 | - |
| Total adjustments | 3,127 | 14,758 | 3,951 | 1,980 | 494 | 22,511 | 8,564 |
| Net cash provided by (used in) operating activities | \$ 6,963 | 38,286 | 7,059 | 2,186 | (5) | 54,489 | 5,673 |
| Noncash investing, capital, and financing activities : | | | | | | | |
| Increase (decrease) in fair value of investments | \$ (296) | (375) | (106) | (247) | (3) | (1,027) | (1,455) |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013
(in thousands)

| | Private - Purpose Trust Fund |
|--|---|
| | Successor Agency |
| Assets : | |
| Pooled cash and investments (note 4) | 17,510 |
| Restricted non-pooled cash and cash equivalents (note 4) | 19,399 |
| Accounts receivable (note 9) | 23 |
| Land Held for Resale | 1,300 |
| Receivables from the City of Burbank (note 7) | 2,007 |
| Capital assets | 14,320 |
| Total assets | 54,559 |
| Liabilities : | |
| Accounts payable | 89 |
| Accrued expenses (note 12) | 2,254 |
| Current portion of long term liabilities (note 8) | 6,445 |
| Long term liabilities, net of current portion (note 8) | 139,584 |
| Payable to the City of Burbank (note 7) | 53,867 |
| Total liabilities | 202,239 |
| Net position (deficit): | |
| Unrestricted (deficit) | (147,680) |
| Total net position (deficit) | (147,680) |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Private - Purpose Trust Fund Successor Agency |
|--|--|
| ADDITIONS : | |
| Receipts from City | 22,928 |
| Use of money or property | 1,706 |
| Intergovernmental | 76 |
| Other | 12,775 |
| Total additions | 37,485 |
| DEDUCTIONS : | |
| Administrative expenses | 34,277 |
| Interest expense (note 8) | 8,828 |
| Total deductions | 43,105 |
| Change in net position | (5,620) |
| Net position, July 1, 2012 as restated | (142,060) |
| Net position, June 30, 2013 | (147,680) |

See accompanying notes to basic financial statements

City of Burbank

For the Year Ended June 30, 2013

(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), 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 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, 2013, 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.

City of Burbank
For the Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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. 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 or 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. The Housing Authority has become the Successor Housing Agency administrator of the Low and Moderate Income Housing fund.

B - Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. All fiduciary activities are reported only in the fund financial 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.

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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 Special Revenue Fund - This fund is funded through the Housing Authority program income which is reinvested into the affordable housing program.

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

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 types:

Fiduciary Funds - The private purpose trust fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable

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.

C - Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary 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, 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., charges for services, intergovernmental revenue, 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, OPEB, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes when levied, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the City.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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.

City of Burbank
Year Ended June 30, 2012

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The City's electric and water utility funds are subject to the provisions of GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB No. 62 addresses accounting rules for regulated operations. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated companies. Accordingly, the electric and water utility funds records these future economic benefits and obligations as regulatory assets or regulatory liabilities, respectively.

Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

In order for a rate-regulated entity to continue to apply the provisions of GASB No. 62, it must meet the following three criteria; (i) the enterprise's rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to establish rates that bind customers; (ii) the regulated rates must be designed to recover the specific enterprise's costs of providing the regulated services; and (iii) in view of the demand for the regulated services and the level of competition, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers.

Based upon the City's evaluation of the three criteria discussed above in relation to its operations, and the effect of competition on its ability to recover its costs, the City believes that GASB No. 62 continues to apply.

The City regularly assesses whether regulatory assets and liabilities are probable of recovery or refund. If recovery or refund is not approved by the City Council, which sets rates charged to customers, or if it becomes no longer probable that these amounts will be realized or refunded, they would need to be written-off and recognized in the current period results of operations.

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 using the consumption method.

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 reported as nonspendable 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.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 |

Capital outlay purchases are recorded as expenditures on the governmental fund level financial statements.

G - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick, universal and in-lieu leave 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 and City Manager. The maximum accumulation of in-lieu time is between 200 to 300 hours, depending upon the employee's bargaining unit. There is no limitation as to the number of sick leave hours accumulated.

Executives, unrepresented managers and Burbank Management Association (BMA) employees do not earn vacation or sick leave. They instead receive universal leave which has an accrual cap of 1040 hours. Universal leave is reported as part of the compensated absences accrual.

Employees are paid 100% of their accumulated vacation, universal and in-lieu time when they terminate for any reason. Accumulated sick leave is only paid out under one of the following conditions (a) at retirement or death, provided the employee has been employed by the City for over five years and is over 50 years of age; (b) at time of layoff. Accumulated sick leave is paid at 50% of the total value, except for Burbank Police Officers Association (BPOA) and Burbank Fire Fighters (BFF) employees in which sick leave is paid at 60% of the total value.

All vacation, universal, in-lieu and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in government funds only if they employees have separated from the City.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

H - Net Position and Fund Equity

The governmental funds report nonspendable, restricted, committed, assigned and unassigned 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. Council must have at least a 3 to 2 vote to pass a resolution for the specific purpose. Assigned fund balances comprise amounts intended to be used by the City for specific purposes as determined by the Council such as PERS retirement set-aside funds, prior years carryovers and various capital projects. 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.

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted and unrestricted. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments including enabling legislation).

I - 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 position-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.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

J - Receivables

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.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due. Estimated allowances for uncollectible accounts for enterprise fund customer accounts receivables are adjusted to the 91 days and over receivables balances.

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.

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, 2013. 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

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.

K - Interfund Advances

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 expends 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 workers 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.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

N - Pronouncement Issued but Not yet Accepted

GASB issued pronouncements prior to June 30, 2013 that have an effective date that may impact future financial presentation. Management has not currently determined whether any impact on the implementation of the following statements may have on the financial statements of the City:

- Governmental Accounting Standards Board Statement No. 66 - *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62, effective for the City fiscal year 2013-2014.*

- Governmental Accounting Standards Board Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the City fiscal year 2014-2015.*

- Governmental Accounting Standards Board Statement No. 69 - *Government Combinations and Disposals of Government Operations, effective for the City fiscal year 2013-2014.*

- Governmental Accounting Standards Board Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the City fiscal year 2013-2014.*

O - Pronouncement Issued and Implemented for Fiscal Year 2012-13

- Governmental Accounting Standards Board Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the City fiscal year 2012-2013.*

- Governmental Accounting Standards Board Statement No. 65 - *Items Previously Reported as Assets and Liabilities, effective for the City fiscal year 2013-2014.*

P - Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item is the deferred loss on bond refunding, which is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of computation of certain items on statement of net assets

The statement of net position includes an element titled "Net investment in capital assets". The details of this computation are explained below :

Governmental funds :

| | |
|---|-------------------|
| Capital assets of internal service funds, net of accumulated depreciation | \$ 28,964 |
| Governmental assets, net of accumulated depreciation | 706,530 |
| Net investment in capital assets | <u>\$ 735,494</u> |

Proprietary funds :

| | |
|---|-------------------|
| Capital assets, net of accumulated depreciation | \$ 447,761 |
| All revenue bonds, current and long term portions | (153,446) |
| Loan payable | (7,260) |
| Net investment in capital assets | <u>\$ 287,055</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: \$1,973 Seismic Retrofit project; \$575 San Fernando Burbank Intersection project; \$540 Measure R Highway project and \$525 Johnny Park Renovation Project Redesign project.

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, budgetary schedules 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, 2013

(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 "committed" or "assigned" 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, 2013, the following fund reflected expenditures in excess of budgeted amounts : State Gas Tax fund, an excess of \$1,586. Also, the general fund had expenditures in excess of budgeted amounts in the following department: Fire Department an excess of \$1,012.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows :

| | Govern- mental | Business Type | Internal Service | Fiduciary Fund | Total |
|---|-------------------|------------------|---------------------|-------------------|-------------------|
| Pooled cash and investments | \$ 126,225 | 107,268 | 81,850 | 17,510 | \$ 332,853 |
| Restricted pooled cash and investments | - | 19,584 | - | - | 19,584 |
| Restricted non-pooled cash and cash equivalents | 30,269 | - | - | 19,399 | 49,668 |
| Restricted investments | 49,790 | 6,347 | - | - | 56,137 |
| Total | <u>\$ 206,284</u> | <u>133,199</u> | <u>81,850</u> | <u>36,909</u> | <u>\$ 458,242</u> |
| Cash on hand | | | | | \$ 206 |
| Demand deposits | | | | | 195 |
| Investments | | | | | 457,841 |
| Total | | | | | <u>\$ 458,242</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% | No limit |
| Corporate-medium term notes | Yes | 5 years | 30% | 5% |
| LAIF-Local Agency Invest. Fund | Yes | N/A | No limit | No limit |
| U.S. Treasury obligations | Yes | 5 years | 100% | No limit |
| 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% | No limit |
| State and Local Agency Obligations | Yes | 5 years | 15% | 5% |
| Banker's acceptances | No | N/A | N/A | N/A |
| Commercial paper | No | N/A | N/A | N/A |
| 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 investment shall be made in any security that, at the time of the investment, has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment, with the maximum allowed not to exceed 5% of the portfolio from over five years to ten year maturities.

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, 2013

(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 | No limit | No limit |
| LAIF-Local Agency Invstmt Fund | N/A | No limit | No limit |
| Money Market | N/A | No limit | No limit |
| Pledge Bonds | N/A | No limit | No limit |
| U.S. Treasury Obligations | N/A | No limit | No limit |

Disclosures Relating to Interest Rate Risk

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

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 | \$ 193,571 | 3,065 | 3,034 | 172,976 | 14,496 |
| Corporate-Medium Term Notes | 55,714 | - | 6,550 | 49,164 | - |
| Municipal Bonds | 9,653 | 5,720 | 2,024 | 1,909 | - |
| Negotiable Certificates of Deposit | 21,887 | 2,939 | 10,276 | 8,672 | - |
| LAIF-2010A Water Revenue Bond | 30 | 30 | - | - | - |
| LAIF-2010B Water Revenue Bond | 396 | 396 | - | - | - |
| LAIF-Local Agency Invst Fund | 70,786 | 70,786 | - | - | - |
| Held by bond trustee: | | | | | |
| Investment Agreements | 11,952 | - | - | - | 11,952 |
| Money Market | 19,652 | 19,652 | - | - | - |
| Pledge Bonds - City debt issue | 49,790 | - | - | - | 49,790 |
| U.S. Treasury Obligations | 24,410 | 24,410 | - | - | - |
| | <u>\$ 457,841</u> | <u>126,998</u> | <u>21,884</u> | <u>232,721</u> | <u>76,238</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 Standard and Poor's actual rating as of year end for each investment type.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

| | Total | Minimum Legal Rating | | Not Rated |
|------------------------------------|-------------------|-----------------------|---------------|--------------------------|
| | | | | |
| Agency-U.S. Federal Agency | \$ 193,571 | N/A | | - |
| Corporate-Medium Term Notes | 55,714 | A | | 975 |
| Municipal Bonds | 9,653 | A | | - |
| Negotiable Certificates of Deposit | 21,887 | A | | - |
| LAIIF-2010A Water Revenue Bond | 30 | N/A | | 30 |
| LAIIF-2010B Water Revenue Bond | 396 | N/A | | 396 |
| LAIIF-Local Agency Invstmt Fund | 70,786 | N/A | | 70,786 |
| Held by bond trustee: | | | | |
| Investment Agreements | 11,952 | A | | - |
| Money Market | 19,652 | Aaa | | - |
| Pledge bonds - City debt issue | 49,790 | N/A | | 49,790 |
| U.S. Treasury Obligations | 24,410 | N/A | | - |
| Totals | <u>\$ 457,841</u> | | | <u>121,977</u> |
| | | Rating as of year end | | |
| | | Aaa | Aa | A |
| | | | | Not required to be rated |
| Agency-U.S. Federal Agency | \$ 193,571 | - | - | - |
| Corporate-Medium Term Notes | 2,913 | 19,470 | 32,356 | - |
| Municipal Bonds | - | 912 | 8,741 | - |
| Negotiable Certificates of Deposit | 21,887 | - | - | - |
| Held by bond trustee: | | | | |
| Investment Agreements | 3,801 | 1,424 | 6,727 | - |
| Money Market | 19,652 | - | - | - |
| Pledge bonds | - | - | - | - |
| U.S. Treasury Obligations | - | - | - | 24,410 |
| Totals | <u>\$ 241,824</u> | <u>21,806</u> | <u>47,824</u> | <u>24,410</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 - \$47,227

FHLMC Debentures - U.S. Federal Agency - \$28,563

FNMA - U.S. Federal Agency - \$74,155

Federal Farm Credit Bank - \$40,700

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The amount of deposits covered by FDIC insurance is \$22,400; the amount not covered is \$19,652 (which is held by bond trustee).

City of Burbank
Year Ended June 30, 2013

(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. The City's investments are in the name of Wells Fargo and Wells Fargo has allocated a portion of the value of the investments to the City.

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, 2013 is as follows.

| Governmental activities | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 107,618 | - | (15,620) | 91,998 |
| Land held under easements | 345,277 | - | - | 345,277 |
| Construction in progress | 12,287 | 18,503 | (9,783) | 21,007 |
| Internal service fund assets : | | | | |
| Construction in progress | 706 | 1,374 | (750) | 1,330 |
| Total capital assets not being depreciated | <u>465,888</u> | <u>19,877</u> | <u>(26,153)</u> | <u>459,612</u> |
| Capital assets being depreciated : | | | | |
| Land Improvements | \$ 4,492 | - | - | 4,492 |
| Accumulated depreciation | (4,441) | (343) | - | (4,784) |
| Buildings & Improvements | 188,887 | 2,139 | (149) | 190,877 |
| Accumulated depreciation | (109,175) | (7,153) | 149 | (116,179) |
| Infrastructure | 288,734 | 7,530 | (27) | 296,237 |
| Accumulated depreciation | (116,307) | (6,791) | - | (123,098) |
| Machinery & other | 1,326 | 435 | - | 1,761 |
| Accumulated depreciation | (693) | (363) | - | (1,056) |
| Internal service fund assets : | | | | |
| Buildings and improvements | 13,198 | 347 | - | 13,545 |
| Accumulated depreciation | (3,370) | (645) | - | (4,015) |
| Machinery & other | 64,191 | 2,087 | (2,843) | 63,435 |
| Accumulated depreciation | (41,987) | (6,063) | 2,717 | (45,333) |
| Total capital assets being depreciated, net | <u>284,855</u> | <u>(8,820)</u> | <u>(153)</u> | <u>275,882</u> |
| Total net capital assets - governmental activities | <u>\$ 750,743</u> | <u>11,057</u> | <u>(26,306)</u> | <u>735,494</u> |

Depreciation charged to governmental functions on the statement of activities during the year is as follows; \$7,341 General Government, \$904 to Police, \$937 to Fire, \$6,985 to Public Works, \$2,522 to Community Development, \$2,049 to Parks and Recreation and \$620 to Library.

City of Burbank
Year Ended June 30, 2013

(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, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 11,824 | - | - | 11,824 |
| Construction in progress | 27,177 | 40,905 | (34,346) | 33,736 |
| Total capital assets not being depreciated | <u>39,001</u> | <u>40,905</u> | <u>(34,346)</u> | <u>45,560</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 13,182 | - | - | 13,182 |
| Accumulated depreciation | (8,474) | (549) | - | (9,023) |
| Rights to purchased power | 1,335 | - | - | 1,335 |
| Accumulated depreciation | (541) | (43) | - | (584) |
| Buildings & Improvements | 631,550 | 25,178 | (1,598) | 655,130 |
| Accumulated depreciation | (265,008) | (19,602) | 601 | (284,009) |
| Machinery & other | 63,984 | 10,306 | (3,351) | 70,939 |
| Accumulated depreciation | (40,436) | (5,943) | 1,610 | (44,769) |
| Total capital assets being depreciated, net | <u>395,592</u> | <u>9,347</u> | <u>(2,738)</u> | <u>402,201</u> |
| Total net capital assets - business-type activities | <u>\$ 434,593</u> | <u>50,252</u> | <u>(37,084)</u> | <u>447,761</u> |

Water Reclamation & Sewer fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 5,316 | - | - | 5,316 |
| Construction in progress | 26 | 1,246 | (858) | 414 |
| Total capital assets not being depreciated | <u>5,342</u> | <u>1,246</u> | <u>(858)</u> | <u>5,730</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 6,096 | - | - | 6,096 |
| Accumulated depreciation | (3,060) | (316) | - | (3,376) |
| Buildings & Improvements | 115,025 | 808 | - | 115,833 |
| Accumulated depreciation | (57,643) | (2,947) | - | (60,590) |
| Machinery & other | 2,374 | 17 | (25) | 2,366 |
| Accumulated depreciation | (1,971) | (112) | 25 | (2,058) |
| Total capital assets being depreciated, net | <u>60,821</u> | <u>(2,550)</u> | <u>-</u> | <u>58,271</u> |
| Total net capital assets - Water reclamation and sewer | <u>\$ 66,163</u> | <u>(1,304)</u> | <u>(858)</u> | <u>64,001</u> |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Electric Utility fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|----------------------------|---------------|-----------------|-----------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 2,734 | - | - | 2,734 |
| Construction in progress | 19,481 | 27,752 | (27,302) | 19,931 |
| Total capital assets not being depreciated | <u>22,215</u> | <u>27,752</u> | <u>(27,302)</u> | <u>22,665</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | - | - | - | - |
| Accumulated depreciation | - | - | - | - |
| Rights to purchased power | 1,335 | - | - | 1,335 |
| Accumulated depreciation | (541) | (43) | - | (584) |
| Buildings & Improvements | 388,470 | 18,158 | (1,503) | 405,125 |
| Accumulated depreciation | (156,136) | (12,700) | 562 | (168,274) |
| Machinery & other | 42,940 | 9,590 | (1,741) | 50,789 |
| Accumulated depreciation | (24,327) | (4,660) | 226 | (28,761) |
| Total capital assets being depreciated, net | <u>251,741</u> | <u>10,345</u> | <u>(2,456)</u> | <u>259,630</u> |
| Total net capital assets - Electric utility | <u>\$ 273,956</u> | <u>38,097</u> | <u>(29,758)</u> | <u>282,295</u> |

During fiscal year ended June 30, 2013 the City had capitalized interest of \$742 in the Electric fund.

Water Utility fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|----------------------------|---------------|----------------|-----------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 309 | - | - | 309 |
| Construction in progress | 7,606 | 11,847 | (6,157) | 13,296 |
| Total capital assets not being depreciated | <u>7,915</u> | <u>11,847</u> | <u>(6,157)</u> | <u>13,605</u> |
| Capital assets being depreciated : | | | | |
| Buildings & Improvements | 112,627 | 6,183 | (95) | 118,715 |
| Accumulated depreciation | (43,292) | (3,280) | 39 | (46,533) |
| Machinery & other | 5,038 | 350 | (194) | 5,194 |
| Accumulated depreciation | (3,351) | (283) | 11 | (3,623) |
| Total capital assets being depreciated, net | <u>71,022</u> | <u>2,970</u> | <u>(239)</u> | <u>73,753</u> |
| Total net capital assets - Water utility | <u>\$ 78,937</u> | <u>14,817</u> | <u>(6,396)</u> | <u>87,358</u> |

During fiscal year ended June 30, 2013 the City had capitalized interest of \$410 in the Water fund.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Refuse Collection & Disposal fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 3,454 | - | - | 3,454 |
| Construction in progress | 14 | 64 | (29) | 49 |
| Total capital assets not being depreciated | <u>3,468</u> | <u>64</u> | <u>(29)</u> | <u>3,503</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 6,050 | - | - | 6,050 |
| Accumulated depreciation | (4,968) | (106) | - | (5,074) |
| Buildings & Improvements | 6,479 | 29 | - | 6,508 |
| Accumulated depreciation | (5,875) | (255) | - | (6,130) |
| Machinery & other | 13,242 | 348 | (1,391) | 12,199 |
| Accumulated depreciation | (10,548) | (865) | 1,348 | (10,065) |
| Total capital assets being depreciated, net | <u>4,380</u> | <u>(849)</u> | <u>(43)</u> | <u>3,488</u> |
| Total net capital assets - Refuse collection & disposal | <u>\$ 7,848</u> | <u>(785)</u> | <u>(72)</u> | <u>6,991</u> |

(6) DEFINED CONTRIBUTION AND PENSION PLANS

Defined Contribution Plans

Welfare Benefit Plan (VEBA)

The VEBA is a defined contribution plan established by the City of Burbank to provide post retirement medical benefits primarily to members of the Burbank Police Officers' Association. At June 30, 2013, there were 151 active participants and 69 retired participants. VEBA members are required to contribute their final vested sick pay at retirement. The City is required to contribute \$28.70 dollars per month per active participant and 1.5% of the Burbank Police Officers' Association annual covered salary. VEBA provisions and contribution requirements are established and may be amended by the City Council of the City. Investments are self directed by each VEBA participant.

The VEBA'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 contributions are recognized in the period that the contributions are made; contributions totaled \$532 for the fiscal year ended June 30, 2013. VEBA investments are reported at fair value. At June 30, 2013, the fair value of assets was \$4,952.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) DEFINED CONTRIBUTION AND PENSION PLANS, (continued)

Post Employment Health Plan (PEHP)

The PEHP 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 Fighters' Association (BFF) and the Burbank Fire Fighters' Chief Officers' Unit (BFF-COU). The PEHP 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, 2013 there were 120 active, and 30 retired participants. BFF and BFF-COU PEHP 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.

PEHP 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 PEHP 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 \$307 to the PEHP during the year ended June 30, 2013.

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, 2013 California's Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are required to pay half of their plan's normal cost. New miscellaneous members contribute 6.75% of their annual covered salary, new fire members contribute 11.25% and new police members contribute 12.75%. Employees who were CalPERS members before January 1, 2013 are considered "classic" members and miscellaneous members are required to contribute 8% of their annual covered salary and safety employees contribute 9%. For classic members, the City makes the following partial contributions required of City employees on their behalf and for their account: BCEA 5.8%, BMA 7.0%, BCAA 6.0%, unrepresented managers 6.0%, executives 5.0%, BPOA 7.0%, BFF 7.0% and BFFCOU 9%. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 16.334%; for fire employees the rate is 19.070%; for police employees the rate is 29.112%. 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 15.775% for fiscal year 2013-14 and 17.954% for fiscal year 2014-15; fire employees 19.186% for fiscal year 2013-14 and 21.136% for fiscal year 2014-15; for police employees 32.341% for fiscal year 2013-14 and 35.214% for fiscal year 2014-15.

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, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) BENEFIT AND PENSION PLANS, (continued)

| | Fiscal Yr | Annual pension cost | % of contribution to APC | Net pension obligation (overpayment) |
|---------------|-----------|---------------------|--------------------------|--------------------------------------|
| Police | 6/30/2012 | 6,030 | 100% | - |
| Fire | 6/30/2012 | 3,696 | 100% | - |
| Miscellaneous | 6/30/2012 | 16,680 | 100% | - |
| Police | 6/30/2011 | 4,702 | 100% | - |
| Fire | 6/30/2011 | 3,058 | 100% | - |
| Miscellaneous | 6/30/2011 | 13,604 | 142% | (5,174) |
| Police | 6/30/2010 | 5,161 | 100% | - |
| Fire | 6/30/2010 | 3,233 | 100% | - |
| Miscellaneous | 6/30/2010 | 14,013 | 100% | - |

Schedule of funding progress

| | Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | (Excess) Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll $\{(B-A)/C\}$ |
|---------------|--------------------------|-------------------------------|---------------------------------------|------------------------------------|--------------------------|---------------------|--|
| Police | 6/30/2012 | 196,601 | 233,258 | 36,657 | 84.3% | 16,620 | 220.6% |
| Fire | 6/30/2012 | 169,515 | 181,789 | 12,274 | 93.2% | 13,359 | 91.9% |
| Miscellaneous | 6/30/2012 | 586,477 | 687,957 | 101,480 | 85.2% | 78,437 | 129.4% |

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2013 is shown below :

| | |
|----------------------------|---|
| Valuation Date | June 30, 2010 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Amortization Period | Closed |
| 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 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.

Pension Asset

| | |
|--|------------------|
| Annual required contribution | \$ 12,966 |
| Interest on net Pension obligation/(asset) | (2,262) |
| Adjustment to annual required contribution | <u>3,628</u> |
| Annual Pension cost | 14,332 |
| Contributions made | <u>1,034</u> |
| Increase in net Pension obligation | 15,366 |
| Net Pension Asset - beginning of year | <u>24,430</u> |
| Net Pension Asset - end of year | <u>\$ 39,796</u> |

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows :

| Fund | Interfund | | Transfers | |
|--------------------------|------------|---------|-----------|--------|
| | Receivable | Payable | In | Out |
| General fund | \$ 156 | 1 | 10,821 | 1,908 |
| General capital projects | - | - | 4,755 | 2,906 |
| Water recl & sewer | - | - | - | 33 |
| Electric utility | - | - | 40 | 10,905 |
| Water utility | - | - | - | 1,252 |
| Refuse coll. & disp. | - | - | - | 33 |
| Nonmajor | | | | |
| governmental funds | 52 | 218 | 4,508 | 637 |
| Internal service funds | 11 | - | 180 | 2,630 |
| Total interfund | | | | |
| receivable / payable / | | | | |
| transfers | \$ 219 | 219 | 20,304 | 20,304 |

Composition and purpose of interfund transfers is as follows :

Nonmajor governmental funds transfers in of \$4,508 includes \$2,408 for the Street Lighting fund transferred from Electric Utility fund for in-lieu of taxes payments; \$2,100 for Youth Endowment Services fund from the General Capital Projects fund for Lundigan Park.

General fund transfers in of \$10,821 include \$8,497 from Electric Utility fund and \$1,252 from Water Utility fund, for in-lieu of taxes payments; \$1,923 from the Gas Tax fund for maintenance of city streets: \$806 from the General Capital Projects fund to close the joint sportsfield project; \$127 from Office Equipment fund for replacement and maintenance of office equipment; \$73 from the Disaster Relief fund to close that fund; \$33 from the Wastewater fund for municipal elections and \$33 from the Waste Disposal fund for municipal elections.

General Capital Projects fund transfers in of \$4,755 includes \$1,000 from the General fund for infrastructure reserve per resolution 28538; \$728 from the General fund for various capital projects per resolution 28538; \$1,720 from the Municipal Building Maintenance fund for the seismic retrofit; \$525 from the Youth Endowment Services fund for Johnny Carson Park and \$300 from the Municipal Building Maintenance fund for the seismic retrofit.

The composition of interfund advances as of June 30, 2013 is as follows :

Advances from City :

The general fund advanced the golf fund \$2.9 million for construction of the new clubhouse. The terms of the advance were per resolution 27488, passed on June 19, 2007. The term of the advance was initially 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%, with the first repayment date as January 2009. On June 7, 2011, the payment terms of this advance were revised per resolution 28347 to defer payments until fiscal year 2013-14 with payments commencing on January 1, 2014 and recalculated annually thereafter over 17 years through January 1, 2030. On April 9, 2013, the payment terms of this advance were revised to defer payments until fiscal year 2018-19 with payments commencing on January 1, 2019 and recalculated annually thereafter over 30 years through January 1, 2049. \$ 2,165

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. On April 9, 2013, the payment terms of this advance were revised to defer payments until fiscal year 2015-16 with payments commencing on January 1, 2016 and recalculated annually thereafter over 20 years through January 1, 2036. \$ 1,019

From 1997 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 per Resolution 25174 and 25176 on November 4, 1997 and Resolution 25270 on May 5, 1998. 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. \$ 323

\$ 3,507

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

Advances to Successor Agency :

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. Transferred to Successor Agency February 1, 2012. AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency to the various funds of the City. Upon application and approval by the successor agency and approval by the oversight board, loan agreements (advances) entered into by former redevelopment agency and the city shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the advances were for legitimate redevelopment purposes. The accumulated interest on the remaining amount of advances will be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. The annual advances repayments are subject to certain limitations. Advance repayments shall not be prior to the 2013-2014 fiscal year, are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). The advances related to the borrowing for the SERAF payment have a priority over repayment of the other advances. 20% of the repayment of the other advances not related to the SERAF advances shall be deducted and transferred to the Low and Moderate Income Housing Fund (Housing Authority).

\$ 52,812

From 1977 through 1979, the City and the Agency entered into agreements to loan funds aggregating \$225 to the West Olive Project.

\$ 203

The City and the Agency entered into an agreement through which the City agreed to advance funds to the South San Fernando project necessary for formation costs.

\$ 172

In 2003, the City and the Agency entered into a funding agreement to secure the lease of a future transportation site (Americold). The City loaned funds of \$680 to the Golden State project.

\$ 680

\$ 53,867

Advances to City from Successor Agency :

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. Transferred to Successor Agency February 1, 2012.

\$ 1,327

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 of \$680 to the City. The advance is not interest bearing and there is no repayment schedule. Transferred to Successor Agency February 1, 2012.

\$ 680

\$ 2,007

\$ 59,381

City of Burbank

Year Ended June 30, 2013

(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 | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | Govern- mental | Business- Type | Govern- mental | Business- Type |
| Governmental funds | | | | |
| interfund receivable | \$ 3,392 | - | \$ - | - |
| transfers in | - | - | 20,084 | - |
| interfund payable | (219) | - | - | - |
| transfers out | - | - | (5,451) | - |
| Internal service funds | | | | |
| interfund receivable | 11 | - | - | - |
| transfers in | - | - | 180 | - |
| interfund payable | (25) | - | - | - |
| transfers out | - | - | (2,630) | - |
| Proprietary funds | | | | |
| interfund receivable | - | 25 | - | - |
| transfers out | - | - | - | (12,223) |
| interfund payable | - | (3,184) | - | - |
| transfers in | - | - | - | 40 |
| Totals | <u>\$ 3,159</u> | <u>(3,159)</u> | <u>\$ 12,183</u> | <u>(12,183)</u> |

(8) LONG TERM LIABILITIES

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 | Due within one year |
|---|----------------------------|---------------|-----------------|-----------------------------|------------------------|
| Fiduciary activities: | | | | | |
| Community facilities district bonds | \$ 5,235 | - | (335) | 4,900 | 345 |
| Tax allocation bonds | 145,786 | - | (4,657) | 141,129 | 6,100 |
| Total fiduciary activities | <u>151,021</u> | <u>-</u> | <u>(4,992)</u> | <u>146,029</u> | <u>6,445</u> |
| Governmental activities : | | | | | |
| Tax allocation bonds | 58,525 | - | (3,640) | 54,885 | 3,815 |
| Pension obligation bonds | 16,175 | - | (860) | 15,315 | 995 |
| *Compensated absences | 13,751 | 813 | (1,400) | 13,164 | 1,408 |
| Total non-internal service debt | 88,451 | 813 | (5,900) | 83,364 | 6,218 |
| Claims payable from self-insurance funds (note 16) | 32,752 | 11,528 | (8,920) | 35,360 | 8,763 |
| Compensated absences - payable from internal service funds | 290 | - | (42) | 248 | 42 |
| Total governmental activities | <u>121,493</u> | <u>12,341</u> | <u>(14,862)</u> | <u>118,972</u> | <u>15,023</u> |

*Compensated absences liability for governmental activities will be liquidated by the following funds: general fund, section 8, HOME, CDBG, street lighting and merged capital projects (now part of the Fiduciary fund statements).

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG TERM LIABILITIES, (continued)

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 | Due within one year |
|--|-------------------------------------|------------------|------------------|--------------------------------------|--------------------------------|
| Business-type activities : | | | | | |
| Water Reclamation & Sewer : | | | | | |
| Revenue bonds | \$ 15,180 | - | (661) | 14,519 | 780 |
| Compensated absences - payable from enterprise funds | 165 | - | (51) | 114 | 4 |
| Subtotal | 15,345 | - | (712) | 14,633 | 784 |
| Refuse Collection & Disposal : | | | | | |
| Revenue bonds | 7,853 | 6,918 | (8,346) | 6,425 | 575 |
| Other long-term liabilities | 15,654 | 539 | - | 16,193 | - |
| Compensated absences - payable from enterprise funds | 608 | 57 | (55) | 610 | 54 |
| Subtotal | 24,115 | 7,514 | (8,401) | 23,228 | 629 |
| Electric Utility : | | | | | |
| Revenue bonds | 100,867 | - | (4,336) | 96,531 | 3,450 |
| Compensated absences - payable from enterprise funds | 4,836 | 444 | (368) | 4,912 | 407 |
| Subtotal | 105,703 | 444 | (4,704) | 101,443 | 3,857 |
| Water Utility : | | | | | |
| Revenue bonds | 36,587 | - | (616) | 35,971 | 470 |
| Other long-term liabilities | 961 | 6,750 | (451) | 7,260 | 507 |
| Compensated absences - payable from enterprise funds | 702 | 159 | (28) | 833 | 30 |
| Subtotal | 38,250 | 6,909 | (1,095) | 44,064 | 1,007 |
| Total business-type activities : | | | | | |
| Revenue bonds | 160,487 | 6,918 | (13,959) | 153,446 | 5,275 |
| Other long-term liabilities | 16,615 | 7,289 | (451) | 23,453 | 507 |
| Compensated absences - payable from enterprise funds | 6,311 | 660 | (502) | 6,469 | 495 |
| Subtotal | 183,413 | 14,867 | (14,912) | 183,368 | 6,277 |
| Total long-term liabilities | \$ 304,906 | 27,208 | (34,766) | 448,369 | 27,745 |

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

FIDUCIARY 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.

\$ 4,900

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. As of June 30, 2012, \$39.2 million of these bonds are owned by the Burbank Public Financing Authority.

\$ 39,655

\$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.

\$ 17,680

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.

\$ 51,515

\$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.

\$ 9,615

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$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.

\$ 4,275

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. As of June 30, 2012, \$14.2 million of these bonds are owned by the Burbank Public Financing Authority.

\$ 14,255

Plus original issue premium

\$ 4,134

Total Tax Allocation Bonds

\$ 141,129

Total fiduciary activities

\$ 146,029

GOVERNMENTAL ACTIVITIES

Public Financing Authority Portion

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. The bonds are due in annual installments from \$670 to \$4,690 through December 1, 2024. Interest at various rates ranging from 1.625% to 5.50% is payable semiannually on June 1 and December 1.

\$ 40,910

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.

\$ 13,975

Total Tax Allocation Bonds

\$ 54,885

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 to increased safety salaries, in lieu of reducing this obligation over a number of years directly through PERS.

\$ 15,315

Compensated absences

Governmental activities - Governmental funds accumulated vacation, universal, in-lieu and sick leave accrual is reported in the government-wide statement of net assets. For the fiscal Year Ended June 30, 2013, the noncurrent portions of the accrual consist of vacation leave of \$7,609, sick leave of \$2,740, and in-lieu time of \$1,407, and the current portion of \$1,408.

\$ 13,164

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Outstanding Claims Payable - Self-Insurance

The Risk Management fund total outstanding claims are \$4,939. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$2,336 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 4,939

The Workers' Compensation fund total outstanding claims are \$30,421. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$6,427 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 30,421

Total long-term liabilities for self-insurance

\$ 35,360

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, 2013, the accrual consists of vacation leave of \$135, sick leave of \$29 and in-lieu time of \$42 and the current portion of \$42.

\$ 248

Total governmental activities

\$ 118,972

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.

\$ 14,110

Plus original issue premium

\$ 409

Total Wastewater Revenue bonds

\$ 14,519

Waste Disposal

\$6,315 Waste Disposal Refunding Revenue Bonds of 2012 Series

These bonds are due in installments ranging from \$480 to \$725 from May 1, 2013, to May 1, 2022, with an interest rate of 3.00%, payable semiannually on May 1 and November 1. The 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.

\$ 5,835

Plus original issue premium

\$ 590

Total Waste Disposal revenue bonds

\$ 6,425

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Burbank Water and Power Revenue Bonds

\$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.

\$ 31,045

\$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 and New 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.

\$ 7,415

\$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

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$9,810 Burbank Water and Power Electric Revenue Refunding Bonds, 2012 Series A

These bonds were issued to refund on a current basis all of the outstanding 2002 Electric Bonds and to pay the costs of issuance of the Series 2012A Bonds. Payable in installments ranging from \$375 to \$1,145. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2022. The bonds are secured by a pledge of net revenues of the electric enterprise fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The advance refunding was undertaken to reduce annual debt service payments averaging \$284 over the next ten years for a total savings of \$2,843.

\$ 8,840

Plus original issue premium

\$ 5,088

Less original issue discount

\$ (496)

Total Burbank Water and Power revenue bonds

\$ 132,502

Total Enterprise revenue bonds

\$ 153,446

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, 2013 represents the cumulative amount reported to date based on the use of 46 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,990 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Using the 2013 inflation factor of 1.018 percent, the adjusted closure and postclosure costs for 2013 are \$35,800. 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, 2013, \$14,538 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.

\$ 16,193

State Water Resources Control Board Loan (SWRCB) #1:

This loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is estimated to be \$1,916, of which \$521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.

\$ 241

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

State Water Resources Control Board Loan (SWRCB) #2:

This loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is estimated to be \$1,916, of which \$521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.

\$ 497

State Water Resources Control Board Loan (SWRCB) #3:

This loan was issued for the purpose of constructing the Valhalla Recycled Water Main Extension. This pipeline extends the existing recycled water distribution system to Valhalla Memorial Park and Cemetery and other recycled water customers in its vicinity. The cost of the project is estimated to be \$5,062, of which \$3,709 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2031.

\$ 3,481

State Water Resources Control Board Loan #4:

This loan was issued for the purpose of constructing the Studio District Recycled Water Main Extension. This pipeline extends the existing recycled water distribution system to Warner Brothers, Disney and NBC Studios and other recycled water customers in its vicinity. The cost of the project is estimated to be \$5,161, of which \$3,240 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2032.

\$ 3,041

Total other long-term liabilities

\$ 23,453

Compensated absences :

All the Enterprise fund types' accumulated vacation, universal, in-lieu and sick leave accrual is reported in the respective Enterprise fund. For the fiscal year ended June 30, 2013, the noncurrent portions of the accrual consist of vacation leave of \$3,920, sick leave of \$1,484 and in-lieu time of \$569 and the current portion of \$496.

\$ 6,469

Total business-type activities

\$ 183,368

Total long-term liabilities at June 30, 2013

\$ 448,369

City of Burbank
Year Ended June 30, 2013

(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, 2013 are as follows :

Fiduciary activities

| Year ending June 30 | CFD Bond | | Fiduciary Tax Allocation | |
|------------------------|-----------|----------|-----------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | 345 | 238 | 6,100 | 6,920 |
| 2015 | 365 | 221 | 8,650 | 6,541 |
| 2016 | 380 | 203 | 9,080 | 6,097 |
| 2017 | 400 | 185 | 9,550 | 5,614 |
| 2018 | 415 | 165 | 10,055 | 6,425 |
| 2019-2023 | 2,430 | 474 | 51,675 | 16,762 |
| 2024-2028 | 565 | 15 | 18,250 | 6,636 |
| 2029-2033 | - | - | 6,700 | 4,589 |
| 2034-2038 | - | - | 6,905 | 3,002 |
| 2039-2043 | - | - | 8,170 | 1,369 |
| 2044 | - | - | 1,860 | 42 |
| Premium | - | - | 4,134 | - |
| Totals | \$ 4,900 | 1,501 | 141,129 | 63,997 |

Governmental activities

| Year ending June 30 | Governmental Tax Allocation | | POB Bond | |
|------------------------|--------------------------------|----------|-----------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | 3,815 | 2,673 | 995 | 908 |
| 2015 | 4,000 | 2,483 | 1,135 | 850 |
| 2016 | 4,195 | 2,279 | 1,290 | 782 |
| 2017 | 4,395 | 2,063 | 1,455 | 706 |
| 2018 | 4,620 | 1,839 | 1,635 | 620 |
| 2019-2023 | 26,825 | 5,349 | 8,805 | 1,400 |
| 2024-2028 | 7,035 | 218 | - | - |
| 2029-2033 | - | - | - | - |
| 2034-2038 | - | - | - | - |
| 2039-2043 | - | - | - | - |
| 2044 | - | - | - | - |
| Premium | - | - | - | - |
| Totals | 54,885 | 16,904 | \$ 15,315 | 5,266 |

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Business-type activities

| Year ending June 30 | Revenue Bonds | | Other Liabilities | |
|--------------------------------|----------------------|-----------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2014 | 5,275 | 6,292 | 507 | 190 |
| 2015 | 5,710 | 6,101 | 346 | 175 |
| 2016 | 5,955 | 5,863 | 317 | 166 |
| 2017 | 6,210 | 5,607 | 327 | 158 |
| 2018 | 6,470 | 5,344 | 334 | 150 |
| 2019-2023 | 33,700 | 23,723 | 1,808 | 612 |
| 2024-2028 | 20,685 | 22,883 | 2,056 | 365 |
| 2029-2033 | 23,125 | 16,757 | 1,565 | 93 |
| 2034-2038 | 28,030 | 9,130 | - | - |
| 2039-2040 | 12,695 | 1,177 | - | - |
| Discount | (87) | - | - | - |
| Premium | 5,678 | - | - | - |
| Totals | \$ 153,446 | 102,877 | 7,260 | 1,909 |

City of Burbank

Year Ended June 30, 2013

(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> |
|--|--|--|---|
| Water Revenues | 26,727 | 2,381 | 8.91% |
| Electric Revenues | 212,123 | 7,603 | 3.58% |
| Water Rec. & Sewer | 16,606 | 1,419 | 8.55% |
| Refuse Collection & Disposal | 16,365 | 557 | 3.40% |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES

Receivables at June 30, 2013 consist of the following :

| | General Fund | Low/Mod Housing | General Cap. Proj. |
|---------------------------|-------------------------|----------------------------|-------------------------------|
| Governmental activities : | | | |
| Accounts receivable, net | \$ 1,491 | 11 | 122 |
| Interest receivable | 165 | - | 100 |
| Taxes receivable, net | 8,309 | - | - |
| Notes receivable | - | 37,703 | - |
| Total | <u>\$ 9,965</u> | <u>37,714</u> | <u>222</u> |

| | Public Fin. Authority | Nonmajor Gov't Funds | Internal Service Funds | Total Govern- mental |
|---------------------------|----------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Governmental activities : | | | | |
| Accounts receivable, net | - | 1,825 | 338 | 3,787 |
| Interest receivable | 27 | 81 | 219 | 592 |
| Taxes receivable, net | - | - | - | 8,309 |
| Notes receivable | - | - | - | 37,703 |
| Total | <u>27</u> | <u>1,906</u> | <u>557</u> | <u>50,391</u> |

| | Water Reclam. & Sewer | Electric | Water | Refuse Collect. & Disposal | Nonmajor Prop. Funds | Total Business Type |
|----------------------------|--|-----------------|--------------|---|-------------------------------------|------------------------------------|
| Business-type activities : | | | | | | |
| Accounts receivable, net | \$ 1,759 | 15,062 | 3,193 | 1,989 | 52 | 22,055 |
| Interest receivable | 82 | 138 | 19 | 80 | 1 | 320 |
| Total | <u>\$ 1,841</u> | <u>15,200</u> | <u>3,212</u> | <u>2,069</u> | <u>53</u> | <u>22,375</u> |

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, 2013). 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, 2013, the notes receivable balance was \$37,703, net of an allowance for doubtful accounts of \$17,432. For the fiscal year ended June 30, 2013, the allowance for doubtful accounts increased \$1,003.

City of Burbank

Year Ended June 30, 2013

(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, 2013 was \$0, net of an allowance for doubtful accounts of \$2,081, in both the governmental activities and the governmental funds. The notes receivable balance for HOME as of June 30, 2013 is \$0, net of an allowance for doubtful accounts of \$8,244, in both the governmental activities and the governmental funds.

(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 that 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, 2013, the City received \$3,273 in revenue which was paid to the developer under this agreement.

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 \$3,420 for CIS upgrade, \$1,415 for Sanitary sewer upgrade and \$1,016 for Citywide seismic retrofit.

City of Burbank

Year Ended June 30, 2013

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

During the fiscal years ended June 30, 2013 and 2012, respectively, the Electric Fund made payments totaling \$63,749 and \$62,326 for "take or pay" contracts, and \$1,181 and \$2,689 for the "take and pay" contract.

(a) 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.

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 SCPPA in return for SCPPA's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. SCPPA 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.

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Southern Transmission System Project

Pursuant to an agreement dated as of May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the 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 SCPPA, serves as project manager and operating agent of the Intermountain Power Project (IPP). The City's ownership share of this project is 4.5%.

Mead-Phoenix

SCPPA 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 SCPPA 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

SCPPA 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, SCPPA 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% (9.7MW).

Magnolia Power Project

In March 2003, the City of Burbank entered into a power sales agreement with SCPPA 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 242 megawatts, but can boost its output to 310 MW, if needed. The City is obligated for 97.6 megawatts or 30.992% of its output. The City's share of outstanding debt is 32.35%, which excludes debt relating solely to the City of Cerritos. The City of Burbank is also MPP's operating agent.

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena). The City's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the City's gas requirements for MPP. The City has no obligation under the natural gas supply agreement to pay for gas not delivered.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over 366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the City and the City of Pasadena, California) acquired 100% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20-year delivery term, with a guaranteed annual quantity in each year. The City's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100% of entitlement shares. Each of the two project participants, the City and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual generation from this plant is approximately 48,000 megawatt hours (MWh). The City is also Tieton's operating agent.

Natural Gas Project (NGP)

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the City's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the City, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The City has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

A summary of the City of Burbank "take or pay" contracts and related projects and its contingent liability at June 30, 2013 is shown on the following page :

City of Burbank

Year Ended June 30, 2013

(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 |
|------------------------------------|-----------------------------------|---------------------------------|---|--|
| Intermountain Power Project | \$ 1,848,701 | 3.371% | 62,320 | 73,838 |
| SCPPA | | | | |
| Hoover | \$ 8,369 | 15.957% | 1,335 | 1,525 |
| Southern Transmission System | 708,515 | 4.498% | 31,869 | 42,669 |
| Mead-Adelanto | 126,167 | 11.534% | 14,552 | 17,290 |
| Mead-Phoenix | 38,390 | 15.400% | 5,912 | 6,893 |
| Palo Verde | 47,460 | 4.400% | 2,088 | 2,221 |
| Magnolia Power Project (Project A) | 324,924 | 32.350% | 105,113 | 156,182 |
| Natural Gas Pinedale | 6,690 | 100.000% | 6,690 | 9,950 |
| Natural Gas Barnett | 20,720 | 100.000% | 20,720 | 30,818 |
| Natural Gas Prepaid Project #1 | 313,903 | 33.099% | 103,899 | 183,358 |
| Milford I Wind Project | 213,645 | 5.000% | 10,682 | 16,041 |
| Tieton Hydropower Project | 50,485 | 50.000% | 25,243 | 47,678 |
| SCPPA Total | 1,859,268 | 17.089% | 328,103 | 514,625 |
| Total | <u>\$ 3,707,969</u> | <u>10.072%</u> | <u>\$ 390,423</u> | <u>\$ 588,463</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 :

| | 2013/14 | | 2014/15 | | 2015/16 | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | 4,978 | 2,215 | 6,786 | 2,032 | 8,205 | 1,914 |
| SCPPA | | | | | | |
| Hoover | 290 | 69 | 304 | 55 | 320 | 39 |
| Southern Transmission System | 2,289 | 1,428 | 2,368 | 1,348 | 2,358 | 1,290 |
| Mead-Adelanto | 2,051 | 681 | 1,994 | 583 | 2,074 | 484 |
| Mead-Phoenix | 834 | 251 | 813 | 212 | 849 | 173 |
| Palo Verde | 499 | 52 | 514 | 40 | 529 | 27 |
| Magnolia Pwr. Project | 3,329 | 3,639 | 3,461 | 3,507 | 3,614 | 3,357 |
| Natural Gas Pinedale | 549 | 375 | 549 | 349 | 541 | 319 |
| Natural Gas Barnett | 1,701 | 1,160 | 1,701 | 1,081 | 1,674 | 987 |
| Natural Gas Prepaid Project #1 | 1,300 | 5,287 | 1,323 | 5,222 | 1,389 | 5,156 |
| Milford I Wind Project | 423 | 521 | 441 | 503 | 459 | 485 |
| Tieton Hydropower Project | 408 | 1,273 | 420 | 1,259 | 435 | 1,244 |
| Total | <u>18,651</u> | <u>16,951</u> | <u>20,674</u> | <u>16,191</u> | <u>22,447</u> | <u>15,475</u> |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

| | 2038/43 | | Total | |
|--------------------------------|--------------|------------|----------------|----------------|
| | Principal | Interest | Principal | Interest |
| Intermountain Power Project | \$ - | - | 62,319 | 11,519 |
| SCPPA | | | | |
| Hoover | - | - | 1,335 | 189 |
| IPP STS | - | - | 31,869 | 10,801 |
| Mead-Adelanto | - | - | 14,552 | 2,737 |
| Mead-Phoenix | - | - | 5,912 | 982 |
| Palo Verde | - | - | 2,088 | 133 |
| Magnolia Pwr. Project | - | - | 105,114 | 51,070 |
| Natural Gas Pinedale | - | - | 6,690 | 3,262 |
| Natural Gas Barnett | - | - | 20,720 | 10,097 |
| Natural Gas Prepaid Project #1 | - | - | 103,899 | 79,459 |
| Milford I Wind Project | - | - | 10,682 | 5,359 |
| Tieton Hydropower Project | 4,628 | 391 | 25,243 | 22,436 |
| Total | 4,628 | 391 | 390,423 | 198,044 |

(12) ACCRUED LIABILITIES

Accrued liabilities for Governmental and Business Type Activities June 30, 2013, consist of the following:

| | Governmental Activities | Business Type Activities |
|----------------------|----------------------------|-----------------------------|
| Accrued expenditures | \$ 973 | \$ 14,645 |
| Accrued payroll | 4,963 | - |
| Other liabilities * | 3,628 | - |
| Total | \$ 9,564 | \$ 14,645 |

* Includes employer and employee paid PERS contributions.

City of Burbank

Year Ended June 30, 2013

(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, 2013, the City's deferred compensation plan had accumulated assets of \$117,284 under the 457 plan, and \$645 under the 457p plan.

(14) BOND DEFEASANCE

The City 2002 Waste Disposal Revenue Bonds were defeased during the fiscal year. The difference in the debt service payments totaled \$1,317. An economic gain of \$1,260 resulted due to the refunding.

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, 2013, the following represents the amounts still outstanding on bonds considered defeased :

| | | |
|----|--------|--|
| \$ | 23,200 | 2003 Golden State Subordinated Tax Allocation Bonds, 2003 Series A |
| \$ | 7,760 | 2002 Waste Disposal Revenue Bonds (Tax-Exempt), 2002 Series B |

(15) PREPAID ITEMS AND DEPOSITS

The City shows a total of \$23,978 in prepaid items and deposits. \$23,848 of the prepaid items are in the Electric Utility and \$94 in the Governmental funds (\$63 in the general fund), with incidental amounts in other funds. The composition of these prepaid items include \$19,033 in prepaid fuel held by SCPPA and the Tieton Hydro Power Plant Project, \$638 related to the Warner Brothers lease, as fully described in note 17.

City of Burbank
Year Ended June 30, 2013

(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, 2013, \$4,939 was accrued for general liability claims, and \$30,421 accrued for workers compensation claims. These amounts were determined by an actuarial study, 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, 2013, 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 \$2,000 in excess of self-insurance limits per claim. 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)

Since of July 1, 2004, the City has been 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 | |
|---------------------------------|--------------------|----------------|
| | 2011/12 | 2012/13 |
| Beginning liability, July 1 | \$ 31,277 | 32,752 |
| Claims and changes in estimates | 11,061 | 4,522 |
| Claims payments during the year | (9,586) | (1,914) |
| Ending liability, June 30 | \$ 32,752 | 35,360 |

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, 2013

(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 assets or liabilities in the City's statement of net assets.

Golf Carts

The City has entered into an agreement for a four year lease of 80 golf carts and one beverage cart for the period through 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 :

| | Golf Fund |
|------------------------------|----------------------|
| Year ended June 30 : | |
| 2014 | 82 |
| 2015 | 75 |
| Total minimum lease payments | <u>\$ 157</u> |

The lease expense for the year ended June 30, 2013 was \$82.

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, 2013, the electric fund amortized \$75 on this prepaid lease, leaving a balance of \$638 (see note 15).

City of Burbank

Year Ended June 30, 2013

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 ranges from \$300 to \$600 in reimbursements per month based on years of service, 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 currently pays \$115 per month for all miscellaneous and safety employees. In addition, the City pays \$186 per month for 21 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$186 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 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for fiscal year 2012-13, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2012-13, the City contributed \$92. The City's ARC was \$185 (in thousands) for the fiscal year 2012-13.

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 2012-13, the City contributed \$1,325 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2012-13.

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 2012-13, the City contributed \$1,937 (in thousands), including \$698 (in thousands) in benefit payments and \$1,239 (in thousands) deposit to CERBT. The City's ARC was \$1,151 (in thousands) for the fiscal year 2012-13.

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, 2013

(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, 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 | 1,151 | 185 |
| Interest on net OPEB obligation/(asset) | (97) | (638) | (290) |
| Adjustment to annual required contribution | 140 | 505 | 251 |
| Annual OPEB cost | 1,588 | 1,018 | 146 |
| Contributions made | (1,325) | (1,937) | (92) |
| Decrease in net OPEB obligation | 263 | (919) | 54 |
| Net OPEB obligation/(asset) - beginning of year | (1,673) | (8,346) | (3,657) |
| Net OPEB obligation/(asset) - end of year | \$ (1,410) | (9,265) | (3,603) |

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 Asset |
|--------|---------------|------------------------|------------------------------------|----------------------|
| 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) |
| BERMT | 6/30/2013 | \$ 1,588 | 83.4% | \$ (1,410) |
| PEMHCA | 6/30/2013 | 1,018 | 190.3% | (9,265) |
| URMT | 6/30/2013 | 146 | 63.0% | (3,603) |

City of Burbank

Year Ended June 30, 2013

(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, 2013 was:

| | BERMT | PEMHCA | URMT |
|--|-----------|---------|--------|
| Actuarial accrued liability (a) | \$ 46,187 | 23,475 | 6,277 |
| Actuarial value of plan assets (b) | 20,010 | 14,755 | 6,429 |
| Unfunded actuarial accrued liability (funding excess) (a)-(b) | 26,177 | 8,720 | (152) |
| Funded ratio (b) / (a) | 43.3% | 62.9% | 102.4% |
| Covered payroll (c) | 92,690 | 120,803 | 17,909 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c) | 28.2% | 7.2% | -0.8% |

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 | 6/30/2011 | 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 asset method | 5 year smoothed >=80% and =< 120% of market value | 5 year smoothed >=80% and =< 120% of market value | 5 year smoothed >=80% and =< 120% of market value |

City of Burbank

Year Ended June 30, 2013

(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 Scale AA from 2010 | CalPERS 1997-2007 Scale AA from 2010 | CalPERS 1997-2007 Scale AA from 2010 |
| 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) | Funded Ratio (a/b) |
| | | Covered Payroll (c) | UAAAL as a Percentage of Covered Payroll ((b-a)/c) |
| BERMT | 6/30/2013 | \$ 20,010 | \$ 46,187 |
| PEMHCA | 6/30/2013 | 14,755 | 8,720 |
| URMT | 6/30/2013 | 6,429 | (152) |
| | | | 43.3% |
| | | | 62.9% |
| | | | 102.4% |
| | | | \$ 92,690 |
| | | | 120,803 |
| | | | 17,909 |
| | | | 28.2% |
| | | | 7.2% |
| | | | -0.8% |

(19) PENSION/OPEB ASSET

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|--------|
| Net OPEB asset - end of year BERMT | \$ 1,410 | - | 1,410 |
| Net OPEB asset - end of year PEMHCA | 9,265 | - | 9,265 |
| Net OPEB asset - end of year URMT | - | 3,603 | 3,603 |
| Net Pension Asset (amortized over the life of the asset) (Original amount \$30,121) | 32,027 | 7,769 | 39,796 |
| | \$ 42,702 | 11,372 | 54,074 |

City of Burbank

Year Ended June 30, 2013

(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.

Unavailable Revenues

The General fund records deferred revenue of \$1,300 for sales taxes related to the "Triple Flip" and sales tax true up as of June 30, 2013. This amount is a component of net assets in the government-wide financial statements.

Deficit fund balances

The Agency Fiduciary Trust fund has a deficit fund balance of \$148,944, 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 \$399, which is expected to be offset by future revenues. Tieton Hydro had a deficit fund balance of \$165, which is expected to be offset by future revenues. The Workers-Compensation Self-Insurance fund also has a deficit fund balance of \$7,314, which is expected to be offset by future rate increases.

(21) RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, Assembly Bills 1 x 26 (the "Dissolution Act") and 1 x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 31, 2012, the City elected to serve as the Successor Agency of the Burbank Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on January 31, 2012 to serve as the Housing Successor Agency.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(21) RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Low/Mod Income Housing Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (the "CAC"), the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB 1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$60.367 to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on May 16, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(22) RESTATEMENT OF NET POSITION

Note 1 describes the GASB pronouncements the City is adopting for this and the prior fiscal years. There is a financial impact for the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". Implementation of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", reclassifies certain assets and liabilities to deferred inflows and outflows.

The implementation of GASB Statement No. 65 recognizes cost of issuance and is applied retroactively by restating financial statements, if practical for all periods presented. The implementation of GASB No. 65 resulted in reducing net position of the Successor Agency-Private-Purpose-Trust-Fund in the amount of \$1,950 as of July 1, 2012, to remove bond issue costs reported as deferred costs.

City of Burbank

Year Ended June 30, 2013

(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} |
|--------------------------|----------------------------------|--|---------------------------------------|-----------------------|------------------------|---|
| 6/30/10: | | | | | | |
| 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 | <u>876,293</u> | <u>1,017,725</u> | <u>141,432</u> | 86.1% | <u>112,417</u> | 125.8% |
| 6/30/2011 | | | | | | |
| 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 | 192,000 | 225,519 | 33,519 | 85.1% | 15,932 | 210.4% |
| Total | <u>921,547</u> | <u>1,069,856</u> | <u>148,309</u> | 86.1% | <u>110,891</u> | 133.7% |
| 6/30/2012 | | | | | | |
| Misc. | 586,477 | 687,957 | 101,480 | 85.2% | 78,437 | 129.4% |
| Fire | 169,515 | 181,789 | 12,274 | 93.2% | 13,359 | 91.9% |
| Police | 196,601 | 233,258 | 36,657 | 84.3% | 16,620 | 220.6% |
| Total | <u>952,593</u> | <u>1,103,004</u> | <u>150,411</u> | 86.4% | <u>108,416</u> | 138.7% |

(B) SCHEDULE OF OPEB FUNDING PROGRESS (Unaudited)

Burbank Employees Retiree Medical Trust (BERMT)

| | | | | | | |
|-----------|--------|--------|--------|-------|--------|-------|
| 6/30/2013 | 20,010 | 46,187 | 26,177 | 43.3% | 92,690 | 28.2% |
| 6/30/2012 | 16,782 | 42,891 | 26,109 | 39.1% | 89,722 | 29.1% |
| 6/30/2011 | 13,892 | 37,067 | 23,175 | 37.5% | 80,511 | 28.8% |

CalPERS Healthcare (PEMHCA)

| | | | | | | |
|-----------|--------|--------|-------|-------|---------|------|
| 6/30/2013 | 14,755 | 23,475 | 8,720 | 62.9% | 120,803 | 7.2% |
| 6/30/2012 | 13,390 | 21,953 | 8,563 | 61.0% | 117,001 | 7.3% |
| 6/30/2011 | 11,449 | 18,706 | 7,257 | 61.2% | 108,908 | 6.7% |

Utility Retiree Medical Trust (URMT)

| | | | | | | |
|-----------|-------|-------|-------|--------|--------|-------|
| 6/30/2013 | 6,429 | 6,277 | (152) | 102.4% | 17,909 | -0.8% |
| 6/30/2012 | 5,866 | 5,677 | (189) | 103.3% | 17,345 | -1.1% |
| 6/30/2011 | 5,401 | 4,912 | (489) | 110.0% | 15,704 | -3.1% |

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:

- **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
PUBLIC FINANCING AUTHORITY DEBT SERVICE

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 96 | 96 | 4,007 | 3,911 |
| Total revenues | 96 | 96 | 4,007 | 3,911 |
| Expenditures : | | | | |
| Principal retirement | 3,640 | 3,640 | 3,640 | - |
| Interest and finance charges | 2,850 | 2,850 | 2,959 | (109) |
| Total expenditures | 6,490 | 6,490 | 6,599 | (109) |
| Net change in fund balances | (6,394) | (6,394) | (2,592) | 3,802 |
| Fund balance, July 1, 2012 | 88,021 | 88,021 | 88,021 | - |
| Fund balance, June 30, 2013 | <u>\$ 81,627</u> | <u>81,627</u> | <u>85,429</u> | <u>3,802</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 Low and Moderate Income Housing Fund, the Public Financing Authority Debt Service Fund, and the General 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.

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.

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.

Tieton Hydro - To account for the operation of Southern California Public Power Authority's (SCPPA) joint power plant located in Washington State.

City Of Burbank
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(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 | \$ 2,226 | 901 | 186 | 148 | 564 | 927 |
| Accounts receivable | - | 37 | - | 30 | 430 | - |
| Interest receivable | 5 | 3 | - | - | 2 | - |
| Interfund receivables | - | - | - | - | - | 1 |
| Intergovernmental receivables | - | - | 33 | - | - | - |
| Inventories | - | - | - | - | - | - |
| Prepaid items and deposits | - | - | 1 | - | - | - |
| Total assets | <u>\$ 2,231</u> | <u>941</u> | <u>220</u> | <u>178</u> | <u>996</u> | <u>928</u> |
| Liabilities : | | | | | | |
| Accounts payable | \$ 25 | 113 | 1 | - | 4 | 5 |
| Interfund payable | - | - | - | - | - | 167 |
| Deposits | - | - | 9 | - | - | - |
| Advances payable | - | - | - | - | - | - |
| Total liabilities | <u>25</u> | <u>113</u> | <u>10</u> | <u>-</u> | <u>4</u> | <u>172</u> |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | 1 | - | - | - |
| Inventory | - | - | - | - | - | - |
| Restricted : | | | | | | |
| Transportation | 2,206 | 828 | - | - | - | - |
| Federal and state grants | - | - | 209 | 178 | 992 | 756 |
| Public safety | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Committed : | | | | | | |
| Transportation | - | - | - | - | - | - |
| Unassigned (deficit) | | | | | | |
| Total fund balances (deficit) | <u>2,206</u> | <u>828</u> | <u>210</u> | <u>178</u> | <u>992</u> | <u>756</u> |
| Total liabilities and fund balances | <u>\$ 2,231</u> | <u>941</u> | <u>220</u> | <u>178</u> | <u>996</u> | <u>928</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(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 | \$ 1,628 | - | 274 | 124 | 26 | 1,192 |
| Accounts receivable | - | - | 234 | - | - | - |
| Interest receivable | 5 | - | 1 | 1 | - | 3 |
| Interfund receivable | - | - | - | - | - | - |
| Intergovernmental receivable | - | - | - | 37 | - | - |
| Inventories | - | - | 250 | - | - | - |
| Prepaid items and deposits | - | - | - | - | - | - |
| Total assets | <u>\$ 1,633</u> | <u>-</u> | <u>759</u> | <u>162</u> | <u>26</u> | <u>1,195</u> |
| Liabilities : | | | | | | |
| Accounts payable | \$ 493 | - | 134 | - | 2 | 4 |
| Interfund payable | - | - | - | - | - | - |
| Deposits | - | - | 8 | - | - | - |
| Advances payable | - | - | - | - | - | - |
| Total liabilities | <u>493</u> | <u>-</u> | <u>142</u> | <u>-</u> | <u>2</u> | <u>4</u> |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | - | - | - | - |
| Inventory | - | - | 250 | - | - | - |
| Restricted | | | | | | |
| Transportation | 1,140 | - | - | - | - | - |
| Federal and state grants | - | - | - | - | 24 | - |
| Public safety | - | - | - | 162 | - | 1,191 |
| Capital projects | - | - | - | - | - | - |
| Committed : | | | | | | |
| Transportation | - | - | 367 | - | - | - |
| Unassigned (deficit) | | | | | | |
| Total fund balances (deficit) | <u>1,140</u> | <u>-</u> | <u>617</u> | <u>162</u> | <u>24</u> | <u>1,191</u> |
| Total liabilities and fund balances | <u>\$ 1,633</u> | <u>-</u> | <u>759</u> | <u>162</u> | <u>26</u> | <u>1,195</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(in thousands)

| | Special Revenue Funds | | | Capital Projects Fund | | |
|--|-----------------------|----------------|-----------------|-----------------------|----------------------|--------------------|
| | Magnolia | | | Public Improve. | Parking Authority | Youth Endowment |
| | Measure R | Power Plant | Tieton Hydro | | | |
| Assets : | | | | | | |
| Pooled cash and investments | \$ 2,050 | 1,541 | - | 16,908 | 1,043 | 2,100 |
| Accounts receivable | - | 774 | - | 294 | 26 | - |
| Interest receivable | 5 | 3 | 3 | 46 | 3 | 1 |
| Interfund receivable | - | 51 | - | - | - | - |
| Intergovernmental receivable | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | - |
| Prepaid items and deposits | - | - | - | - | - | - |
| Total assets | \$ 2,055 | 2,369 | 3 | 17,248 | 1,072 | 2,101 |
| Liabilities : | | | | | | |
| Accounts payable | \$ 377 | 2,768 | 117 | 237 | 33 | - |
| Interfund payable | - | - | 51 | - | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Deposits | - | - | - | 2 | - | - |
| Advances payable | - | - | - | 323 | - | - |
| Total liabilities | 377 | 2,768 | 168 | 562 | 33 | - |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - |
| Restricted | | | | | | |
| Transportation | 1,678 | - | - | - | - | - |
| Federal and state grants | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Capital projects | - | - | - | - | 1,039 | 2,101 |
| Committed | | | | | | |
| Transportation | - | - | - | 16,686 | - | - |
| Unassigned (deficit) | - | (399) | (165) | - | - | - |
| Total fund balances (deficit) | 1,678 | (399) | (165) | 16,686 | 1,039 | 2,101 |
| Total liabilities and fund balances | \$ 2,055 | 2,369 | 3 | 17,248 | 1,072 | 2,101 |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONCLUDED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(in thousands)

| | Total Nonmajor Govern- mental Funds |
|-------------------------------------|--|
| Assets : | |
| Pooled cash and investments | \$ 31,838 |
| Accounts receivable | 1,825 |
| Interest receivable | 81 |
| Interfund receivable | 52 |
| Intergovernmental receivable | 70 |
| Inventories | 250 |
| Prepaid items and deposits | 1 |
| Total assets | \$ 34,117 |
| Liabilities : | |
| Accounts payable | 4,313 |
| Interfund payable | 218 |
| Deposits | 19 |
| Advances payable | 323 |
| Total liabilities | 4,873 |
| Fund balances : | |
| Nonspendable: | |
| Prepaid items | 1 |
| Inventory | 250 |
| Restricted | |
| Transportation | 5,852 |
| Federal and state grants | 2,159 |
| Public safety | 1,353 |
| Capital projects | 3,140 |
| Committed | |
| Transportation | 17,053 |
| Unassigned (deficit) | (564) |
| Total fund balances (deficit) | 29,244 |
| Total liabilities and fund balances | \$ 34,117 |

See accompanying independent auditors' report.

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------|------------|-----------------|--------------------------------|----------------------|
| | Transp. Prop. A | Transp. Prop. C | AQMD | Home Program | Commun. Dev Block Grants | Housing Authority |
| Revenues : | | | | | | |
| Taxes | \$ 1,769 | 1,392 | - | - | - | - |
| Use of money or property | (34) | - | (2) | 1 | (6) | 3 |
| Intergovernmental | 77 | - | 126 | 485 | 1,008 | 8,393 |
| Charges for services | 51 | 163 | - | - | 183 | - |
| Total revenues | <u>1,863</u> | <u>1,555</u> | <u>124</u> | <u>486</u> | <u>1,185</u> | <u>8,396</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | - | - |
| Public safety : | | | | | | |
| Police | - | - | - | - | - | - |
| Environmental : | | | | | | |
| Community development | 1,058 | 2,121 | 113 | 484 | 991 | 9,032 |
| Capital outlay : | | | | | | |
| Street improvements | - | - | - | - | - | - |
| General capital improvements | - | - | - | - | - | - |
| Total capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,058</u> | <u>2,121</u> | <u>113</u> | <u>484</u> | <u>991</u> | <u>9,032</u> |
| Excess (deficiency) of revenues over expenditures | <u>805</u> | <u>(566)</u> | <u>11</u> | <u>2</u> | <u>194</u> | <u>(636)</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | - | - | - | - |
| Transfers out (note 7) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 805 | (566) | 11 | 2 | 194 | (636) |
| Fund balance, July 1, 2012 | 1,401 | 1,394 | 199 | 176 | 798 | 1,392 |
| Fund balance, June 30, 2013 | <u>\$ 2,206</u> | <u>828</u> | <u>210</u> | <u>178</u> | <u>992</u> | <u>756</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------|--------------------|--------------------|-------------------|---------------------|
| | State Gas Tax | Disaster Relief | Street Lighting | Sup Law | Comm. Services | Drug |
| | | | | Enforce Service | | Asset Forfeiture |
| Revenues : | | | | | | |
| Taxes | \$ - | - | - | - | - | - |
| Use of money or property | (8) | - | 90 | (7) | 13 | (9) |
| Intergovernmental | 2,522 | - | - | 195 | - | 116 |
| Charges for services | - | - | 86 | - | - | - |
| Total revenues | <u>2,514</u> | <u>-</u> | <u>176</u> | <u>188</u> | <u>13</u> | <u>107</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | - | - |
| Public safety : | | | | | | |
| Police | - | - | - | 253 | - | 163 |
| Environmental : | | | | | | |
| Community development | - | - | - | - | 7 | - |
| Capital outlay : | | | | | | |
| Street improvements | 3,239 | - | 2,498 | - | - | - |
| General capital improvements | - | - | - | - | - | - |
| Total capital outlay | <u>3,239</u> | <u>-</u> | <u>2,498</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>3,239</u> | <u>-</u> | <u>2,498</u> | <u>253</u> | <u>7</u> | <u>163</u> |
| Excess (deficiency) of revenues over expenditures | <u>(725)</u> | <u>-</u> | <u>(2,322)</u> | <u>(65)</u> | <u>6</u> | <u>(56)</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | 2,408 | - | - | - |
| Transfers out (note 7) | - | (72) | (40) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(72)</u> | <u>2,368</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (725) | (72) | 46 | (65) | 6 | (56) |
| Fund balance, July 1, 2012 | 1,865 | 72 | 571 | 227 | 18 | 1,247 |
| Fund balance, June 30, 2013 | <u>\$ 1,140</u> | <u>-</u> | <u>617</u> | <u>162</u> | <u>24</u> | <u>1,191</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Special Revenue Funds | | | Capital Projects Funds | | |
|--|-----------------------|----------------|-----------------|------------------------|----------------------|--------------------|
| | Magnolia | | | Public Improve. | Parking Authority | Youth Endowment |
| | Measure R | Power Plant | Tieton Hydro | | | |
| Revenues : | | | | | | |
| Taxes | \$ 1,041 | - | - | - | - | - |
| Use of money or property | (10) | 2 | (13) | (86) | 675 | 8 |
| Intergovernmental | - | - | - | 3,738 | - | - |
| Charges for services | - | 21,627 | 870 | 343 | - | - |
| Total revenues | <u>1,031</u> | <u>21,629</u> | <u>857</u> | <u>3,995</u> | <u>675</u> | <u>8</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | 792 | - |
| Public safety : | | | | | | |
| Police | - | - | - | - | - | - |
| Environmental : | | | | | | |
| Community development | - | 21,632 | 876 | 6,454 | - | - |
| Capital outlay : | | | | | | |
| Street improvements | 709 | - | - | - | - | - |
| General capital improvements | 902 | - | - | - | - | - |
| Total capital outlay | <u>1,611</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,611</u> | <u>21,632</u> | <u>876</u> | <u>6,454</u> | <u>792</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(580)</u> | <u>(3)</u> | <u>(19)</u> | <u>(2,459)</u> | <u>(117)</u> | <u>8</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | - | - | - | 2,100 |
| Transfers out (note 7) | - | - | - | - | - | (525) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,575</u> |
| Net change in fund balance | (580) | (3) | (19) | (2,459) | (117) | 1,583 |
| Fund balance, July 1, 2012 | 2,258 | (396) | (146) | 19,145 | 1,156 | 518 |
| Fund balance, June 30, 2013 (deficit) | <u>\$ 1,678</u> | <u>(399)</u> | <u>(165)</u> | <u>16,686</u> | <u>1,039</u> | <u>2,101</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Total Nonmajor Govern- mental Funds |
|--|--|
| Revenues : | |
| Taxes | 4,202 |
| Use of money or property | 617 |
| Intergovernmental | 16,660 |
| Charges for services | 23,323 |
| Total revenues | <u>44,802</u> |
| Expenditures : | |
| General government : | |
| Administrative services | 792 |
| Public safety : | |
| Police | 416 |
| Environmental : | |
| Community development | 42,768 |
| Capital outlay : | |
| Street improvements | 6,446 |
| General capital improvements | 902 |
| Total capital outlay | <u>7,348</u> |
| Total expenditures | <u>51,324</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,522)</u> |
| Other financing sources (uses) : | |
| Transfers in (note 7) | 4,508 |
| Transfers out (note 7) | <u>(637)</u> |
| Total other financing sources (uses) | <u>3,871</u> |
| Net change in fund balance | (2,651) |
| Fund balance, July 1, 2012 | 31,895 |
| Fund balance, June 30, 2013 | <u>\$ 29,244</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION PROP A

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Other local taxes | \$ 1,571 | 1,571 | 1,769 | 198 |
| Use of money and property | 18 | 18 | (34) | (52) |
| Intergovernmental | 141 | 141 | 77 | (64) |
| Charges for services | 61 | 61 | 51 | (10) |
| Total revenues | <u>1,791</u> | <u>1,791</u> | <u>1,863</u> | <u>72</u> |
| Expenditures : | | | | |
| Community Development | 1,565 | 1,564 | 1,058 | 506 |
| Parks and recreation : | | | | |
| Special community services | 36 | 37 | - | 37 |
| Total expenditures | <u>1,601</u> | <u>1,601</u> | <u>1,058</u> | <u>543</u> |
| Net change in fund balance | 190 | 190 | 805 | 615 |
| Fund balance, July 1, 2012 | <u>1,401</u> | <u>1,401</u> | <u>1,401</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u>\$ 1,591</u> | <u>\$ 1,591</u> | <u>\$ 2,206</u> | <u>\$ 615</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP C

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Other local taxes | \$ 1,177 | 1,177 | 1,392 | 215 |
| Use of money and property | 19 | 19 | - | (19) |
| Intergovernmental | 101 | 101 | - | (101) |
| Charges for services | 182 | 182 | 163 | (19) |
| | <u>1,479</u> | <u>1,479</u> | <u>1,555</u> | <u>76</u> |
| Total revenues | | | | |
| Expenditures : | | | | |
| Community Development | 3,278 | 3,466 | 2,121 | 1,345 |
| Parks and recreation : | | | | |
| Special community services | 107 | 107 | - | 107 |
| | <u>3,385</u> | <u>3,573</u> | <u>2,121</u> | <u>1,452</u> |
| Total expenditures | | | | |
| Net change in fund balance | (1,906) | (2,094) | (566) | 1,528 |
| Fund balance, July 1, 2012 | <u>1,394</u> | <u>1,394</u> | <u>1,394</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u>\$ (512)</u> | <u>\$ (700)</u> | <u>\$ 828</u> | <u>\$ 1,528</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL AQMD

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ 2 | 2 | (2) | (4) |
| Intergovernmental | 119 | 119 | 126 | 7 |
| Total revenues | 121 | 121 | 124 | 3 |
| Expenditures : | | | | |
| Community development | 144 | 156 | 113 | 43 |
| Excess (deficiency) of revenues over expenditures | (23) | (35) | 11 | 46 |
| Fund balance, July 1, 2012 | 199 | 199 | 199 | - |
| Fund balance, June 30, 2013 | <u>\$ 176</u> | <u>164</u> | <u>210</u> | <u>46</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOME PROGRAM

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 2 | 2 | 1 | (1) |
| Intergovernmental | 320 | 320 | 485 | 165 |
| Total revenues | 322 | 322 | 486 | 164 |
| Expenditures : | | | | |
| Community development | 1,097 | 1,123 | 484 | 639 |
| Excess (deficiency) of revenues over expenditures | (775) | (801) | 2 | 803 |
| Fund balance, July 1, 2012 | 176 | 176 | 176 | - |
| Fund balance, June 30, 2013 | <u>\$ (599)</u> | <u>(625)</u> | <u>178</u> | <u>803</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

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 6 | 6 | (6) | (12) |
| Intergovernmental | 731 | 731 | 1,008 | 277 |
| Charges for services | 87 | 87 | 183 | 96 |
| Total revenues | 824 | 824 | 1,185 | 361 |
| Expenditures : | | | | |
| Community development | 2,047 | 2,072 | 991 | 1,081 |
| Excess (deficiency) of revenues over expenditures | (1,223) | (1,248) | 194 | 1,442 |
| Fund balance (deficit), July 1, 2012 | 798 | 798 | 798 | - |
| Fund balance (deficit), June 30, 2013 | <u>\$ (425)</u> | <u>(450)</u> | <u>992</u> | <u>1,442</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOUSING AUTHORITY

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 8 | 8 | 3 | (5) |
| Intergovernmental | 9,460 | 9,460 | 8,393 | (1,067) |
| Total revenues | <u>9,468</u> | <u>9,468</u> | <u>8,396</u> | <u>(1,072)</u> |
| Expenditures : | | | | |
| Community development | <u>9,766</u> | <u>9,766</u> | <u>9,032</u> | <u>734</u> |
| Total expenditures | <u>9,766</u> | <u>9,766</u> | <u>9,032</u> | <u>734</u> |
| Excess (deficiency) of revenues over expenditures and other uses | (298) | (298) | (636) | (338) |
| Fund balance, July 1, 2012 | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 1,094</u> | <u>1,094</u> | <u>756</u> | <u>(338)</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE GAS TAX

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 13 | 13 | (8) | (21) |
| Intergovernmental | <u>2,820</u> | <u>2,820</u> | <u>2,522</u> | <u>(298)</u> |
| Total revenues | <u>2,833</u> | <u>2,833</u> | <u>2,514</u> | <u>(319)</u> |
| Expenditures : | | | | |
| Capital outlay : | | | | |
| Street improvements | <u>1,570</u> | <u>1,653</u> | <u>3,239</u> | <u>(1,586)</u> |
| Total expenditures | <u>1,570</u> | <u>1,653</u> | <u>3,239</u> | <u>(1,586)</u> |
| Excess (deficiency) of revenues over expenditures | 1,263 | 1,180 | (725) | (1,905) |
| Other financing uses : | | | | |
| Transfers out | <u>(1,923)</u> | <u>(1,923)</u> | - | <u>(1,923)</u> |
| Net change in fund balance | (660) | (743) | (725) | (3,828) |
| Fund balance, July 1, 2012 | <u>1,865</u> | <u>1,865</u> | <u>1,865</u> | - |
| Fund balance, June 30, 2013 | <u>\$ 1,205</u> | <u>1,122</u> | <u>1,140</u> | <u>(3,828)</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 60 | 60 | 90 | 30 |
| Charges for services | 180 | 180 | 86 | (94) |
| Total revenues | 240 | 240 | 176 | (64) |
| Expenditures : | | | | |
| Capital outlay : | | | | |
| Street improvements | 2,674 | 2,673 | 2,498 | 175 |
| Deficiency of revenues over expenditures | (2,434) | (2,433) | (2,322) | 111 |
| Other financing sources : | | | | |
| Transfers in | 2,408 | 2,408 | 2,408 | - |
| Net change in fund balance | (66) | (65) | 46 | 111 |
| Fund balance, July 1, 2012 | 571 | 571 | 571 | - |
| Fund balance, June 30, 2013 | \$ 505 | 506 | 617 | 111 |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SERVICES

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 3 | 3 | (7) | (10) |
| Intergovernmental | 208 | 208 | 195 | (13) |
| Total revenues | 211 | 211 | 188 | (23) |
| Expenditures : | | | | |
| Police | 160 | 333 | 253 | 80 |
| Net change in fund balance | 51 | (122) | (65) | 57 |
| Fund balance, July 1, 2012 | 227 | 227 | 227 | - |
| Fund balance (deficit), June 30, 2013 | <u>\$ 278</u> | <u>105</u> | <u>162</u> | <u>57</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL COMMUNITY SERVICES

For the Year ended June 30, 2013
(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 | \$ - | - | 13 | 13 |
| Expenditures : | | | | |
| Community development | <u>14</u> | <u>14</u> | <u>7</u> | <u>(7)</u> |
| Total expenditures | <u>14</u> | <u>14</u> | <u>7</u> | <u>(7)</u> |
| Excess (deficiency) of revenues over expenditures | \$ (14) | (14) | 6 | 20 |
| Fund balance, July 1, 2012 | <u>18</u> | <u>18</u> | <u>18</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 4</u> | <u>4</u> | <u>24</u> | <u>20</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE R

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|-----------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | (10) | (10) |
| Other local taxes | - | - | 1,041 | 1,041 |
| Total revenues | - | - | 1,031 | 1,031 |
| Expenditures : | | | | |
| Street Improvements | 821 | 821 | 709 | 112 |
| Community development | 1,172 | 1,172 | 902 | 270 |
| Total expenditures | 1,993 | 1,993 | 1,611 | 382 |
| Net change in fund balance | (1,993) | (1,993) | (580) | 1,413 |
| Fund balance, July 1, 2012 | 2,258 | 2,258 | 2,258 | - |
| Fund balance, June 30, 2013 | <u>\$ 265</u> | <u>265</u> | <u>1,678</u> | <u>1,413</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL MAGNOLIA POWER PLANT

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | 2 | 2 |
| Charges for Services | <u>25,667</u> | <u>25,667</u> | <u>21,627</u> | <u>(4,040)</u> |
| Total revenues | 25,667 | 25,667 | 21,629 | (4,038) |
| Expenditures : | | | | |
| Community development | <u>27,739</u> | <u>27,738</u> | <u>21,632</u> | <u>6,106</u> |
| Total expenditures | <u>27,739</u> | <u>27,738</u> | <u>21,632</u> | <u>6,106</u> |
| Excess (deficiency) of revenues over expenditures | (2,072) | (2,071) | (3) | 2,068 |
| Fund balance (deficit), July 1, 2012 | <u>(396)</u> | <u>(396)</u> | <u>(396)</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u><u>\$ (2,468)</u></u> | <u><u>(2,467)</u></u> | <u><u>(399)</u></u> | <u><u>2,068</u></u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIETON HYDRO

For the Year ended June 30, 2013
(in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | (13) | (13) |
| Charges for Services | 1,508 | 1,508 | 870 | (638) |
| Total revenues | 1,508 | 1,508 | 857 | (651) |
| Expenditures : | | | | |
| Capital improvements | 300 | 300 | - | 300 |
| Community development | 1,275 | 1,275 | 876 | 399 |
| Total expenditures | 1,575 | 1,575 | 876 | 699 |
| Excess (deficiency) of revenues over expenditures | (67) | (67) | (19) | 48 |
| Fund balance, July 1, 2012 | (146) | (146) | (146) | - |
| Fund balance, June 30, 2013 (deficit) | <u>\$ (213)</u> | <u>(213)</u> | <u>(165)</u> | <u>48</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

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|-----------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 705 | 705 | 675 | (30) |
| Total revenues | 705 | 705 | 675 | (30) |
| Expenditures : | | | | |
| Administrative services | 1,830 | 1,547 | 792 | 755 |
| Total expenditures | 1,830 | 1,547 | 792 | 755 |
| Net change in fund balance | (1,125) | (842) | (117) | 725 |
| Fund balance, July 1, 2012 | 1,156 | 1,156 | 1,156 | - |
| Fund balance, June 30, 2013 | \$ 31 | 314 | 1,039 | 725 |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YOUTH ENDOWMENT SERVICES

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ - | 6 | 8 | 2 |
| Expenditures : | | | | |
| Administrative services | - | - | - | - |
| General capital improvements | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | 6 | 8 | 2 |
| Other financing sources : | | | | |
| Transfers in | 2,100 | 2,100 | 2,100 | - |
| Transfers out | - | (525) | (525) | - |
| Total other financing sources | 2,100 | 1,575 | 1,575 | - |
| Net change in fund balance | 2,100 | 1,581 | 1,583 | 2 |
| Fund balance, July 1, 2012 | 518 | 518 | 518 | - |
| Fund balance, June 30, 2013 | <u>\$ 2,618</u> | <u>2,099</u> | <u>2,101</u> | <u>2</u> |

See accompanying independent auditors' report.



NONMAJOR ENTERPRISE FUND

This section of the CAFR provides information on non-major enterprise funds.

Golf Fund - To account for the operations of the City's Golf Course.

City Of Burbank
STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUND
June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|--|----------------------|---|
| Assets : | | |
| Current assets : | | |
| Pooled cash and investments | \$ 282 | 282 |
| Accounts receivable | 52 | 52 |
| Interest receivable | 1 | 1 |
| Prepaid expenses | 10 | 10 |
| Total current assets | 345 | 345 |
| Capital assets : | | |
| Land | 11 | 11 |
| Land improvements | 1,036 | 1,036 |
| Buildings and improvements | 8,949 | 8,949 |
| Machinery and equipment | 391 | 391 |
| Construction in progress | 46 | 46 |
| Less accumulated depreciation | (3,317) | (3,317) |
| Total capital assets, net of accumulated depreciation | 7,116 | 7,116 |
| Total assets | 7,461 | 7,461 |
| Liabilities : | | |
| Accounts payable | 5 | 5 |
| Accrued expenses | 35 | 35 |
| Total current liabilities | 40 | 40 |
| Long-term liabilities (net of Advances Payable | 3,184 | 3,184 |
| Total long-term liabilities | 3,184 | 3,184 |
| Total liabilities | 3,224 | 3,224 |
| Net position : | | |
| Net investment in capital assets | 7,116 | 7,116 |
| Unrestricted (deficit) | (2,879) | (2,879) |
| Total net position | \$ 4,237 | 4,237 |

See accompanying independent auditors' report.

City Of Burbank
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|-------------------------------------|----------------------|---|
| Operating revenues : | | |
| Charges for services | <u>1,932</u> | <u>1,932</u> |
| Total operating revenues | <u>1,932</u> | <u>1,932</u> |
| Operating expenses : | | |
| Operations and maintenance | 1,863 | 1,863 |
| Depreciation | <u>568</u> | <u>568</u> |
| Total operating expenses | <u>2,431</u> | <u>2,431</u> |
| Operating (loss) | <u>(499)</u> | <u>(499)</u> |
| Nonoperating income (expense) : | | |
| Interest income | (3) | (3) |
| Interest expense | <u>(29)</u> | <u>(29)</u> |
| Total nonoperating income (expense) | <u>(32)</u> | <u>(32)</u> |
| Change in net position | (531) | (531) |
| Net position, July 1, 2012 | <u>4,768</u> | <u>4,768</u> |
| Net position, June 30, 2013 | <u>\$ 4,237</u> | <u>4,237</u> |

See accompanying independent auditors' report.

City Of Burbank
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|---|----------------------|---|
| Cash flows from operating activities : | | |
| Cash received from customers | \$ 1,919 | 1,919 |
| Cash paid to suppliers | (1,924) | (1,924) |
| Net cash provided by (used in) operating activities | (5) | (5) |
| Cash flows from noncapital financing activities : | | |
| Received from City of Burbank | 30 | 30 |
| Net cash provided by (used in) noncapital financing activities | 30 | 30 |
| Cash flows from capital and related financing activities : | | |
| Acquisition and construction of assets | 5 | 5 |
| Interest paid | (29) | (29) |
| Net cash used in capital and related financing activities | (24) | (24) |
| Cash flows from investing activities : | | |
| Interest received | - | - |
| Net cash provided by investing activities | - | - |
| Net increase (decrease) in cash and cash equivalents | 1 | 1 |
| Cash and cash equivalents, July 1, 2012 | 281 | 281 |
| Cash and cash equivalents, June 30, 2013 | \$ 282 | 282 |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|---|----------------------|---|
| Reconciliation of operating income (loss) to net cash provided by operating activities : | | |
| Operating income (loss) | \$ (499) | (499) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities : | | |
| Depreciation | 568 | 568 |
| GASB 31 market value adjustment | (3) | (3) |
| (Increase) in accounts receivable | (13) | (13) |
| Increase in accrued expense | (58) | (58) |
| Total adjustments | 494 | 494 |
| Net cash provided by (used in) operating activities | \$ (5) | (5) |
| Noncash investing, capital, and financing activities : | | |
| (Decrease) in fair value of investments | \$ (3) | (3) |

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 POSITION
INTERNAL SERVICE FUNDS

June 30, 2013
(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 | \$ 18,714 | 23,062 | 18,164 | 9,267 | 1,017 |
| Accounts receivable | - | - | 78 | - | 251 |
| Interest receivable | 49 | 62 | 49 | 26 | 4 |
| Interfund receivable | - | 2 | 1 | - | - |
| Inventories | - | - | 359 | - | - |
| Prepaid expenses | - | - | - | - | - |
| Total current assets | <u>18,763</u> | <u>23,126</u> | <u>18,651</u> | <u>9,293</u> | <u>1,272</u> |
| Capital assets : | | | | | |
| Buildings and improvements | - | - | 2,777 | - | 9,322 |
| Accumulated depreciation | - | - | (665) | - | (2,755) |
| Machinery and equipment | - | - | 31,819 | 3,450 | 2,786 |
| Accumulated depreciation | - | - | (19,942) | (2,825) | (1,517) |
| Construction in progress | - | - | 128 | - | 848 |
| Total capital assets | <u>-</u> | <u>-</u> | <u>14,117</u> | <u>625</u> | <u>8,684</u> |
| Total assets | <u>\$ 18,763</u> | <u>23,126</u> | <u>32,768</u> | <u>9,918</u> | <u>9,956</u> |
| Liabilities : | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 197 | 19 | 933 | 47 | 409 |
| Compensated absences | - | - | 23 | - | - |
| Deposits | 139 | - | - | - | 59 |
| Outstanding claims - self insurance | 2,336 | 6,427 | - | - | - |
| Total current liabilities | <u>2,672</u> | <u>6,446</u> | <u>956</u> | <u>47</u> | <u>468</u> |
| Long-term liabilities (net of current portion) | | | | | |
| Compensated absences | - | - | 101 | - | 3 |
| Outstanding claims - self insurance | 2,603 | 23,994 | - | - | - |
| Advances payable | - | - | - | - | - |
| Total long-term liabilities | <u>2,603</u> | <u>23,994</u> | <u>101</u> | <u>-</u> | <u>3</u> |
| Total liabilities | <u>5,275</u> | <u>30,440</u> | <u>1,057</u> | <u>47</u> | <u>471</u> |
| Net Position : | | | | | |
| Net investment in capital assets | - | - | 14,117 | 625 | 8,684 |
| Unrestricted (deficit) | 13,488 | (7,314) | 17,594 | 9,246 | 801 |
| Total net position | <u>\$ 13,488</u> | <u>(7,314)</u> | <u>31,711</u> | <u>9,871</u> | <u>9,485</u> |

(Continued)

City Of Burbank
COMBINING STATEMENT OF NET POSITION, (concluded)
INTERNAL SERVICE FUNDS

June 30, 2013
(in thousands)

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|--|--------------------------------------|--------------------------------------|--------------|
| Current assets : | | | |
| Cash and investments | \$ 5,482 | 6,144 | 81,850 |
| Accounts receivable | 5 | 4 | 338 |
| Interest receivable | 14 | 15 | 219 |
| Interfund receivable | 1 | 7 | 11 |
| Inventories | 135 | - | 494 |
| Prepaid expenses | 4 | 8 | 12 |
| Total current assets | 5,641 | 6,178 | 82,924 |
| Capital assets : | | | |
| Buildings and improvements | 1,447 | - | 13,546 |
| Accumulated depreciation | (594) | - | (4,014) |
| Machinery and equipment | 11,137 | 14,276 | 63,468 |
| Accumulated depreciation | (8,927) | (12,122) | (45,333) |
| Construction in progress | 154 | 167 | 1,297 |
| Total capital assets | 3,217 | 2,321 | 28,964 |
| Total assets | \$ 8,858 | 8,499 | 111,888 |
| Liabilities : | | | |
| Current liabilities | | | |
| Accounts payable | \$ 274 | 448 | 2,327 |
| Compensated absences | 19 | - | 42 |
| Deposits | - | - | 198 |
| Outstanding claims - self insurance | - | - | 8,763 |
| Total current liabilities | 293 | 448 | 11,330 |
| Long-term liabilities (net of current portion) | | | |
| Compensated absences | 100 | 2 | 206 |
| Outstanding claims - self insurance | - | - | 26,597 |
| Advances payable | - | 25 | 25 |
| Total long-term liabilities | 100 | 27 | 26,828 |
| Total liabilities | 393 | 475 | 38,158 |
| Net Position : | | | |
| Net investment in capital assets | 3,217 | 2,321 | 28,964 |
| Unrestricted | 5,248 | 5,703 | 44,766 |
| Total net position | \$ 8,465 | 8,024 | 73,730 |

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

**For the Year ended June 30, 2013
(in thousands)**

| | Risk Mgmt. Self-Ins. | Workers Comp. Self-Ins. | Vehicle Equip. Rental | Office Equip. Rental | Muni. Bldg. Replace. |
|---|-------------------------------------|--|--------------------------------------|-------------------------------------|-------------------------------------|
| Operating revenues : | | | | | |
| Charges for services | \$ 6,123 | 10,783 | 7,588 | 89 | 951 |
| Total operating revenues | <u>6,123</u> | <u>10,783</u> | <u>7,588</u> | <u>89</u> | <u>951</u> |
| Operating expenses : | | | | | |
| Operations and maintenance | 5,681 | 10,086 | 5,239 | 184 | 1,997 |
| Depreciation | - | - | 2,426 | 282 | 812 |
| Total operating expenses | <u>5,681</u> | <u>10,086</u> | <u>7,665</u> | <u>466</u> | <u>2,809</u> |
| Operating income (loss) | <u>442</u> | <u>697</u> | <u>(77)</u> | <u>(377)</u> | <u>(1,858)</u> |
| Nonoperating income (expense) : | | | | | |
| Interest income | (178) | (225) | (165) | (72) | 15 |
| Other local taxes | - | - | - | - | 1,553 |
| Gain (loss) on disposal of fixed assets | - | - | 113 | (3) | - |
| Other income (expense) | - | - | 203 | 19 | 15 |
| Total nonoperating income (expense) | <u>(178)</u> | <u>(225)</u> | <u>151</u> | <u>(56)</u> | <u>1,583</u> |
| Income (loss) before transfers | 264 | 472 | 74 | (433) | (275) |
| Transfers in | 180 | - | - | - | - |
| Transfers out | - | - | - | (127) | (2,503) |
| Change in net position | 444 | 472 | 74 | (560) | (2,778) |
| Net position, July 1, 2012 (deficit) | <u>13,044</u> | <u>(7,786)</u> | <u>31,637</u> | <u>10,431</u> | <u>12,263</u> |
| Net position, June 30, 2013 (deficit) | <u>\$ 13,488</u> | <u>(7,314)</u> | <u>31,711</u> | <u>9,871</u> | <u>9,485</u> |

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION, (concluded)
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|---|--------------------------------------|--------------------------------------|--------------|
| Operating revenues : | | | |
| Charges for services | \$ 2,684 | 2,465 | 30,683 |
| Total operating revenues | 2,684 | 2,465 | 30,683 |
| Operating expenses : | | | |
| Operations and maintenance | 1,734 | 1,969 | 26,890 |
| Depreciation | 1,188 | 1,976 | 6,684 |
| Total operating expenses | 2,922 | 3,945 | 33,574 |
| Operating income (loss) | (238) | (1,480) | (2,891) |
| Nonoperating income (expense) : | | | |
| Interest income | (59) | (47) | (731) |
| Other local taxes | - | - | 1,553 |
| Gain (loss) on disposal of fixed assets | - | - | 110 |
| Other income (expense) | 20 | 11 | 268 |
| Total nonoperating income (expense) | (39) | (36) | 1,200 |
| Income (loss) before transfers | (277) | (1,516) | (1,691) |
| Transfer in | - | - | 180 |
| Transfer out | - | - | (2,630) |
| Change in net position | (277) | (1,516) | (4,141) |
| Net position, July 1, 2012 (deficit) | 8,742 | 9,540 | 77,871 |
| Net position, June 30, 2013 (deficit) | \$ 8,465 | 8,024 | 73,730 |

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(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 | \$ 6,123 | 10,783 | 7,617 | 89 | 963 |
| Cash paid to suppliers | (4,947) | (8,657) | (3,872) | (325) | (1,762) |
| Cash paid to employees | - | - | (1,315) | - | (66) |
| Net cash provided by (used in) operating activities | <u>1,176</u> | <u>2,126</u> | <u>2,430</u> | <u>(236)</u> | <u>(865)</u> |
| Cash flows from noncapital financing activities : | | | | | |
| Proceeds from other funds | - | - | 203 | 19 | 1,513 |
| Transfers from other funds | 180 | - | - | - | - |
| Transfers to other funds | - | - | - | (127) | (2,503) |
| Net cash provided by (used in) noncapital financing activities | <u>180</u> | <u>-</u> | <u>203</u> | <u>(108)</u> | <u>(990)</u> |
| Cash flows from capital and related financing activities : | | | | | |
| Proceeds from sales of capital assets | - | - | 113 | (3) | - |
| Acquisition and construction of assets | - | - | (1,589) | (19) | (873) |
| Net cash used in capital and related financing activities | <u>-</u> | <u>-</u> | <u>(1,476)</u> | <u>(22)</u> | <u>(873)</u> |
| Cash flows from investing activities : | | | | | |
| Interest received | 165 | 207 | 166 | 92 | 19 |
| Net cash provided by investing activities | <u>165</u> | <u>207</u> | <u>166</u> | <u>92</u> | <u>19</u> |
| Net increase (decrease) in cash and cash equivalents | 1,521 | 2,333 | 1,323 | (274) | (2,709) |
| Cash and cash equivalents, July 1, 2012 | 17,193 | 20,729 | 16,841 | 9,541 | 3,726 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 18,714</u> | <u>23,062</u> | <u>18,164</u> | <u>9,267</u> | <u>1,017</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|---|--------------------------------------|--------------------------------------|----------------|
| Cash flows from operating activities : | | | |
| Cash received from customers | \$ 2,686 | 2,466 | 30,727 |
| Cash paid to suppliers | (863) | (2,345) | (22,771) |
| Cash paid to employees | (767) | (135) | (2,283) |
| Net cash provided by (used in) operating activities | <u>1,056</u> | <u>(14)</u> | <u>5,673</u> |
| Cash flows from noncapital financing activities : | | | |
| Proceeds from other funds | 20 | 11 | 1,766 |
| Transfers from other funds | - | - | 180 |
| Transfers to other funds | - | - | (2,630) |
| Net cash provided by (used in) noncapital financing activities | <u>20</u> | <u>11</u> | <u>(684)</u> |
| Cash flows from capital and related financing activities : | | | |
| Proceeds from sales of capital assets | - | - | 110 |
| Acquisition and construction of assets | (157) | (270) | (2,908) |
| Net cash used in capital and related financing activities | <u>(157)</u> | <u>(270)</u> | <u>(2,798)</u> |
| Cash flows from investing activities : | | | |
| Interest received | 46 | 60 | 755 |
| Net cash provided by investing activities | <u>46</u> | <u>60</u> | <u>755</u> |
| Net increase (decrease) in cash and cash equivalents | 965 | (213) | 2,946 |
| Cash and cash equivalents, July 1, 2012 | 4,517 | 6,357 | 78,904 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 5,482</u> | <u>6,144</u> | <u>81,850</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year ended June 30, 2013
(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 | \$ 442 | 697 | (77) | (377) | (1,858) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities : | | | | | |
| Depreciation | - | - | 2,426 | 282 | 812 |
| GASB 31 market value adjustment | (337) | (428) | (326) | (159) | 4 |
| (Increase) decrease in accounts receivable | - | - | 29 | - | 12 |
| (Increase) decrease in inventories | - | - | 70 | - | - |
| (Increase) decrease in prepaid items | 3 | - | 22 | - | - |
| Increase (decrease) in outstanding claims payable | 757 | 1,851 | - | - | - |
| Increase (decrease) in accounts payable | 172 | 6 | 324 | 18 | 189 |
| Increase (decrease) in compensated absences | - | - | (38) | - | - |
| Increase (decrease) in deferred revenue | - | - | - | - | (24) |
| Increase (decrease) in customer deposits | 139 | - | - | - | - |
| Total adjustments | <u>734</u> | <u>1,429</u> | <u>2,507</u> | <u>141</u> | <u>993</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,176</u> | <u>2,126</u> | <u>2,430</u> | <u>(236)</u> | <u>(865)</u> |
| Noncash investing, capital, and financing activities : | | | | | |
| Increase (decrease) in fair value of investments | <u>\$ (337)</u> | <u>(428)</u> | <u>(326)</u> | <u>(159)</u> | <u>4</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
INTERNAL SERVICE FUNDS

For the Year ended June 30, 2013
(in thousands)

| | <u>Commun. Equip. Rental</u> | <u>Comp. Equip. Replace.</u> | <u>Total</u> |
|---|--------------------------------------|--------------------------------------|----------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities : | | | |
| Operating loss | <u>(238)</u> | <u>(1,480)</u> | <u>(2,891)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities : | | | |
| Depreciation | 1,188 | 1,976 | 6,684 |
| GASB 31 market value adjustment | (105) | (104) | (1,455) |
| (Increase) decrease in accounts receivable | 2 | 1 | 44 |
| (Increase) decrease in inventories | (7) | - | 63 |
| (Increase) decrease in prepaid items | - | (7) | 18 |
| Increase (decrease) in outstanding claims payable | - | - | 2,608 |
| Increase (decrease) in accounts payable | 223 | (402) | 530 |
| Increase (decrease) in compensated absences | (7) | 2 | (43) |
| Increase (decrease) in deferred revenue | <u>-</u> | <u>-</u> | <u>(24)</u> |
| Total adjustments | <u>1,294</u> | <u>1,466</u> | <u>8,564</u> |
| Net cash provided by (used in) operating activities | <u>1,056</u> | <u>(14)</u> | <u>5,673</u> |
| Noncash investing, capital, and financing activities : | | | |
| Increase (decrease) in fair value of investments | <u>(105)</u> | <u>(104)</u> | <u>(1,455)</u> |

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 Position by Component
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

Governmental Activities :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 | 561,931 | 179,919 | 210,335 | 952,185 |
| 2011-12 | 750,743 | 86,936 | 204,378 | 1,042,057 |
| 2012-13 | 736,794 | 59,742 | 232,353 | 1,028,889 |

Business-type Activities :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 |
| 2011-12 | 278,893 | - | 130,394 | 409,287 |
| 2012-13 | 287,055 | - | 138,590 | 425,645 |

Primary Government :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 | 809,832 | 192,332 | 343,529 | 1,345,693 |
| 2011-12 | 1,029,636 | 86,936 | 334,772 | 1,451,344 |
| 2012-13 | 1,023,849 | 59,742 | 370,943 | 1,454,534 |

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | | |
| Governmental activities : | | | | | |
| General government | 7,731 | - | 2,649 | 7,437 | 15,976 |
| Police | 46,718 | 45,118 | 43,161 | 48,453 | 50,557 |
| Fire | 34,426 | 32,169 | 31,648 | 31,543 | 32,743 |
| Public works | 27,365 | 47,947 | 55,699 | 39,573 | 51,496 |
| Community development | 25,917 | 46,785 | 70,264 | 68,778 | 46,976 |
| Parks & recreation | 21,983 | 30,113 | 20,363 | 19,803 | 18,526 |
| Library | 6,968 | 7,370 | 7,014 | 6,961 | 6,736 |
| Extraordinary Gain (Loss) | - | - | - | 37,354 | - |
| Interest on long-term debt | 28,087 | 21,781 | 21,970 | 13,936 | 2,955 |
| Total governmental activities expenses | 199,195 | 231,283 | 252,768 | 273,838 | 225,965 |
| Business-type activities : | | | | | |
| Water reclamation & sewer | 13,639 | 12,714 | 13,577 | 13,408 | 13,596 |
| Golf course | 21,208 | 20,290 | 2,669 | 2,576 | 2,460 |
| Electric utility | 270,341 | 218,051 | 214,840 | 186,279 | 199,755 |
| Water utility | 19,831 | 19,777 | 22,453 | 24,126 | 25,957 |
| Refuse collection & disposal | 12,768 | 13,796 | 14,117 | 14,810 | 16,172 |
| Total business-type activities expenses | 337,787 | 284,628 | 267,656 | 241,199 | 257,940 |
| Total primary government expenses | 536,982 | 515,911 | 520,424 | 515,037 | 483,905 |
| Program Revenues | | | | | |
| Governmental activities : | | | | | |
| Charges for services | | | | | |
| General government | 1,369 | 850 | 101 | 393 | 160 |
| Police | 4,483 | 4,207 | 3,956 | 3,763 | 3,729 |
| Fire | 3,208 | 3,170 | 3,522 | 3,174 | 3,691 |
| Public works | 2,142 | 1,728 | 1,426 | 1,361 | 1,354 |
| Community development | 9,152 | 7,833 | 16,828 | 11,467 | 21,399 |
| Parks and recreation | 3,774 | 3,725 | 3,918 | 4,188 | 3,467 |
| Library | 193 | 183 | 184 | 184 | 179 |
| Operating grants and contributions | 19,046 | 18,404 | 19,238 | 17,869 | 19,040 |
| Total governmental activities program revenues | 43,367 | 40,100 | 49,173 | 42,399 | 53,019 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

**Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)**

| | Fiscal year ended June 30, | | | | |
|--|-----------------------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Business-type activities : | | | | | |
| Charges for services : | | | | | |
| Water reclamation & sewer | 14,171 | 14,459 | 14,941 | 15,915 | 16,606 |
| Golf course | 20,307 | 19,303 | 1,769 | 2,005 | 1,932 |
| Electric utility | 287,589 | 235,020 | 225,901 | 202,216 | 218,712 |
| Water utility | 21,372 | 22,118 | 23,281 | 26,682 | 27,724 |
| Refuse collection & disposal | 13,142 | 14,332 | 15,016 | 15,474 | 16,365 |
| Operating grants and contributions | 475 | 530 | 20 | 4,502 | 1,898 |
| Capital grants and contributions | 2,749 | 2,659 | 4,120 | 1,705 | 732 |
| Total business-type activities program revenues | <u>359,805</u> | <u>308,421</u> | <u>285,048</u> | <u>268,499</u> | <u>283,969</u> |
| Total primary government program revenues | <u>403,172</u> | <u>348,521</u> | <u>334,221</u> | <u>310,898</u> | <u>336,988</u> |
| Net (expense) / revenue | | | | | |
| Governmental activities | (155,828) | (191,183) | (203,595) | (231,439) | (172,946) |
| Business-type activities | <u>22,018</u> | <u>23,793</u> | <u>17,392</u> | <u>27,300</u> | <u>26,029</u> |
| Total primary government net expense | <u>(133,810)</u> | <u>(167,390)</u> | <u>(186,203)</u> | <u>(204,139)</u> | <u>(146,917)</u> |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|--|----------------------------|----------------|----------------|-----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Revenues and Other | | | | | |
| Changes in Net Assets | | | | | |
| Governmental activities : | | | | | |
| Property tax | 80,079 | 79,803 | 66,240 | 46,328 | 46,499 |
| Sales tax | 30,249 | 24,948 | 29,907 | 31,352 | 32,967 |
| Utility users tax | 20,236 | 19,908 | 18,524 | 19,784 | 20,237 |
| Motor-vehicle in-lieu tax | 8,596 | 4,212 | 4,559 | 4,631 | 5,021 |
| Franchise tax | 5,283 | 8,760 | 8,938 | 8,436 | 8,574 |
| Transient occupancy tax | 5,941 | 5,273 | 5,686 | 5,943 | 6,548 |
| Transient parking tax | 2,978 | 2,759 | 2,886 | 2,821 | 2,805 |
| Unrestricted investment earnings | 10,995 | 17,631 | 14,315 | 9,565 | 7,802 |
| Other | 7,654 | 7,412 | 22,389 | 29,789 | 17,142 |
| Extraordinary gain on dissolution of redevelopment agency | - | - | - | 116,599 | - |
| Transfers | 11,103 | 11,667 | 11,354 | 11,651 | 12,183 |
| Total governmental activities | 183,114 | 182,373 | 184,798 | 286,899 | 159,778 |
| Business-type activities : | | | | | |
| Unrestricted investment earnings | 3,119 | 3,771 | 3,327 | 2,358 | 43 |
| Other | 201 | 255 | 1,706 | (2,228) | 2,469 |
| Transfers | (11,103) | (11,667) | (11,354) | (11,651) | (12,183) |
| Total business-type activities | (7,783) | (7,641) | (6,321) | (11,521) | (9,671) |
| Total primary government | 175,331 | 174,732 | 178,477 | 275,378 | 150,107 |
| Change in Net Position | | | | | |
| Governmental activities | 27,286 | (8,810) | (18,797) | 89,872 | (13,168) |
| Business-type activities | 14,235 | 16,152 | 11,071 | 15,779 | 16,358 |
| Total primary government | 41,521 | 7,342 | (7,726) | 105,651 | 3,190 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|--|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2004 | 2005 | 2006 | 2,007 | 2008 |
| Expenses | | | | | |
| Governmental activities : | | | | | |
| General government | 5,082 | 6,091 | 8,097 | 5,254 | 6,535 |
| Police | 33,102 | 34,363 | 38,925 | 41,345 | 43,759 |
| Fire | 25,306 | 26,129 | 26,993 | 29,955 | 33,262 |
| Public works | 33,354 | 15,136 | 22,048 | 26,163 | 25,977 |
| Community development | 32,125 | 25,746 | 22,796 | 26,953 | 37,322 |
| Parks & recreation | 18,616 | 17,040 | 19,583 | 19,533 | 20,945 |
| Library | 5,337 | 5,635 | 6,200 | 6,256 | 6,764 |
| Interest on long-term debt | 16,357 | 20,789 | 21,997 | 19,027 | 19,673 |
| Total governmental activities expenses | <u>169,279</u> | <u>150,929</u> | <u>166,639</u> | <u>174,486</u> | <u>194,237</u> |
| Business-type activities : | | | | | |
| Water reclamation & sewer | 13,174 | 13,154 | 12,249 | 14,573 | 13,680 |
| Golf course | 1,500 | 1,627 | 13,676 | 17,814 | 19,762 |
| Electric utility | 242,208 | 224,091 | 328,832 | 347,122 | 370,144 |
| Water utility | 15,060 | 15,332 | 15,708 | 17,064 | 20,657 |
| Refuse collection & disposal | 11,356 | 10,733 | 11,282 | 12,452 | 12,461 |
| Total business-type activities expenses | <u>283,298</u> | <u>264,937</u> | <u>381,747</u> | <u>409,025</u> | <u>436,704</u> |
| Total primary government expenses | <u><u>452,577</u></u> | <u><u>415,866</u></u> | <u><u>548,386</u></u> | <u><u>583,511</u></u> | <u><u>630,941</u></u> |
| Program Revenues | | | | | |
| Governmental activities : | | | | | |
| Charges for services | | | | | |
| General government | 20 | 219 | 179 | 737 | 917 |
| Police | 3,769 | 4,087 | 4,717 | 4,771 | 4,364 |
| Fire | 2,170 | 2,348 | 2,586 | 2,915 | 3,111 |
| Public works | 1,785 | 1,800 | 2,468 | 2,664 | 2,427 |
| Community development | 10,596 | 11,094 | 13,684 | 15,436 | 10,990 |
| Parks and recreation | 3,031 | 2,857 | 3,335 | 3,434 | 3,606 |
| Library | 185 | 202 | 205 | 190 | 189 |
| Operating grants and contributions | 13,985 | 17,833 | 23,306 | 20,238 | 19,859 |
| Total governmental activities program revenues | 35,719 | 41,112 | 50,480 | 50,385 | 45,463 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Business-type activities : | | | | | |
| Charges for services : | | | | | |
| Water reclamation & sewer | 11,316 | 11,927 | 12,861 | 13,406 | 13,819 |
| Golf course | 1,962 | 1,815 | 13,591 | 17,821 | 19,316 |
| Electric utility | 271,175 | 251,835 | 345,158 | 368,760 | 382,167 |
| Water utility | 17,261 | 17,239 | 18,936 | 19,618 | 23,224 |
| Refuse collection & disposal | 9,858 | 9,899 | 10,469 | 11,075 | 11,827 |
| Capital grants and contributions | 5,264 | 3,971 | 2,414 | 3,181 | 2,635 |
| Total business-type activities program revenues | 316,836 | 296,686 | 403,429 | 433,861 | 453,179 |
| Total primary government program revenues | 352,555 | 337,798 | 453,909 | 484,246 | 498,642 |
| Net (expense) / revenue | | | | | |
| Governmental activities | (133,560) | (109,817) | (116,159) | (124,101) | (148,774) |
| Business-type activities | 33,538 | 31,749 | 21,682 | 24,836 | 16,475 |
| Total primary government net expense | (100,022) | (78,068) | (94,477) | (99,265) | (132,299) |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---------------------------------------|----------------------------|----------------|----------------|-------------------|----------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Revenues and Other | | | | | |
| Changes in Net Assets | | | | | |
| Governmental activities : | | | | | |
| Property tax | 49,122 | 51,301 | 55,947 | 65,559 | 69,483 |
| Sales tax | 26,222 | 19,883 | 29,509 | 31,904 | 33,419 |
| Utility users tax | 17,323 | 17,862 | 18,787 | 19,505 | 20,310 |
| Motor-vehicle in-lieu tax | 6,501 | 6,279 | 7,610 | 7,801 | 8,419 |
| Franchise tax | 2,276 | 3,776 | 4,798 | 5,073 | 5,130 |
| Transient occupancy tax | 4,238 | 4,606 | 5,632 | 5,691 | 5,981 |
| Transient parking tax | 1,765 | 2,515 | 3,238 | 3,526 | 3,651 |
| Unrestricted investment earnings | 1,566 | 3,788 | 3,966 | 21,283 | 19,627 |
| Other | 11,920 | 19,395 | 8,217 | 2,300 | 3,522 |
| Transfers | 3,541 | 9,363 | 9,870 | 10,721 | 10,728 |
| Total governmental activities | 124,474 | 138,768 | 147,574 | 173,363 | 180,270 |
| Business-type activities : | | | | | |
| Unrestricted investment earnings | 1,619 | 3,919 | 4,691 | 8,479 | 8,210 |
| Other | 1,856 | 940 | 720 | 1,622 | 924 |
| Transfers | (3,541) | (9,363) | (9,870) | (10,721) | (10,728) |
| Total business-type activities | (66) | (4,504) | (4,459) | (620) | (1,594) |
| Total primary government | 124,408 | 134,264 | 172,743 | \$ 172,743 | 178,676 |
| Change in Net Position | | | | | |
| Governmental activities | (9,086) | 28,951 | 31,415 | 49,262 | 180,270 |
| Business-type activities | 33,472 | 27,245 | 17,223 | 24,216 | (133,893) |
| Total primary government | 24,386 | 56,196 | 48,638 | 73,478 | 46,377 |

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 |
|--------------------|------------------------------|--------------------------------|---------------------------|--|-----------------------------------|------------------------------------|---|
| 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

| | General Fund Nonspendable | General Fund Restricted | General Fund Committed | General Fund Assigned | General Fund Unassigned | Total General Fund |
|---------|----------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------------|---------------------------|
| 2010-11 | 43,503 | 149 | - | 10,384 | 46,871 | 100,907 |
| 2011-12 | 30,822 | 107 | - | 8,538 | 47,098 | 86,565 |
| 2012-13 | 46,384 | 119 | - | 5,202 | 43,189 | 94,894 |

| | All Other Governmental Nonspendable | All Other Governmental Restricted | All Other Governmental Committed | All Other Governmental Assigned | All Other Governmental Unassigned | Total All Other Governmental Funds |
|---------|--|--|---|--|--|---|
| 2010-11 | 1,834 | 207,305 | 20,397 | 65,695 | (36,396) | 258,835 |
| 2011-12 | 352 | 138,120 | 19,364 | 54,744 | (542) | 212,038 |
| 2012-13 | 12,124 | 135,103 | 17,053 | 29,461 | (564) | 193,177 |

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)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Sales tax | 30,249 | 24,948 | 29,789 | 31,352 | 32,967 |
| Property tax | 80,079 | 79,803 | 76,308 | 46,328 | 46,499 |
| Utility Users tax | 20,236 | 19,908 | 18,524 | 19,784 | 20,237 |
| Other | 14,102 | 13,279 | 12,230 | 24,786 | 13,529 |
| Total Taxes | <u>144,666</u> | <u>137,938</u> | <u>136,851</u> | <u>122,250</u> | <u>113,232</u> |
| Special Assessments | - | - | - | - | - |
| Licenses & Permits | 4,115 | 3,680 | 3,798 | 4,228 | 4,373 |
| Fines, forfeitures, and penalties | 2,974 | 2,597 | 2,340 | 2,590 | 2,308 |
| Use of money or property | 12,476 | 16,281 | 11,232 | 11,449 | 5,625 |
| Intergovernmental | 28,298 | 29,056 | 29,604 | 26,056 | 27,617 |
| Charges for services | 34,555 | 29,032 | 46,766 | 45,439 | 38,368 |
| Total revenues | <u>227,084</u> | <u>218,584</u> | <u>230,591</u> | <u>212,012</u> | <u>191,523</u> |
| Expenditures | | | | | |
| General government | 28,172 | 48,736 | 40,537 | 32,607 | 23,113 |
| Public Safety | 76,616 | 75,205 | 72,832 | 77,111 | 80,070 |
| Environmental | 37,573 | 37,856 | 60,374 | 59,325 | 60,377 |
| Culture and recreation | 29,391 | 30,527 | 25,213 | 25,032 | 23,066 |
| Capital outlay | 19,702 | 18,330 | 22,552 | 23,895 | 38,223 |
| Debt service : | | | | | |
| Principal | 8,330 | 9,115 | 9,590 | 15,280 | 4,500 |
| Other | - | - | - | - | - |
| Interest | 23,035 | 21,841 | 22,007 | 13,939 | 2,959 |
| Total expenditures | <u>222,819</u> | <u>241,610</u> | <u>253,105</u> | <u>247,189</u> | <u>232,308</u> |
| Excess of revenues over (under) expenditures | <u>4,265</u> | <u>(23,026)</u> | <u>(22,514)</u> | <u>(35,177)</u> | <u>(40,785)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 48,877 | 53,290 | 69,253 | 24,462 | 20,084 |
| Transfers out | (35,729) | (41,276) | (57,399) | (13,070) | (5,451) |
| Other revenues | - | - | - | - | # REF! |
| Total other financing sources (uses) | <u>13,148</u> | <u>12,014</u> | <u>11,854</u> | <u>11,392</u> | <u># REF!</u> |
| Extraordinary gain/(loss) on dissolution of Redevelopment agency | - | - | - | (37,354) | - |
| Net change in fund balances | <u>17,413</u> | <u>(11,012)</u> | <u>(10,660)</u> | <u>(23,785)</u> | <u># REF!</u> |
| Debt service as a percentage of noncapital expenditures | 15.4% | 13.9% | 13.7% | 13.1% | 3.8% |

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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-----------------|----------------|----------------|----------------|-----------------|
| Revenues | | | | | |
| Sales tax | 26,222 | 19,883 | 29,509 | 31,904 | \$ 33,419 |
| Property tax | 49,122 | 51,301 | 55,947 | 65,559 | 69,483 |
| Utility Users tax | 17,323 | 17,862 | 18,787 | 19,505 | 20,310 |
| Other | 10,477 | 18,216 | 14,266 | 13,614 | 14,124 |
| Total Taxes | <u>103,144</u> | <u>107,262</u> | <u>118,509</u> | <u>130,582</u> | <u>137,336</u> |
| Special Assessments | 237 | 236 | 236 | 234 | - |
| Licenses & Permits | 3,690 | 4,446 | 5,738 | 4,802 | 4,646 |
| Fines, forfeitures, and penalties | 2,849 | 2,995 | 3,287 | 3,222 | 2,617 |
| Use of money or property | 5,983 | 11,879 | 13,717 | 18,923 | 18,220 |
| Intergovernmental | 19,213 | 25,438 | 31,759 | 27,467 | 29,418 |
| Charges for services | 26,221 | 26,687 | 32,962 | 33,844 | 28,356 |
| Total revenues | <u>161,337</u> | <u>178,943</u> | <u>206,208</u> | <u>219,074</u> | <u>220,593</u> |
| Expenditures | | | | | |
| General government | 23,549 | 25,571 | 28,900 | 27,949 | 33,797 |
| Public Safety | 56,477 | 57,734 | 63,295 | 68,758 | 73,740 |
| Environmental | 34,422 | 35,157 | 39,359 | 35,099 | 35,999 |
| Culture and recreation | 22,282 | 21,331 | 23,602 | 25,172 | 27,349 |
| Capital outlay | 20,172 | 8,677 | 15,308 | 23,863 | 43,602 |
| Debt service : | | | | | |
| Principal | 8,146 | 6,945 | 12,535 | 8,456 | 8,440 |
| Other | 3,337 | - | 28 | 592 | - |
| Interest | 16,318 | 20,520 | 22,019 | 19,163 | 19,625 |
| Total expenditures | <u>184,703</u> | <u>175,935</u> | <u>205,046</u> | <u>209,052</u> | <u>242,552</u> |
| Excess of revenues over (under) expenditures | <u>(23,366)</u> | <u>3,008</u> | <u>1,162</u> | <u>10,022</u> | <u>(21,959)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 99,382 | 33,314 | 32,830 | 77,806 | 69,514 |
| Transfers out | (96,751) | (25,086) | (24,748) | (69,850) | (60,369) |
| Advances from City | - | - | - | - | - |
| Payment of unfunded actuarial liability | (24,947) | - | - | - | - |
| Bond proceeds | 80,930 | - | 6,155 | 52,325 | - |
| Total other financing sources (uses) | <u>58,614</u> | <u>8,228</u> | <u>14,237</u> | <u>60,281</u> | <u>9,145</u> |
| Net change in fund balances | <u>35,248</u> | <u>11,236</u> | <u>15,399</u> | <u>70,303</u> | <u>(12,814)</u> |
| Debt service as a percentage of noncapital expenditures | 16.9% | 16.4% | 18.2% | 15.2% | 14.1% |

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 |
|--------------------|--------------------|-------------------|-----------------------------|-------------------|-----------------------------------|------------------|--------------|
| 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 |
| 2011-12 | 38,096 | 43,717 | 69,331 | - | 2,325 | 35,484 | 4,959 |
| 2012-13 | 41,404 | 44,617 | 70,123 | - | 2,399 | 44,295 | 6,628 |

Source : Burbank Water and Power

City Of Burbank

**Table 6 - Electricity Rates
Last ten fiscal years
(Unaudited)**

| Fiscal Year | Residential | Commercial | Large Commercial |
|--------------------|--------------------|-------------------|-----------------------------|
| 2003-04 | 0.12868 | 0.12243 | 0.10259 |
| 2004-05 | 0.12870 | 0.12567 | 0.10907 |
| 2005-06 | 0.12908 | 0.12106 | 0.10507 |
| 2006-07 | 0.12782 | 0.12748 | 0.10469 |
| 2007-08 | 0.13068 | 0.12768 | 0.11255 |
| 2008-09 | 0.13267 | 0.13279 | 0.11527 |
| 2009-10 | 0.13506 | 0.13482 | 0.11806 |
| 2010-11 | 0.14097 | 0.14224 | 0.12516 |
| 2011-12 | 0.14401 | 0.14319 | 0.12616 |
| 2012-13 | 0.14710 | 0.14346 | 0.12832 |

Source : Burbank Water and Power

City Of Burbank

**Table 7 - Largest Electrical Customers
Current Year and Ten Years Ago
(in thousands)
(Unaudited)**

| Taxpayer | 2013 | | 2007 (1) | |
|-----------------------|----------------------------|--|----------------------------|--|
| | Electricity charges | Percent of electric retail revenues | Electricity charges | Percent of electric retail revenues |
| Customer 1 | \$ 9,650 | 5.6% | \$ 10,235 | 6.7% |
| Customer 2 | 4,838 | 2.8% | 4,818 | 3.1% |
| Customer 3 | 4,241 | 2.5% | 3,232 | 2.1% |
| Customer 4 | 2,744 | 1.6% | 3,740 | 2.4% |
| Customer 5 | 2,518 | 1.5% | 3,094 | 2.0% |
| Customer 6 | 2,442 | 1.4% | 2,524 | 1.6% |
| Customer 7 | 2,275 | 1.3% | 2,263 | 1.5% |
| Customer 8 | 2,131 | 1.2% | - | 0.0% |
| Customer 9 | 2,057 | 1.2% | 2,247 | 1.5% |
| Customer 10 | 1,798 | 1.1% | - | 0.0% |
| Subtotal | 34,694 | 20.3% | 32,153 | 20.9% |
| Other users | 136,570 | 79.8% | 336,607 | 79.1% |
| Total for entire City | <u>\$ 171,264</u> | <u>100.0%</u> | <u>368,760</u> | <u>100.0%</u> |

(1) Earliest available data is 2007.

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 | Fiduciary | Governmental Activities | | Total Total Govt'l Activities |
|--------------------|-------------------|--------------------------------|-------------------|--|
| | Activities | Pension | Tax | |
| | Community | Obligation | Allocation | |
| | Facilities | Bonds | Bonds | |
| | District | | | |
| | Bonds | | | |
| 2003-04 | 620 | 25,120 | 221,804 | 246,924 |
| 2004-05 | 430 | 25,120 | 215,474 | 240,594 |
| 2005-06 | 6,380 | 19,100 | 208,953 | 228,053 |
| 2006-07 | 6,155 | 18,840 | 229,503 | 248,343 |
| 2007-08 | 6,155 | 18,500 | 221,747 | 240,247 |
| 2008-09 | 6,155 | 18,070 | 214,257 | 232,327 |
| 2009-10 | 5,860 | 17,545 | 206,579 | 224,124 |
| 2010-11 | 5,555 | 16,915 | 198,581 | 215,496 |
| 2011-12 | 5,235 | 16,175 | 204,311 | 220,486 |
| 2012-13 | 4,900 | 15,315 | 196,014 | 211,329 |

Source : Financial Services Department

City Of Burbank

Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)

| Fiscal Year | Business-Type Activities | | Total (3) Primary Govt. | Pct (1) Personal Income | Per Capita (1) | |
|--------------------|---------------------------------|--------------|--|--|---------------------------|---|
| | Revenue Bonds | Loans | | | | Total Bus. Type Activities |
| 2003-04 | 149,357 | 1,857 | 151,214 | 302,428 | 9.12% | 2.87 |
| 2004-05 | 144,839 | 1,696 | 146,535 | 387,129 | 10.93% | 3.63 |
| 2005-06 | 133,856 | 1,531 | 135,387 | 363,440 | 9.21% | 3.4 |
| 2006-07 | 122,613 | 1,361 | 123,974 | 372,317 | 10.02% | 3.51 |
| 2007-08 | 111,902 | 1,186 | 113,088 | 353,335 | 8.75% | 3.27 |
| 2008-09 | 100,808 | 1,007 | 101,815 | 334,142 | 7.77% | 3.09 |
| 2009-10 | 137,762 | 823 | 138,585 | 362,709 | 7.91% | 3.34 |
| 2010-11 | 166,075 | 634 | 166,709 | 382,205 | 8.97% | 3.66 |
| 2011-12 | 160,487 | 961 | 161,448 | 381,934 | 8.75% | 3.66 |
| 2012-13 | 153,446 | 7,019 | 160,465 | 371,794 | 8.32% | 3.54 |

- (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.
- (3) Includes debt in Fidiuciary Trust Fund.

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) |
| 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 |
| 2011-12 | 204,311 | 16,175 | 220,486 | 1.21% | 2.11 |
| 2012-13 | (3) 196,014 | 15,315 | 211,329 | 1.15% | 2.00 |

(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.

(3) Tax allocation bonded debt of \$146,029 is reflected in the Fidcuiary Trust Fund balance sheet.

Source : Financial Services Department

City Of Burbank

Table 10 - Schedule of Direct and Overlapping Debt
June 30, 2013
(in thousands)
(Unaudited)

| | | |
|--|--|-----------------------------|
| City Assessed Valuation | | \$ 18,449,609 |
| Redevelopment Agency Incremental Valuation | | <u>5,605,615</u> |
| Total Assessed Valuation | | <u><u>\$ 24,055,224</u></u> |

| | Percentage Applicable (1) | Outstanding Debt 12/13 | Estimated Share of Overlapping Debt |
|--|--------------------------------------|-----------------------------------|--|
| Burbank Unified School District | 100.000% | 94,991 | 94,991 |
| Los Angeles County | 1.542% | 79,696 | 1,229 |
| Los Angeles Community College District | 3.095% | <u>3,712,555</u> | <u>114,904</u> |
| Total overlapping debt | | <u><u>3,887,242</u></u> | <u>211,124</u> |
| City direct debt : | | | |
| Community Facilities District (2) | | 4,900 | |
| Burbank Redevelopment Tax Allocation (2) | | 194,886 | |
| Pension obligation bonds | | <u>15,315</u> | |
| Total City direct debt | | | <u>215,101</u> |
| Total direct and overlapping debt | | | <u><u>\$ 426,225</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.

(2) Community Facilities District and Burbank Redevelopment Tax Allocation debt is reflected in the Fiduciary Fund Balance Sheet.

Sources : City Financial Services Department
HDL Coren & Cone

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) |
|-------------|---------------|----------------------|-------------------------|---------|
| 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% |
| 2011-12 | 2,723,655 | 137,674 | 2,585,981 | 5.05% |
| 2012-13 | 2,767,712 | 131,563 | 2,636,149 | 4.75% |

(1) Full title : Total net debt applicable to the limit as a percentage of the debt limit

| | |
|---|--------------------------------|
| Net assessed value | <u>\$ 18,451,410</u> |
| Debt limit - 15% of assessed value | 2,767,712 |
| Amount of debt applicable to debt limit : | |
| Community facilities district bonds (1) | 4,900 |
| Redevelopment debt - tax allocation bonds (1) | <u>141,129</u> |
| Total | <u>146,029</u> |
| Less : | |
| Reserves in Debt Service funds available for payment of principal : | |
| Redevelopment debt (1) | <u>13,338</u> |
| Total | <u>13,338</u> |
| Total amount of debt applicable to debt limit | <u>132,691</u> |
| Legal debt margin | <u><u>\$ 2,635,021</u></u> |

(1) Reflected in the Fiduciary Trust Fund statements.

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 | | | | | |
| 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 |
| 2011-12 | 209,467 | 175,748 | 33,719 | 6,127 | 5.50 |
| 2012-13 | 223,176 | 182,461 | 40,715 | 7,603 | 5.36 |
| WATER UTILITY FUND | | | | | |
| 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 |
| 2011-12 | 27,404 | 21,085 | 6,319 | 2,386 | 2.65 |
| 2012-13 | 28,125 | 22,544 | 5,581 | 2,381 | 2.34 |
| WATER RECLAMATION AND SEWER FUND | | | | | |
| 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 |
| 2011-12 | 16,217 | 9,562 | 6,655 | 1,417 | 4.70 |
| 2012-13 | 16,622 | 10,408 | 6,214 | 1,419 | 4.38 |

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 | | | | | |
| 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 |
| 2011-12 | 16,564 | 13,922 | 2,642 | 964 | 2.74 |
| 2012-13 | 17,105 | 15,708 | 1,397 | 557 | 2.51 |

| Fiscal Year | Tax Increment | Debt Service | | Times coverage |
|-------------|------------------|--------------|----------|-------------------|
| | | Principal | Interest | |
| 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 |
| 2011-12 | 24,358 | 9,685 | 10,458 | 1.21 |
| 2012-13 | 22,928 | 6,120 | 8,828 | 1.53 |

- 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.

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) |
|--------------------|-----------------------|--------------------------------|---|----------------------------------|
| 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% |
| 2011-12 | 104,427 | 4,364,109 | 41,791 | 9.0% |
| 2012-13 | 104,982 | 4,468,454 | 42,564 | 7.5% |

- 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 Ten Years Ago *

(Unaudited)

| | 2013 | | 2004 | |
|-------------------------------------|------------------------|--------|------------------------|--------|
| | Number of Employees | % | Number of Employees | % |
| 1. The Walt Disney Company | 7,900 | 12.9% | 5,916 | 10.6% |
| 2. Warner Bros. Entertainment | 7,400 | 12.0% | 5,000 | 9.0% |
| 3. Providence St. Joseph's Hospital | 3,000 | 4.9% | 3,500 | 6.3% |
| 4. Bob Hope Airport | 2,400 | 3.9% | 1,400 | 2.5% |
| 5. ABC Inc | 2,300 | 3.7% | - | 0.0% |
| 6. Burbank Unified School District | 1,900 | 3.1% | 2,010 | 3.6% |
| 7. City of Burbank | 1,500 | 2.4% | 1,509 | 2.7% |
| 8. Foto-Kem Industries | 1,100 | 1.9% | 552 | 1.0% |
| 9. Yahoo! | 500 | 0.8% | - | - |
| 10. Crane/Hydro Air Company | 500 | 0.8% | 401 | 0.7% |
| Other employers | 32,932 | 53.6% | 35,523 | 63.6% |
| (1) | 61,432 | 100.0% | 55,811 | 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.

(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, | | | | |
|------------------------------|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| General government | 163 | 161 | 166 | 166 | 169 |
| Police | 265 | 265 | 268 | 271 | 279 |
| Fire | 137 | 139 | 139 | 139 | 143 |
| Public works | 129 | 131 | 136 | 144 | 146 |
| Community development | 81 | 97 | 93 | 82 | 86 |
| Parks and recreation | 157 | 154 | 158 | 178 | 179 |
| Library | 63 | 62 | 64 | 67 | 69 |
| Water Reclamation and Sewer | 11 | 11 | 12 | 12 | 12 |
| Electric Utility | 286 | 288 | 288 | 278 | 275 |
| Water Utility | 51 | 51 | 51 | 50 | 50 |
| Refuse Collection & Disposal | 55 | 54 | 49 | 48 | 46 |
| | <u>1,398</u> | <u>1,413</u> | <u>1,424</u> | <u>1,435</u> | <u>1,454</u> |

| | Fiscal year ended June 30, | | | | |
|------------------------------|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| General government | 165 | 164 | 164 | 166 | 145 |
| Police | 273 | 270 | 274 | 272 | 278 |
| Fire | 141 | 137 | 146 | 146 | 144 |
| Public works | 144 | 144 | 144 | 144 | 145 |
| Community development | 84 | 83 | 80 | 80 | 80 |
| Parks and recreation | 174 | 174 | 179 | 178 | 189 |
| Library | 69 | 67 | 67 | 66 | 67 |
| Water Reclamation and Sewer | 11 | 11 | 10 | 10 | 10 |
| Electric Utility | 275 | 273 | 263 | 263 | 271 |
| Water Utility | 50 | 48 | 52 | 52 | 51 |
| Refuse Collection & Disposal | 46 | 46 | 45 | 45 | 44 |
| | <u>1,432</u> | <u>1,417</u> | <u>1,424</u> | <u>1,422</u> | <u>1,424</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, | | | | |
|--|----------------------------|---------|---------|---------|---------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Police : | | | | | |
| Arrests | 5,628 | 5,443 | 5,492 | 7,417 | 8,674 |
| Reports taken | 12,387 | 12,359 | 11,953 | 12,209 | 13,559 |
| Service calls | 44,889 | 44,889 | 42,566 | 39,966 | 44,621 |
| Animals entering shelter (1) | 2,504 | 2,839 | 2,879 | 3,068 | 3,081 |
| Moving violations issued | 14,445 | 13,337 | 13,127 | 17,450 | 14,800 |
| Fire : | | | | | |
| Safety employees | 123 | 115 | 125 | 125 | 123 |
| Fire incidents | 1,218 | 1,260 | 1,243 | 1,293 | 1,348 |
| Medical incidents | 7,818 | 7,457 | 7,568 | 7,418 | 7,136 |
| Community Development : | | | | | |
| Building permits | 5,749 | 4,388 | 3,978 | 3,601 | 3,958 |
| Business licenses/business permits (3) | 1,005 | 1,020 | 799 | 2,000 | 2,000 |
| Business tax registrations | 12,620 | 12,333 | 11,757 | 14,000 | 15,000 |
| Parks and Recreation : | | | | | |
| Number of street trees | 28,788 | 28,758 | 28,656 | 28,643 | 28,670 |
| Sports participants | 15,507 | 17,540 | 17,619 | 16,489 | 16,326 |
| Afterschool and daycamp participants | 15,140 | 14,825 | 11,640 | 11,892 | 11,008 |
| Special interest participants | 13,258 | 11,585 | 7,871 | 8,718 | 10,362 |
| Burbank bus ridership (2) | 351,724 | 359,092 | 392,637 | 520,372 | 611,184 |
| RSVP volunteer hours served | 178,000 | 178,000 | 189,000 | 187,875 | 221,926 |
| Library : | | | | | |
| Number of books | 531,253 | 512,118 | 482,490 | 433,975 | 432,817 |
| Number of audiovisual recordings | 82,415 | 76,981 | 71,148 | 69,802 | 64,288 |
| Water Reclamation & Sewer : | | | | | |
| Customer accounts (4) | 55,883 | 48,044 | 47,690 | 47,413 | 57,526 |
| Electric Utility : | | | | | |
| Number of meters | 52,788 | 52,766 | 52,627 | 51,796 | 51,384 |
| Generating capacity (KW) | 211,000 | 211,000 | 225,000 | 225,000 | 225,000 |
| Peak demand (KW) | 294,000 | 305,000 | 322,000 | 286,000 | 289,000 |
| Water Utility : | | | | | |
| Number of meters | 26,853 | 26,815 | 26,792 | 26,506 | 26,486 |
| Average daily gallons used (millions) | 17,117 | 16,856 | 21,980 | 18,854 | 23,367 |
| Refuse collection & Disposal : | | | | | |
| Customer accounts | 48,331 | 53,536 | 51,650 | 50,307 | 50,132 |
| Golf Course : | | | | | |
| Rounds of full golf | 56,782 | 58,357 | 52,185 | 56,397 | 60,933 |
| Rounds of 3 par golf | 15,100 | 16,624 | 17,108 | 21,462 | 21,775 |

(continued)

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

| | Fiscal year ended June 30, | | | | |
|--------------------------------------|----------------------------|---------|---------|---------|---------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| Police : | | | | | |
| Arrests | 9,076 | 8,879 | 8,284 | 7,255 | 6,551 |
| Reports taken | 13,667 | 13,667 | 13,809 | 13,976 | 13,911 |
| Service calls | 46,809 | 47,003 | 49,667 | 50,580 | 51,025 |
| Animals entering shelter (1) | 2,605 | 2,870 | 3,069 | 1,294 | 1,377 |
| Moving violations issued | 13,856 | 15,875 | 15,474 | 14,642 | 16,970 |
| Fire : | | | | | |
| Safety employees | 125 | 121 | 119 | 121 | 121 |
| Fire incidents | 1,554 | 1,447 | 1,532 | 1,349 | 1,326 |
| Medical incidents | 7,146 | 7,076 | 6,612 | 6,576 | 6,715 |
| Community Development : | | | | | |
| Building permits (3) | 4,713 | 4,864 | 6,970 | 2,757 | 2,686 |
| Business licenses | 700 | 790 | 534 | 617 | 614 |
| Business tax registrations | 16,534 | 16,311 | 15,991 | 15,579 | 15,446 |
| Parks and Recreation : | | | | | |
| Number of street trees | 29,000 | 28,489 | 25,422 | 25,418 | 25,365 |
| Sports participants | 15,837 | 16,214 | 15,760 | 15,922 | 16,112 |
| Afterschool and daycamp participants | 17,005 | 5,740 | 5,942 | 5,955 | 5,940 |
| Special interest participants | 10,545 | 10,500 | 10,750 | 10,549 | 10,400 |
| Burbank bus ridership (2) | 529,813 | 459,626 | 410,730 | 329,325 | 308,705 |
| RSVP volunteer hours served | 136,674 | 180,402 | 132,470 | 128,744 | 126,778 |
| Library : | | | | | |
| Number of books | 456,553 | 440,232 | 440,232 | 393,755 | 389,294 |
| Number of audiovisual recordings | 56,555 | 42,566 | 42,566 | 37,332 | 16,502 |
| Water Reclamation & Sewer : | | | | | |
| Customer accounts (4) | 56,499 | 56,335 | 45,451 | 45,409 | 45,181 |
| Electric Utility : | | | | | |
| Number of meters | 51,338 | 51,310 | 51,310 | 51,310 | 51,310 |
| Generating capacity (KW) | 225,000 | 225,000 | 225,000 | 225,000 | 201,000 |
| Peak demand (KW) | 308,000 | 285,000 | 285,000 | 285,000 | 284,000 |
| Water Utility : | | | | | |
| Number of meters | 26,455 | 26,391 | 26,351 | 26,346 | 26,325 |
| Average daily gallons used | 22,410 | 20,470 | 19,500 | 19,270 | 20,900 |
| Refuse collection & Disposal : | | | | | |
| Customer accounts | 47,212 | 29,000 | 30,659 | 30,576 | 30,849 |
| Golf Course : | | | | | |
| Rounds of full golf | 59,605 | 65,472 | 61,020 | 65,493 | N/A |
| Rounds of 3 par golf | 22,311 | 24,296 | 23,980 | 24,220 | 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, | | | | |
|---|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| 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 | 368 | 368 | 367 | 367 | 367 |
| Street lights | 9,133 | 9,008 | 8,979 | 9,419 | 9,383 |
| Miles of storm drains | 61 | 61 | 61 | 61 | 61 |
| Signalized intersections | 196 | 196 | 196 | 194 | 190 |
| Parks and Recreation : | | | | | |
| Number of parks | 28 | 28 | 28 | 27 | 26 |
| Swimming pools | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 21 | 21 | 24 | 24 | 24 |
| Ballfields | 15 | 15 | 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) | 405 | 419 | 423 | 356 | 356 |
| Water Utility : | | | | | |
| Miles of water mains | 280 | 280 | 280 | 280 | 278 |

(continued)

City Of Burbank

**Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)**

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|-------|-------|-------|-------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| 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 | 366 | 366 | 366 |
| Street lights | 9,238 | 9,184 | 9,184 | 9,184 | 9,100 |
| Miles of storm drains | 61 | 61 | 61 | 61 | 61 |
| Signalized intersections | 183 | 183 | 183 | 183 | 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 | 223 | 223 | 240 |
| Electric Utility : | | | | | |
| Transmission & distribution lines (miles) | 410 | 410 | 410 | 410 | 410 |
| Water Utility : | | | | | |
| Miles of water mains | 278 | 278 | 277 | 276 | 274 |

City of Burbank

**Table 18 - City Employees with Earnings over \$200 Thousand
For Fiscal Year 2012-2013
(Unaudited)**

| Employee Position | Gross Earnings |
|---------------------------------|-----------------------|
| General Manager BWP | \$ 261 |
| Fire Battalion Chief | 234 |
| Fire Engineer | 220 |
| City Attorney | 220 |
| Fire Fighter | 214 |
| Police Lieutenant | 214 |
| Police Chief | 212 |
| Fire Captain | 212 |
| Fire Battalion Chief | 212 |
| Line Mechanic Supervisor | 209 |
| Power System Operator II | 206 |
| Line Mechanic Supervisor | 206 |
| Fire Engineer | 205 |
| Assistant General Manager - BWP | 205 |
| Fire Captain | 204 |
| Fire Ballation Chief | 200 |

Source : City Financial Services Department

City Of Burbank

Table 19 - Schedule of Credits

June 30, 2013

(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 Enterprise Funds |
| Heidi Okimoto, Principal Accountant | Governmental Funds : General Fund Special Revenue Funds Inventory Notes to Financial Statements |
| Angela O'Connor, Senior Accountant | Successor Agency - Private Purpose Trust Fund Redevelopment Capital Projects & Debt Service Funds Public Financing Authority Internal Service Funds Notes to Financial Statements |
| Eva Felipe Accountant | Projects Enterprise Funds |
| Craig Wood, Financial Systems Manager | General Overview Systems Programming Grant Activity Report (Single Audit) |
| Monina Marin Accountant | Fixed Assets Accounting Bank Reconciliations Fuel Notes to Financial Statements |
| Cathy Jaramillo Account Clerk | Bond Cash Reconciliations Fuel |
| Kassandra Wildermuth Administrative Analyst I | Statistical Section Cover Photos / Design |
| Mike McDaniel, Reprographics Supervisor | Reprographic Services |
| Cassidy Allen, Graphic Illustrator | Cover design |

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 \$10,555,000* City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., 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 1, 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.

"*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.

"*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).

* Preliminary, subject to change.

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 10), commencing with the report for the 2013-14 Fiscal Year, which is due not later than March 31, 2015, 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:

(i) Principal amount of Bonds, Parity Obligations and State revolving fund loans outstanding as of the end of the most recently completed fiscal year;

(ii) Updated information set forth in the following tables of the Official Statement (in all cases, information for only the most recently completed fiscal year is required):

(A) Table 1 (Customer Accounts and Percentage of Sewer Service Charge Revenues),

(B) Table 2 (Revenues by Customer Type),

(C) Table 3 (Major Sewer Accounts),

- (D) Table 4 (Average Daily Flow of Enterprise),
- (E) Table 5 (Five-Year History of Sewer Service and Sewer Facilities Charges), and
- (F) Table 12 (Historical Summary Statement of Revenues, Expenses and Debt Service Coverage); and

(iii) So long as the dispute with Los Angeles described in the Official Statement continues, an update on its status.

(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 Owner, 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 Owners; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners 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 Owner 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 _____
Cindy Giraldo
Financial 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: City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014

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: The Bank of New York Mellon Trust Company, N.A., as trustee

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 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 2012-13 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, 2013, California's Public Employees' Pension Reform Act (PEPRA) went into effect. New miscellaneous members contribute 6.75% of their annual covered salary, new fire members contribute 11.25% and new police members contribute 12.75%.

Employees who were CalPERS members before January 1, 2013 are considered "classic" members and miscellaneous members are required to contribute 8% of their annual covered salary and safety employees contribute 9%. For classic members, the City makes the following partial contribution required of City employees on their behalf and for their account: BCEA 4.0%, BMA 0.0%, BCAA 6.0%, unrepresented managers 4.0%, executives 4.0%, BPOA 3.5%, BFF 4.5% and BFFCOU 0.0%. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 16.527%; for fire employees the rate is 20.008%; for police employees the rate is 33.031% for fiscal year 2013-14. 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 17.954% for fiscal year 2014-15 and 19.500% for fiscal year 2015-16; fire employees 21.136% for fiscal year 2014-15 and 23.700% for fiscal year 2015-16; for police employees 35.214% for fiscal year 2014-15 and 37.600% for fiscal year 2015-16.

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 | 17.954 |
| 2015-16 | 19.5 |
| 2016-17 | 21.0 (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 | 21.136 |
| 2015-16 | 23.700 |
| 2016-17 | 26.400 (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 | 35.214 |
| 2015-16 | 37.6 |
| 2016-17 | 40.1 (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} |
|---------------------------------|--|--|---|-------------------------------|--------------------------------|---|
| 6/30/09: | | | | | | |
| 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 | <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 | 186,124 | 214,781 | 28,657 | 86.7 | 16,635 | 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 | 192,000 | 225,519 | 33,519 | 85.1 | 15,931 | 210.4 |
| Total | <u>921,547</u> | <u>1,069,856</u> | <u>148,309</u> | 86.1 | <u>110,891</u> | 133.7 |
| 6/30/12: | | | | | | |
| Misc. | 586,477 | \$687,957 | \$101,480 | 85.2% | \$78,437 | 129.4% |
| Fire | 169,515 | 181,789 | 12,274 | 93.2 | 13,359 | 91.9 |
| Police | 196,601 | 233,258 | 36,657 | 84.3 | 16,620 | 220.6 |
| Total | <u>952,593</u> | <u>1,103,004</u> | <u>150,411</u> | 86.4 | <u>108,416</u> | 138.7 |

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2013 is shown below:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2010 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Amortization Period | Closed |
| 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, 2012 is set forth below:

| Plan | Market Value as of 6/30/12 |
|---------------|-----------------------------------|
| Miscellaneous | \$489,124,626 |
| Fire | 141,263,443 |
| Police | 163,876,005 |

Recent CalPERS Actions. On March 14, 2012, the CalPERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.25%. As a result of such discount rate decrease, among other things, in fiscal year 2012-13, (i) the amounts of CalPERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans and (ii) the amounts of CalPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning in fiscal year 2013-14. More information about the CalPERS discount rate adjustment can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.

The CalPERS Board adjustment has been undertaken in order to address underfunding of the CalPERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. 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.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and

losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for fiscal year 2015-16. The City cannot predict how this change in amortization and smoothing policies will affect its contribution levels.

On February 18, 2014, the CalPERS Board approved new demographic actuarial assumptions based on the 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The CalPERS Board also assumed earlier retirements (Police 3% at age 50; Fire 3% at age 55; and Miscellaneous 2.7% at age 55 and 3% at age 60), which will increase costs for those groups. Finally, the CalPERS Board projected higher pay increases for long-service Safety members, which will also increase Safety costs. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the 6/30/14 valuation) with full impact in fiscal year 2020-21. CalPERS staff estimates that local governments could see costs rise up to 5% of payroll for average state employees and up to 9% for Safety classifications in year 5 of the phase-in.

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 went 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 represented employees. 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 ranges from \$300 to \$600 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 \$119 per month for all retired employees enrolled in a CalPERS medical plan. In addition, the City pays \$71.43 per month for 21 management retirees and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$190.43 paid to management retirees but is paid in addition to the \$188 for IBEW retirees for a total of \$307. 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 fiscal year 2008-09 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 2013-14, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2012-13, the City contributed \$92. The City's ARC was \$185 (in thousands) for the fiscal year 2012-13.

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 2012-13, the City contributed \$1,325 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2012-13.

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 2012-13, the City contributed \$1,937 (in thousands), including \$698 (in thousands) in benefit payments and \$1,239 (in thousands) deposit to CERBT. The City's ARC

was \$1,151 (in thousands) for the fiscal year 2012-13. 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, 2013, 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 (dollars in thousands):

| | BERMT | PEMHCA | URMT |
|---|------------------|------------------|------------------|
| Annual required contribution | \$1,545 | \$1,151 | \$185 |
| Interest on net OPEB obligation/(asset) | (97) | (638) | (290) |
| Adjustment to annual required contribution | 140 | 505 | 251 |
| Annual OPEB cost | 1,588 | 1,018 | 146 |
| Contributions made | (1,325) | (1,937) | (92) |
| Decrease in net OPEB obligation | 263 | (919) | 54 |
| Net OPEB obligation/(asset) - beginning of year | (1,673) | (8,346) | (3,657) |
| Net OPEB asset - end of year | <u>\$(1,410)</u> | <u>\$(9,265)</u> | <u>\$(3,603)</u> |

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 (dollars in thousands):

| | Year Ended | Annual OPEB Cost | Pct of OPEB cost Contributed | Net OPEB Obligation |
|--------|-------------------|-------------------------|-------------------------------------|----------------------------|
| 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) |
| BERMT | 6/30/2013 | 1,588 | 83.4 | (1,410) |
| PEMHCA | 6/30/2013 | 1,018 | 190.3 | (9,265) |
| URMT | 6/30/2013 | 146 | 630 | (3,603) |

The funded status of the plans (dollars in thousands) as of June 30, 2013 was:

| | <u>BERMT</u> | <u>PEMHCA</u> | <u>URMT</u> |
|--|--------------|---------------|-------------|
| Actuarial accrued liability (a) | \$46,187 | \$23,475 | \$6,277 |
| Actuarial value of plan assets (b) | 20,010 | 14,755 | 6,429 |
| Unfunded actuarial accrued liability (funding excess) (a)-(b) | 26,177 | 8,720 | (152) |
| Funded ratio (b) / (a) | 43.3% | 62.9% | 102.4% |
| Covered payroll (c) | 92,690 | 120,803 | 17,909 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c) | 28.2% | 7.2% | (0.8)% |

The market value of the assets in the three plans as of June 30, 2013 was:

| | <u>BERMT</u> | <u>PEMHCA</u> | <u>URMT</u> |
|-----------------------------|--------------|---------------|-------------|
| Market value of plan assets | \$20,266 | \$16,873 | \$6,907 |
| Unfunded ratio | 43.9% | 71.9% | 110.0% |

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, 2013 actuarial valuation (dollars in thousands):

| 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) | | | | | | |
| 6/30/2013 | \$19,872 | \$43,228 | \$23,356 | 46.0% | \$74,296 | 31.4% |
| CalPERS Healthcare (PEMHCA) | | | | | | |
| 6/30/2013 | 16,085 | 23,229 | 7,144 | 69.2 | 106,075 | 6.7 |
| Utility Retiree Medical Trust (URMT) | | | | | | |
| 6/30/2013 | 6,635 | 6,119 | (516) | 108.4 | 16,753 | (3.1) |

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 | 6/30/2013 | 6/30/2013 | 6/30/2013 |
| 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% | 7.25% | 7.25% |
| General inflation | 3.00 | 3.00 | 3.00 |
| Aggregate payroll increases | 3.25 | 3.25 | 3.25 |
| COLA | 0.00 | 4.50 | 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 March 2014 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 March 31, 2014, had a market value of \$324,963,545. The following table illustrates the investments as of March 31, 2014:

| Type | Par Value | Book Value | Market Value |
|------------------------------------|------------------|-------------------|---------------------|
| Agency-US Federal Agency | \$197,085,000 | \$197,115,833 | \$194,968,686 |
| Corporates-Medium Term Notes | 58,948,000 | 59,639,268 | 57,675,307 |
| Local Agency Investment Fund | 41,000,000 | 41,000,000 | 41,013,002 |
| Municipal Bonds | 5,890,000 | 5,963,144 | 5,923,314 |
| Negotiable Certificates of Deposit | 25,385,000 | 25,379,488 | 25,383,236 |
| Total | \$328,308,000 | \$329,097,733 | \$324,963,545 |

Source: City of Burbank.

The maturity schedule of the City's pooled investment portfolio as of March 31, 2014 is set forth below:

| Maturity | Percentage |
|-----------------------------|-------------------|
| Due in 1st year | 18.6% |
| Due in 2nd year | 6.7 |
| Due in 3rd year | 13.7 |
| Due in 4th year | 40.2 |
| Due in 5 th year | 17.5 |
| Due over 5 years | 3.3 |
| Cumulative | 100.0% |

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 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------------|------------|------------|------------|------------|
| City of Burbank | 103,116 | 103,363 | 104,193 | 104,480 | 104,982 |
| Los Angeles County | 9,801,096 | 9,822,121 | 9,847,712 | 9,889,520 | 9,958,091 |
| State of California | 36,966,713 | 37,223,900 | 37,427,946 | 37,668,804 | 37,966,471 |

Source: State of California, Department of Finance.

The tables below lists employment by industry group for Los Angeles County and the City for the years 2009 through 2013 and the annual average labor force for the City during the same period.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------|-----------|-----------|-----------|-----------|
| Civilian Labor Force | 4,907,600 | 4,916,300 | 4,936,400 | 4,901,300 | 4,960,300 |
| Employment | 4,339,300 | 4,298,500 | 4,331,500 | 4,365,800 | 4,470,700 |
| Unemployment | 568,300 | 617,900 | 604,900 | 535,500 | 489,600 |
| Unemployment Rate | 11.6% | 12.6% | 12.3% | 10.9% | 9.9% |
| <u>Wage and Salary Employment: ⁽¹⁾</u> | | | | | |
| Agriculture | 6,200 | 6,200 | 5,600 | 5,400 | 5,500 |
| Natural Resources and Mining | 4,100 | 4,100 | 4,000 | 4,300 | 4,600 |
| Construction | 117,300 | 104,500 | 105,000 | 109,100 | 116,500 |
| Manufacturing | 389,200 | 373,200 | 366,800 | 367,200 | 366,500 |
| Wholesale Trade | 204,500 | 203,000 | 205,200 | 211,300 | 217,800 |
| Retail Trade | 387,000 | 386,400 | 392,900 | 400,900 | 405,900 |
| Trans., Warehousing, Utilities | 151,200 | 150,500 | 151,800 | 154,400 | 156,900 |
| Information | 191,200 | 191,500 | 191,900 | 191,400 | 197,300 |
| Financial and Insurance | 142,300 | 137,800 | 136,800 | 138,600 | 137,100 |
| Real Estate, Rental & Leasing | 73,800 | 71,700 | 71,600 | 72,100 | 74,700 |
| Professional and Business Services | 529,800 | 527,500 | 542,900 | 570,000 | 590,300 |
| Educational and Health Services | 639,900 | 637,200 | 643,100 | 674,100 | 713,400 |
| Leisure and Hospitality | 385,500 | 384,800 | 394,600 | 415,300 | 436,700 |
| Other Services | 137,900 | 136,700 | 136,900 | 141,600 | 145,500 |
| Federal Government | 48,700 | 51,600 | 49,000 | 48,100 | 47,300 |
| State Government | 82,000 | 80,700 | 82,700 | 83,100 | 83,400 |
| Local Government | 465,200 | 447,300 | 433,800 | 425,600 | 418,600 |
| Total All Industries ⁽²⁾ | 3,955,600 | 3,894,600 | 3,914,600 | 4,012,300 | 4,118,000 |

(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.

CITY OF BURBANK
Annual Average Labor Force

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|--------|--------|--------|--------|--------|
| Civilian Labor Force | 60,200 | 60,200 | 60,500 | 60,200 | 61,100 |
| Employment | 54,500 | 54,000 | 54,400 | 54,900 | 56,200 |
| Unemployment | 5,700 | 6,200 | 6,000 | 5,300 | 4,900 |
| Unemployment Rate | 9.4% | 10.2% | 10.0% | 8.9% | 8.0% |

City of Burbank.

The table below lists the major employers in the City. Major private employers in the City include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include the Burbank Unified School District and the City.

**CITY OF BURBANK
Major Employers by Number of Employees
2014**

| Business Name | Number of Employees | Industry |
|--|----------------------------|-----------------|
| Walt Disney Pictures | 7,900 | Media |
| W B Studio Enterprises Inc | 7,400 | Media |
| Providence St. Joseph Hospital | 2,850 | Medical |
| Bob Hope Airport | 2,400 | Aero |
| ABC, Inc. | 2,300 | Media |
| Burbank Unified School District | 1,800 | School |
| City of Burbank | 1,700 | Civic |
| Deluxe Shared Services LLC | 1,684 | Media |
| Entertainment Partners | 757 | Media |
| Foto-Kem Industries Inc | 665 | Media |
| Nickelodeon Animation | 547 | Media |
| Crane Co, Hydro-Aire Division | 540 | Aero |
| Senior Aerospace - SSP | 512 | Aero |
| Diagnostic Laboratories | 420 | Medical |
| Target Store #T-1362 | 420 | Retail |
| Yahoo! Inc | 413 | Media |
| Capgemini U S LLC | 410 | Info Tech |
| Cartoon Network | 375 | Media |
| Ikea California LLC | 356 | Retail |
| Modern Videofilm Inc | 346 | Media |
| National Broadcasting Company | 324 | Media |
| Aramark Uniform Service, Inc | 320 | Office |
| La Graphico | 320 | Media |
| Automobile Club of Southern California | 303 | Office |
| Macy's | 271 | Retail |
| Fry's Electronics, Inc | 251 | Retail |
| Costco Wholesale #677 | 236 | Retail |
| Vallarta Supermarket #17 | 214 | Retail |
| Film Roman LLC | 205 | Media |
| Ameriflight LLC | 202 | Aero |

Source: City of Burbank.

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 calendar year 2012 in the City were reported to be \$2,716,027,000, a 1.41% increase over the total taxable sales of \$2,678,390,000 reported during calendar year 2011.

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 |
|---------------------|-----------------------------|--|----------------------------|--|
| 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 |
| 2011 ⁽¹⁾ | 2,368 | 2,018,393 | 3,934 | 2,678,390 |
| 2012 ⁽¹⁾ | 2,261 | 2,030,869 | 3,755 | 2,716,027 |

(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 calendar year 2012 in the County were reported to be \$135,295,581,000, a 7.00% increase over the total taxable sales of \$126,440,737,000 reported during calendar year 2011.

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 |
|---------------------|-----------------------------|--|----------------------------|--|
| 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 |
| 2011 ⁽¹⁾ | 179,872 | 89,251,447 | 266,868 | 126,440,737 |
| 2012 ⁽¹⁾ | 175,369 | 95,318,603 | 259,539 | 135,295,581 |

(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 Los Angeles County for calendar years 2008 through 2012.

**CITY OF BURBANK
New Construction
(dollars in thousands)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$8,615.3 | \$3,306.3 | \$6,854.6 | \$2,139.5 | \$3,621.6 |
| New Multi-family | 30,348.0 | 1,196.5 | 555.2 | 3,091.0 | 4,967.0 |
| Res. Alterations/Additions | <u>21,509.4</u> | <u>15,751.2</u> | <u>13,461.1</u> | <u>23,653.4</u> | <u>17,550.1</u> |
| Total Residential | 60,472.7 | 20,254.0 | 20,870.9 | 28,883.9 | 26,138.7 |
| New Commercial | 44,786.7 | 15,076.2 | 631.0 | 6,381.4 | 39,753.2 |
| New Industrial | 0.0 | 0.0 | 0.0 | 1,000.0 | 59,945.6 |
| New Other | 19,812.5 | 5,573.5 | 1,533.5 | 0.0 | 0.0 |
| Com. Alterations/Additions | <u>38,572.5</u> | <u>48,569.0</u> | <u>22,045.7</u> | <u>49,935.7</u> | <u>31,419.4</u> |
| Total Nonresidential | 103,171.7 | 69,218.7 | 24,210.2 | 57,317.1 | 131,118.2 |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 47 | 9 | 15 | 6 | 6 |
| Multiple Family | <u>272</u> | <u>6</u> | <u>3</u> | <u>15</u> | <u>20</u> |
| TOTAL | 319 | 15 | 18 | 21 | 26 |

Source: Construction Industry Research Board, *Building Permit Summary*

**LOS ANGELES COUNTY
New Construction
(dollars in thousands)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$1,134,121.1 | \$798,305.0 | \$922,092.0 | \$1,026,679.4 | \$1,127,916.8 |
| New Multi-family | 1,409,062.3 | 521,793.7 | 810,621.4 | 1,225,553.4 | 1,484,648.9 |
| Res. Alterations/Additions | <u>1,411,332.6</u> | <u>1,073,157.9</u> | <u>1,109,768.6</u> | <u>1,431,581.5</u> | <u>1,208,758.1</u> |
| Total Residential ⁽¹⁾ | 3,954,515.9 | 2,393,256.6 | 2,842,482.0 | 3,683,814.3 | 3,821,323.8 |
| New Commercial | 1,517,965.4 | 513,381.3 | 521,995.6 | 612,800.9 | 1,364,188.7 |
| New Industrial | 134,587.0 | 40,084.0 | 55,772.9 | 135,976.2 | 202,882.5 |
| New Other | 680,228.1 | 462,139.0 | 436,807.8 | 286,119.7 | 107,608.9 |
| Com. Alterations/Additions | <u>2,157,857.2</u> | <u>1,657,939.6</u> | <u>1,662,362.9</u> | <u>1,774,207.9</u> | <u>2,199,249.7</u> |
| Total Nonresidential ⁽¹⁾ | 4,490,637.8 | 2,673,543.9 | 2,676,939.1 | 2,809,104.7 | 3,873,929.8 |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 3,539 | 2,131 | 2,439 | 2,338 | 2,820 |
| Multiple Family | <u>10,165</u> | <u>3,522</u> | <u>5,029</u> | <u>8,052</u> | <u>8,895</u> |
| TOTAL | 13,704 | 5,653 | 7,468 | 10,390 | 11,715 |

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 2008 through 2012.

**COUNTY OF LOS ANGELES
Effective Buying Income
2008 through 2012**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|--------------------|---|---|
| 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 |
| 2012 | City of Burbank | \$2,791,428 | \$49,139 |
| | Los Angeles County | 210,048,048 | 44,384 |
| | California | 864,088,828 | 47,307 |
| | United States | 6,737,867,730 | 41,358 |

Source: The Nielsen Company (US), Inc.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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: \$10,555,000* City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014

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 \$10,555,000* Wastewater Refunding Revenue Bonds, Series 2014 (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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution adopted by the City Council of the City on May 6, 2014 (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 XIIC and XIID 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.

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 following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or 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. 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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 issue of the Securities, each 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 a 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.

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 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 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 Issuer or Agent, 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, Agent, or Issuer, 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 Issuer or Agent, 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 Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]



Printed by: ImageMaster, LLC
www.imagemaster.com

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF AWARD

I, Jennifer Becker, Deputy 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 \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds") as follows:

1. On May 20, 2014, 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 Raymond James & Associates, Inc. (the "Purchaser") for a purchase price computed as follows:

| | |
|------------------------|------------------------------|
| \$10,575,000.00 | Principal Amount of Bonds |
| (38,070.00) | Less: Purchaser's Discount |
| 1,614,641.85 | Plus: Original Issue Premium |
| <u>\$12,151,571.85</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: May 20, 2014

CITY OF BURBANK

By  _____
Jennifer Becker
Deputy Financial Services Director

09:04:50 a.m. PDST [Upcoming Calendar](#) [Overview](#) [Compare](#) [Summary](#)

Bid Results

**Burbank
\$10,555,000 Wastewater Refunding Revenue Bonds, Series 2014**

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 type="checkbox"/> | Raymond James & Associates, Inc. | 2.047378 |
| <input type="checkbox"/> | William Blair & Company, LLC | 2.060361 |
| <input type="checkbox"/> | Hutchinson, Shockey, Erley & Co. | 2.101767 |
| <input type="checkbox"/> | J.P. Morgan Securities LLC | 2.105746 |
| <input type="checkbox"/> | Janney Montgomery Scott LLC | 2.114167 |
| <input type="checkbox"/> | Stifel, Nicolaus & Co., Inc. | 2.115970 |
| <input type="checkbox"/> | Mitsubishi UFJ Securities (USA), Inc. | 2.135507 |
| <input type="checkbox"/> | BMO Capital Markets | 2.147348 |
| <input type="checkbox"/> | Bank of America Merrill Lynch | 2.150434 |
| <input type="checkbox"/> | Robert W. Baird & Co., Inc. | 2.173634 |

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

© 1981-2002 i-Deal LLC. All rights reserved, [Trademarks](#)

REDEMPTION INSTRUCTIONS AND REQUEST TO TRUSTEE

May 20, 2014

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
Attention: Ms. Deborah Young, Vice President

Re: City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A

Ladies and Gentlemen:

As successor trustee (the "Trustee") with respect to the City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, dated October 12, 2004 (the "2004 Bonds"), you are hereby notified of the election of the City of Burbank (the "City") to redeem on June 20, 2014, pursuant to that certain Indenture of Trust, dated as of June 15, 1987, as amended, by and between the City and the Trustee, all outstanding 2004 Bonds maturing on and after June 1, 2015 (the "Refunded 2004 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 Refunded 2004 Bonds from the proceeds of its City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "2014 Refunding Bonds"), which were sold to Raymond James & Associates, Inc. on May 20, 2014. The 2014 Refunding Bonds are scheduled to close on June 10, 2014.

You are hereby instructed to provide, no later than May 21, 2014, conditional notice of redemption of the Refunded 2004 Bonds to occur on June 20, 2014, substantially in the form attached hereto as Exhibit A. Please note that the redemption of the Refunded 2004 Bonds is conditional upon the receipt of the proceeds of the 2014 Refunding Bonds.

In connection with your acting on the instructions of the City to provide a rescindable notice to redeem the Refunded 2004 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 Refunded 2004 Bonds states that the redemption date is conditional upon receipt of the proceeds of the 2014 Refunding Bonds, or the rescinding of the notice of redemption of the Refunded 2004 Bonds by the Trustee upon instruction from the City.

CITY OF BURBANK

By 
Carrie Matson
Deputy Financial Services Director

EXHIBIT A

CONDITIONAL NOTICE OF FULL/FINAL REDEMPTION OF

City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A

| <u>Maturity Date</u> | <u>Amount Called</u> | <u>Premium</u> | <u>Redemption Price (1)</u> | <u>Interest Rate</u> | <u>CUSIP Number</u> |
|----------------------|----------------------|----------------|-----------------------------|----------------------|---------------------|
| 6/1/2015 | \$ 805,000 | — | \$ 805,000 | 3.600% | 120826 CH3 |
| 6/1/2016 | 835,000 | — | 835,000 | 3.700 | 120826 CJ9 |
| 6/1/2017 | 865,000 | — | 865,000 | 3.800 | 120826 CK6 |
| 6/1/2018 | 895,000 | — | 895,000 | 5.000 | 120826 CL4 |
| 6/1/2019 | 945,000 | — | 945,000 | 5.000 | 120826 CM2 |
| 6/1/2020 | 985,000 | — | 985,000 | 4.000 | 120826 CN0 |
| 6/1/2021 | 1,030,000 | — | 1,030,000 | 4.125 | 120826 CP5 |
| 6/1/2022 | 1,070,000 | — | 1,070,000 | 5.000 | 120826 CQ3 |
| 6/1/2023 | 1,125,000 | — | 1,125,000 | 5.000 | 120826 CR1 |
| 6/1/2024 | 1,185,000 | — | 1,185,000 | 5.000 | 120826 CS9 |
| 6/1/2029 | 2,160,000 | — | 2,160,000 | 5.000 | 120826 CT7 |
| 6/1/2034 | 1,430,000 | — | 1,430,000 | 5.000 | 120826 CU4 |

(1) Accrued interest to be added.

CONDITIONAL NOTICE is hereby given that the City of Burbank (the "City") has conditionally called for redemption on June 20, 2014 (the "Redemption Date"), the outstanding City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, described above (the "Bonds"), 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 June 20, 2014.

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 owners of the Bonds (the "Bondholders").

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 June 20 2014, at the following addresses:

First Class/Registered/Certified
The Bank of New York Mellon
Global Corporate Trust

Express Delivery Only
The Bank of New York Mellon
Global Corporate Trust

By Hand Only
The Bank of New York Mellon
Global Corporate Trust

P.O. Box 396
East Syracuse, NY 13057

111 Sanders Creek Parkway
East Syracuse, NY 13057

Corporate Trust Window
101 Barclay Street 1st Floor East
New York, NY 10286

Owners of Bonds presenting their Bonds in person for the same day payment must surrender their Bonds by 1:00 p.m. on the Redemption 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 owner 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 owner of the Bonds you are not required to endorse the Bonds to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2004 (the "Act") 28% of the Redemption Price will be withheld if a tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City nor The Bank of New York Mellon Trust Company, N.A., as 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 owners.

Dated: May 20, 2014

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

INDENTURE OF TRUST

by and between the

CITY OF BURBANK

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated as of June 1, 2014

**Relating to the
\$10,575,000
City of Burbank
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; EQUAL SECURITY

Section 1.01. Definitions3

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds 11
Section 2.02. Terms of Bonds 11
Section 2.03. Form of Bonds 12
Section 2.04. Execution of Bonds 12
Section 2.05. Transfer of Bonds 12
Section 2.06. Exchange of Bonds 12
Section 2.07. Temporary Bonds 12
Section 2.08. Bond Registration Books 13
Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen 13
Section 2.10. Book-Entry System 13

ARTICLE III

ISSUE OF BONDS; APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

Section 3.01. Issuance of Bonds 15
Section 3.02. Application of Proceeds of Bonds 15
Section 3.03. Establishment and Application of Costs of Issuance Fund 15
Section 3.04. Validity of Bonds 15

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. No Redemption 17
Section 4.02. Selection of Bonds for Redemption 18
Section 4.03. Notice of Redemption 18
Section 4.04. Partial Redemption of Bonds 19
Section 4.05. Effect of Redemption 19

ARTICLE V

GROSS REVENUES; NET REVENUES

Section 5.01. Pledge of Net Revenues 21
Section 5.02. Receipt, Deposit and Application of Gross Revenues and Net Revenues 21
Section 5.03. Application of Interest Account 22
Section 5.04. Application of Principal Account 22
Section 5.05. Application of Sinking Account 22
Section 5.06. Investment of Moneys in Funds and Accounts 23

ARTICLE VI

COVENANTS OF THE CITY; SPECIAL TAX COVENANTS

Section 6.01. Punctual Payment 24
Section 6.02. Extension of Payment of Bonds 24
Section 6.03. Discharge of Claims 24
Section 6.04. Operation of Enterprise in Efficient and Economical Manner 24
Section 6.05. Against Encumbrance 24
Section 6.06. Records and Accounts 25

| | |
|---|----|
| Section 6.07. Rates and Charges..... | 25 |
| Section 6.08. Limitations on Future Obligations Secured by Net Revenues | 26 |
| Section 6.09. Further Assurances | 27 |
| Section 6.10. Waiver of Laws..... | 27 |
| Section 6.11. Private Activity Bond Limitation..... | 27 |
| Section 6.12. Private Loan Financing Limitation | 27 |
| Section 6.13. Federal Guarantee Prohibition..... | 27 |
| Section 6.14. Rebate Requirement..... | 27 |
| Section 6.15. No Arbitrage | 28 |
| Section 6.16. Maintenance of Tax-Exemption | 28 |
| Section 6.17. Continuing Disclosure..... | 28 |

ARTICLE VII

MAINTENANCE; TAXES; INSURANCE AND CONDEMNATION

| | |
|---|----|
| Section 7.01. Maintenance and Operation of the Enterprise..... | 29 |
| Section 7.02. Taxes, Assessments, Other Governmental Charges and Utility Charges..... | 29 |
| Section 7.03. Public Liability and Property Damage Insurance | 29 |
| Section 7.04. Casualty Insurance..... | 29 |
| Section 7.05. Insurance Net Proceeds; Form of Policies | 30 |
| Section 7.06. Eminent Domain | 30 |

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

| | |
|---|----|
| Section 8.01. Events of Default..... | 31 |
| Section 8.02. Acceleration of Maturities..... | 31 |
| Section 8.03. Application of Net Revenues and Other Funds After Default | 32 |
| Section 8.04. Trustee to Represent Bondowners..... | 33 |
| Section 8.05. Bondowners’ Direction of Proceedings..... | 33 |
| Section 8.06. Limitation on Bondowners’ Right to Sue | 33 |
| Section 8.07. Absolute Obligation of City..... | 34 |
| Section 8.08. Termination of Proceedings..... | 34 |
| Section 8.09. Remedies Not Exclusive..... | 34 |
| Section 8.10. No Waiver of Default..... | 34 |

ARTICLE IX

THE TRUSTEE

| | |
|--|----|
| Section 9.01. Appointment of Trustee; Duties, Immunities and Liabilities of Trustee..... | 35 |
| Section 9.02. Merger or Consolidation | 36 |
| Section 9.03. Liability of Trustee | 36 |
| Section 9.04. Right of Trustee to Rely on Documents | 38 |
| Section 9.05. Preservation and Inspection of Documents | 38 |
| Section 9.06. Compensation of Trustee..... | 39 |
| Section 9.07. Indemnification | 39 |

ARTICLE X

MODIFICATION OR AMENDMENT OF THE INDENTURE

| | |
|---|----|
| Section 10.01. Amendments Permitted | 40 |
| Section 10.02. Effect of Supplemental Indenture..... | 41 |
| Section 10.03. Endorsement of Bonds; Preparation of New Bonds | 41 |
| Section 10.04. Amendment of Particular Bonds | 41 |

ARTICLE XI

DEFEASANCE

| | |
|--|----|
| Section 11.01. Discharge of Indenture..... | 42 |
|--|----|

Section 11.02. Discharge of Liability on Bonds42
 Section 11.03. Deposit of Money or Securities with Trustee42
 Section 11.04. Payment of Bonds After Discharge of Indenture43

ARTICLE XII
 MISCELLANEOUS

Section 12.01. Liability of City Limited to Net Revenues44
 Section 12.02. Successor Is Deemed Included in All References to Predecessor44
 Section 12.03. Limitation of Rights to Parties and Bondowners44
 Section 12.04. Waiver of Notice.....44
 Section 12.05. Destruction of Bonds44
 Section 12.06. Severability of Invalid Provisions44
 Section 12.07. Notices44
 Section 12.08. Evidence of Rights of Bondowners.....45
 Section 12.09. Disqualified Bonds45
 Section 12.10. Money Held for Particular Bonds46
 Section 12.11. Funds and Accounts46
 Section 12.12. Article and Section Headings and References46
 Section 12.13. Waiver of Personal Liability46
 Section 12.14. Execution in Several Counterparts46
 Section 12.15. Governing Law46

EXHIBIT A—FORM OF BOND

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, is dated as of June 1, 2014, 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 issued its \$19,130,000 City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$14,110,000 remains outstanding (the "2004 Bonds") for the purpose of financing and refinancing improvements to the City's municipal wastewater 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 2004 Bonds maturing on and after June 1, 2015 (the "Refunded 2004 Bonds");

WHEREAS, to that end, the City has determined to issue its \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "2014 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.

"Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest falling due on the Bonds and all Parity Obligations in such Fiscal Year, assuming that all Bonds and Parity Obligations are retired as scheduled, plus (2) the principal amount of all Bonds and Parity Obligations falling due by their terms in such Fiscal Year; provided, that as to any Parity Obligations bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be one hundred ten percent (110%) of the greater of (A) the daily average interest rate on such Parity Obligations during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Parity Obligations have borne interest) or (B) the most recent effective interest rate on such Parity Obligations prior to the date of such calculation; and provided further, that as to any such Parity Obligations having twenty-five percent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of such Parity Obligations; and provided further, that as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and provided further, that the amount on deposit in the reserve account for any Parity Obligations on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligations and in each preceding year until such amount is exhausted; and provided further, that Annual Debt Service shall not include interest on Parity Obligations which is to be paid from amounts constituting capitalized interest; and provided further, that if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Obligations to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Parity Obligations, plus (ii) the amounts payable by the City under such interest rate swap agreement, less (iii) the amounts receivable by the City under such interest rate swap agreement, are greater than the interest payable on such Parity Obligations, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Obligations shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in the first proviso of this definition.

"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 Wastewater Refunding Revenue Bonds, Series 2014, issued and at any time Outstanding hereunder.

"Bond Year" means any twelve-month period commencing on June 2 in a year and ending on the next succeeding June 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 June 1, 2015.

"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 reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or reuse of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the City and the Escrow Bank, providing for the defeasance of the Refunded 2004 Bonds.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., appointed by the City to act as escrow bank under the Escrow Agreement, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in the Escrow Agreement.

"Escrow Fund" means the fund by that name established pursuant to the Escrow Agreement.

"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, rates, tolls and charges (including connection fees and standby 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 and excluding the proceeds of any casualty or eminent domain award.

"Hyperion Agreement" means the agreement dated April 8, 2003, by and between the City and the City of Los Angeles, entitled "Agreement between the City of Los Angeles and the City of Burbank for the Conveyance, Treatment and Disposal of Wastewater," as amended from time to time.

"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.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed 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; (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City, and (d) is judged by the City to have experience in matters relating to the engineering matters relating to wastewater system enterprises.

"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 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 June 1 and December 1 in each year, beginning December 1, 2014, and continuing so long as any Bonds remain Outstanding.

"Maximum Annual Debt Service" means, as of any date of calculation by the City, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of the Bonds and all Parity Obligations.

"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 sound 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, amounts payable under the Hyperion Contract (to the extent such costs are properly characterized as maintenance and operation costs under sound accounting principles) 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. Operation and Maintenance Costs also includes amounts payable with respect to any State revolving fund loans secured by revenues of the Enterprise.

"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.

"Parity Obligations" means all bonds, notes or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the Bonds pursuant to Section 6.08(b). Parity Obligations shall not include state revolving fund loans, which are payable as Operation and Maintenance Costs.

"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 such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(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 Owners 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 section 16429.1 of the California Government Code.

(j) The Los Angeles 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 June 1 in each year, beginning June 1, 2015, 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.

"Refunded 2004 Bonds" means the 2004 Bonds maturing on and after June 1, 2015, in the principal amount of \$13,330,000.

"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.

"Revenue Fund" means the Water Reclamation and Sewer Fund 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.

"Sinking Account" means the account by that name in the Bond Fund established pursuant to Section 5.01, if required.

"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 The Bank of New York Mellon Trust Company, N.A., 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 9.01.

"2004 Bonds" means the \$19,130,000 City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$13,330,000 remains outstanding as of the Closing Date.

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 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 ten million five hundred seventy-five thousand dollars (\$10,575,000).

Section 2.02. Terms of 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 June 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

| Maturity Date (June 1) | Principal Amount | Interest Rate | Maturity Date (June 1) | Principal Amount | Interest Rate |
|------------------------------|---------------------|------------------|------------------------------|---------------------|------------------|
| 2015 | \$760,000 | 5.000% | 2022 | \$1,020,000 | 5.000% |
| 2016 | 785,000 | 2.000 | 2023 | 1,070,000 | 5.000 |
| 2017 | 800,000 | 5.000 | 2024 | 1,130,000 | 5.000 |
| 2018 | 835,000 | 5.000 | 2026 | 240,000 | 2.500 |
| 2019 | 885,000 | 5.000 | 2028 | 310,000 | 2.750 |
| 2020 | 920,000 | 5.000 | 2031 | 490,000 | 3.000 |
| 2021 | 975,000 | 5.000 | 2033 | 355,000 | 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 mailed on the Interest Payment Date 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 November 15, 2014, 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 attached hereto, 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. The Trustee may refuse to transfer, under the provisions of Section 2.05, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

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. The Trustee may refuse to exchange, under the provisions of Section 2.06, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

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 (e), 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 blanket 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 ten million five hundred seventy-five thousand dollars (\$10,575,000).

Section 3.02. Application of Proceeds of Bonds. Upon the receipt of payment for the Bonds on the Closing Date of \$12,151,571.85, being the principal amount of the Bonds of \$10,575,000.00, less an underwriter's discount of \$38,070.00, plus a net original issue premium of \$1,614,641.85, 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 \$216,150.92; and

(b) The Trustee shall transfer to the Escrow Bank the sum of \$11,935,420.93 for deposit in the Escrow Fund.

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. Each such Requisition of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) At the end of three 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 Refunding 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 Refunding 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
REDEMPTION OF BONDS

Section 4.01. Redemption.

(a) *Optional Redemption.* The Bonds maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole or in part on any date or in part, in such order of maturity as shall be selected by the City (or in inverse order of maturity if the City shall fail to select a particular order) and by lot within a maturity, on or after June 1, 2024, from any source of available funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) *Sinking Fund Redemption.*

(i) The Bonds maturing on June 1, 2026 (the "2026 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2025, and June 1, 2026, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2026 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2026 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2025 | \$ 90,000 |
| 2026† | 150,000 |

† Maturity.

(ii) The Bonds maturing on June 1, 2028 (the "2028 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2027, and June 1, 2028, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2028 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2028 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2027 | \$155,000 |
| 2028† | 155,000 |

† Maturity.

(iii) The Bonds maturing on June 1, 2031 (the "2031 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on September 1, 2029, and on each September 1 thereafter to and including September 1, 2031, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2031 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2031 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2029 | \$160,000 |
| 2030 | 165,000 |
| 2031† | 165,000 |

† Maturity.

(iv) The Bonds maturing on June 1, 2033 (the "2033 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2032, and June 1, 2033, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2033 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2033 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2032 | \$175,000 |
| 2033† | 180,000 |

† Maturity.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds or any given portion thereof, and unless otherwise specified in Section 4.01, the Trustee shall select the Bonds to be redeemed, from all Bonds of or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the City in writing of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption.

(a) Written notice of redemption shall be given by the City to the Trustee at least thirty (30) days prior to the date of redemption (unless a shorter time shall be acceptable to the Trustee). Unless waived by the Owner, notice of any such redemption shall be given by the

Trustee on behalf of the City by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books.

All notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Trust Office of the Trustee.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) interest with respect to such Bonds or portions of Bonds shall cease to accrue and be payable. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds which have been redeemed shall be canceled and destroyed by the Trustee and shall not be reissued.

(b) Notice of redemption of Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

(c) Notwithstanding the foregoing, in the case of any optional redemption of the Bonds under Section 4.01(a), the notice of redemption may state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds to be redeemed on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem such Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. The Owner shall not be required to submit any Bond to reflect mandatory sinking account payments.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice plus interest accrued thereon to the redemption date, interest on the Bonds so called

for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owner of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price.

All Bonds redeemed pursuant to the provisions of this Article IV shall be canceled upon surrender thereof and destroyed with a certificate of destruction delivered to or upon the Order of the City.

ARTICLE V

GROSS REVENUES; NET REVENUES

Section 5.01. Pledge of Net Revenues. The Bonds and any Parity Obligations 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 and any Parity Obligations 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 or any Parity Obligations 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 Revenue Fund. All Gross Revenues shall be held in trust by the City in the Revenue 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 Revenue 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 Revenue 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 and the Sinking 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 and shall withdraw from the Revenue Fund and transfer amounts required for the payment of debt service on any Parity Obligations. The transfers required to pay debt service on the Bonds and any Parity Obligations shall be made without preference or priority and, in the event moneys in the Revenue Fund are not sufficient to pay the debt service requirement for the Bonds and any Parity Obligations, the City shall pay

such amounts on a pro rata basis based on the debt service requirements for the Bonds and each outstanding Parity Obligations.

(iii) Replenishment of Any Reserve Fund. Following the transfer of amounts required to pay debt service on the Bonds and any Parity Obligations, the City shall withdraw from the Revenue Fund and transfer amounts required to replenish the reserve fund created for the Parity Obligations, if any, to the requirement thereof.

(iv) 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 Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

(b) *Application of Moneys in the Bond Fund.* 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; *provided, however,* that a Sinking Account shall be created only if the winning bidder for the Bonds elects to create term bonds), 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;

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; and

Third: to the Sinking Account, the aggregate amount of sinking fund installment 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. Application of Sinking Account. All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely for the purposes of paying the sinking fund installments of the Bonds when due and payable.

Notwithstanding the foregoing, if some but not all of the Bonds have been theretofore redeemed pursuant to Sections 4.01(a), the total amount of all future mandatory Sinking Account payments shall be reduced by the aggregate principal amount of Bonds so redeemed, allocated among such mandatory Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the City (notice of which determination shall be given to the Trustee). In the event of a redemption pursuant to Section 4.01(a) the City shall provide the

Trustee with a revised sinking fund schedule giving effect to the optional redemption so completed.

Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund.

Section 5.06. 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 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 5.06 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 voluntarily 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 Gross 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 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 and any Parity Obligations 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 such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(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 percent

(120%) of the total Debt Service Payments on the Bonds and any debt service on Parity Obligations coming due and payable in such Fiscal Year.

Section 6.08. Limitations on Future Obligations Secured by Net Revenues.

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

(b) *Parity Obligations.* Additional obligations may be issued on a parity with the Bonds and any then existing Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Bonds or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in this Indenture.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the instrument issuing such Parity Obligations are issued, as shown by the books of the City, plus, at the option of the City, either or both of the items hereinafter in this covenant designated (A) and (B), but excluding connection charges, shall at least equal one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations hereunder are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which the City determines are of benefit to the Enterprise, or for the purpose of refunding any Bonds or Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on June 1 and December 1 in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1; and

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

(c) *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. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, so long as any Bonds or Parity Obligations remain outstanding, but only if and to the extent available at reasonable cost from reputable insurers, a standard comprehensive general insurance policy or policies in protection of the City and its members, officers, agents, assignees and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Enterprise. Said policy or policies shall provide coverage in such liability amounts and shall be subject to such deductibles as shall be customary with respect to works and property of a like character. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 7.04. Casualty Insurance. The City shall procure and maintain or cause to be procured and maintained, so long as any Bonds or Parity Obligations remain outstanding, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the Enterprise, covering such hazards as are customarily covered with respect to works and property of like character. Such insurance may be subject to deductible clauses which are customary with respect to works and property of a like character. Such insurance may be maintained as part of or in conjunction with any other casualty insurance coverage carried by the City and may be maintained, in whole or in part, in the form of self-insurance by the City, subject to the provisions of Section 7.05, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise.

Section 7.05. Insurance Net Proceeds; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies. The City shall annually, on or before December 1, deliver to the Trustee a certificate to the effect that the City has complied with the requirements of Sections 7.03 and 7.04 hereof. The Trustee shall be entitled to rely upon such Certificate of the City as to the City's compliance with Sections 7.03 and 7.04 hereof. In the event that any insurance required pursuant to Section 7.03 or 7.04 shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of an independent actuarial consultant identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from Net Revenues or from such reserves. The Trustee shall provide copies of all said certificates and notifications to the Owner.

Section 7.06. Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, at the election of the City (evidenced by a Written Certificate of the City filed with the Trustee and the City) shall be used for the lease, acquisition or construction of improvements or extension of the Enterprise.

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) consecutive 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) consecutive 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; *provided, however*, that abandonment by the City shall not constitute an Event of Default if such abandonment was caused by unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market and unusually severe weather or any similar even and/or occurrences beyond the control of the City; 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 Refunding 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 Refunding 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 Refunding 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 Refunding 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) The Bank of New York Mellon Trust Company, N.A. 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 sixty 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, national banking association 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, national banking association 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, national banking association 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.

(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.

(m) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(n) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such

Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(o) The Trustee 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 Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(p) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

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 reasonable 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 and the resignation or removal of the Trustee.

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 in the opinion of a certified public accountant 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: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
Attention: Corporate Trust Department
Fax: (213) 630-6247

Any notice provided by the Trustee to the Owners shall also be provided to the City.

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. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

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 Financial Services Director of the City and attested by the City Clerk, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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



Cindy Giraldo
Financial Services Director

Attest:



Zizette Mullins
City Clerk

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By

Deborah D. Young
Vice President

IN WITNESS WHEREOF, the CITY OF BURBANK has caused this Indenture to be signed in its name by the Financial Services Director of the City and attested by the City Clerk, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 _____
Cindy Giraldo
Financial Services Director

Attest:

Zizette Mullins
City Clerk

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee


By _____

Deborah D. Young
Vice President

EXHIBIT A

FORM OF BOND

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bonds, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|-------|
| _____% | June 1, ____ | June __, 2014 | ____ |

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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

This Bond is one of a series of Bonds of various maturities designated as "City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014" (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 (the "Refunding Bond Law") in the aggregate principal amount of \$10,575,000, 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 the Indenture and approved by the City by Resolution No. 14-28,681, adopted by the City Council of the City on May 6, 2014. 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 Refunding 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 (the "Net Revenues") of the City's municipal wastewater enterprise (the "Enterprise"), as more particularly described in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Refunding 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 Refunding 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. The Bonds are special obligations of the City and are payable, as to interest thereon and principal thereof, from the Net Revenues. 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 maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole or in part on any date or in part, in such order of maturity as shall be selected by the City (or in inverse order of maturity if the City shall fail to select a particular order) and by lot within a maturity, on or after June 1, 2024, from any source of available funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Bonds maturing on June 1, 2026 (the "2026 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2025, and June 1, 2026, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2026 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2026 Term Bonds so redeemed by reducing each such future Sinking Account

payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2025 | \$ 90,000 |
| 2026† | 150,000 |

† Maturity.

The Bonds maturing on June 1, 2028 (the "2028 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2027, and June 1, 2028, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2028 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2028 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2027 | \$155,000 |
| 2028+ | 155,000 |

† Maturity.

The Bonds maturing on June 1, 2031 (the "2031 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on September 1, 2029, and on each September 1 thereafter to and including September 1, 2031, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2031 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2031 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2029 | \$160,000 |
| 2030 | 165,000 |
| 2031† | 165,000 |

† Maturity.

The Bonds maturing on June 1, 2033 (the "2033 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2032, and June 1, 2033, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2033 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal

amount of the 2033 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2032 | \$175,000 |
| 2033† | 180,000 |

† 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 City Clerk all as of the Dated Date stated above.

CITY OF BURBANK

By _____
Mayor

ATTEST:

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 _____.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Bank

Dated June 10, 2014

Relating to
City of Burbank
Wastewater Treatment Revenue Bonds, 2004 Series A

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT is dated June 10, 2014, 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 \$19,130,000 principal amount of its City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$14,110,000 remains outstanding (the "2004 Bonds"), for the purpose of financing and refinancing improvements to the City's municipal wastewater enterprise (the "Enterprise"), pursuant to an Indenture of Trust, dated as of June 15, 1987, as amended (the "Prior Indenture"), by and between the City and predecessors of The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Prior 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 pay to redeem all outstanding 2004 Bonds maturing on and after June 1, 2015, in the principal amount of \$13,330,000 (the "Refunded 2004 Bonds") in full on June 20, 2014, at the redemption price of 100% of the principal amount thereof together with accrued interest thereon through such date, and, to that end, the City Council of the City, on May 6, 2014, adopted its Resolution No. 14-28,681 approving and authorizing the issuance of its \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "2014 Bonds") for such purposes pursuant to an Indenture of Trust, dated as of June 1, 2014 (the "2014 Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

WHEREAS, the Prior Indenture provides that in the event that the City deposits, or causes the deposit on its behalf, with the Prior 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 2004 Bonds to be paid or redeemed, then the Prior Indenture and the pledge of Net Revenues (as defined in the Prior Indenture) and other assets made under the Prior Indenture and all covenants, agreements and other obligations of the City under the Prior 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 Refunded 2004 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 Refunded 2004 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 Refunded 2004 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 Refunded 2004 Bonds in accordance with the provisions of the Prior 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. The Escrow Bank shall have no liability or responsibility for such insufficiency.

Section 3. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the 2014 Bonds, the City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$13,362,465.33 in immediately available funds, derived as follows:

(i) \$11,935,420.93 from the proceeds of sale of the 2014 Bonds,

(ii) \$3,294.40 from the debt service funds established for the 2004 Bonds (the "Prior Debt Service Funds"), and

(iii) \$1,423,750.00 from the reserve account established for the 2004 Bonds (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 Refunded 2004 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Trustee for deposit in the Bond Fund created under the 2014 Indenture.

Section 4. Instructions as to Application of Deposit.

(a) The City hereby irrevocably directs and instructs the Escrow Bank to redeem all outstanding Refunded 2004 Bonds prior to maturity on such date, and to pay accrue interest thereon through such date, 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 Prior Trustee, to give notice of conditional redemption of the Refunded 2004 Bonds, and the Escrow Bank, as Prior Trustee, has given such notice in accordance with the applicable provisions of the Prior Indenture for the redemption date set forth in Exhibit A attached hereto and by this reference incorporated herein.

Section 5. Application of Prior Funds. On the date of original delivery of the 2014 Bonds and the deposit of a portion of the proceeds thereof in the Escrow Fund pursuant to Section 3, the Escrow Bank, as Prior Trustee, is hereby directed to (a) withdraw all amounts (\$3,294.40) on deposit in the Debt Service Funds and transfer such sum to the Escrow Fund, and (b) withdraw all amounts (\$1,423,750.00) 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 Refunded 2004 Bonds, including interest earnings received by the Prior Trustee, shall, after payment of all fees and expenses of the Prior Trustee, be paid to the Trustee for deposit in the Bond Fund created under the 2014 Indenture.

Section 6. Application of Certain Terms of Prior Indenture. All of the terms of the Prior Indenture relating to the making of payments of principal and interest with respect to the 2004 Bonds are incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein. The provisions of the Prior Indenture relating to the limitations from liability and protections afforded the Prior Trustee and the resignation and removal of the Prior Trustee are also incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 7. Compensation to Escrow Bank. The City shall pay the Escrow Bank full compensation for its duties under this Escrow Deposit and Trust Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 8. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Deposit and Trust Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Deposit and Trust Agreement.

The Escrow Bank and its respective Successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth in Section 4 hereof, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the

uninvested moneys to accomplish the purposes set forth in Section 4 hereof or to the validity of this Escrow Deposit and Trust Agreement as to the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Deposit and Trust Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Deposit and Trust Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Deposit and Trust Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the City.

Anything in this Escrow Deposit and Trust 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.

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Deposit and Trust Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder.); provided, however, that the City shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank Instructions using Electronic Means 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 City understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. 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 directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow

Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective Successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 8 shall survive the termination of this Escrow Deposit and Trust Agreement or the resignation or removal of the Escrow Bank.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to revive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Deposit and Trust Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

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.

Section 9. Amendment. This Escrow Deposit and Trust 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 Refunded 2004 Bonds shall have been filed with the Escrow Bank. This Escrow Deposit and Trust 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 Refunded 2004 Bonds or the 2014 Bonds, and that such amendment will not cause interest on the Refunded 2004 Bonds or the 2014 Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Deposit and Trust Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the City to each rating agency then rating the Refunded 2004 Bonds.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Deposit and Trust Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Deposit and Trust Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the Refunded 2004 Bonds.

Section 11. Notice of Escrow Bank and City. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as Prior Trustee in accordance with the provisions of the Prior Indenture. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the Prior Indenture (or such other address as may have been filed in writing by the City with the Escrow Bank).

Section 12. Merger or Consolidation of Escrow Bank. 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 to act as trustee under the Prior Indenture, shall be the Successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 13. Execution in Several Counterparts. This Escrow Deposit and Trust 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 all such counterparts shall together constitute but one and the same instrument.

Section 14. 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.

Section 15. Governing Law. This Escrow Deposit and Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

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 
Cindy Giraldo
Financial Services Director

Attest:


Zizette Mullins
City Clerk

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Bank

By _____
Deborah D. Young
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 _____
Cindy Giraldo
Financial Services Director

Attest:

Zizette Mullins
City Clerk

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Bank


By _____

Deborah D. Young
Vice President

EXHIBIT A

PAYMENT AND REDEMPTION SCHEDULE

| Interest Payment Date | Maturing Principal | Called Principal | Interest | Redemption Premium | Total Payment |
|--------------------------------------|-------------------------------|-----------------------------|-----------------|-------------------------------|--------------------------|
| 6/20/14 | — | \$13,330,000 | \$32,465.33 | — | \$13,362,465.33 |

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 \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., 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 1, 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.

"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.

"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 10), commencing with the report for the 2013-14 Fiscal Year, which is due not later than March 31, 2015, 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:

(i) Principal amount of Bonds, Parity Obligations and State revolving fund loans outstanding as of the end of the most recently completed fiscal year;

(ii) Updated information set forth in the following tables of the Official Statement (in all cases, information for only the most recently completed fiscal year is required):

(A) Table 1 (Customer Accounts and Percentage of Sewer Service Charge Revenues),

(B) Table 2 (Revenues by Customer Type),

(C) Table 3 (Major Sewer Accounts),

(D) Table 4 (Average Daily Flow of Enterprise),

(E) Table 5 (Five-Year History of Sewer Service and Sewer Facilities Charges), and

(F) Table 12 (Historical Summary Statement of Revenues, Expenses and Debt Service Coverage); and

(iii) So long as the dispute with Los Angeles described in the Official Statement continues, an update on its status.

(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 Owner, 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 Owners; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners 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.

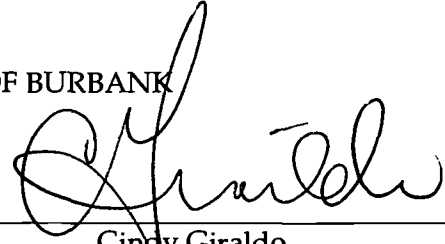
Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply 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: June 10, 2014

CITY OF BURBANK

By



Cindy Giraldo
Financial 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: June 10, 2014

CITY OF BURBANK

By



Cindy Giraldo
Financial 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: June 10, 2014

CITY OF BURBANK

By _____
Cindy Giraldo
Financial Services Director

ACKNOWLEDGED:

NBS GOVERNMENT FINANCE GROUP,
DBA NBS, as Dissemination Agent

By Sara Nares
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: June 10, 2014

CITY OF BURBANK

By _____
Cindy Giraldo
Financial 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: \$10,575,000 City of Burbank (Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

Date of Issuance: June 10, 2014

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 June 10, 2014, 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: The Bank of New York Mellon Trust Company, N.A., as trustee

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the City with certain covenants, interest on the 2014 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 2014 Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."



\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds,
Series 2014

Dated: Date of Delivery

Due: June 1, as shown on inside cover

Authority for the 2014 Bonds. The captioned bonds (the "2014 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 June 1, 2014 (the "Indenture"), by and between the City of Burbank (the "City") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution adopted by the City Council of the City.

Financing Purpose. Proceeds of the 2014 Bonds will be used to (a) refund, on a current basis, the City's outstanding Wastewater Treatment Revenue Bonds, 2004 Series A (the "Refunded 2004 Bonds") and (b) pay the costs of issuing the 2014 Bonds.

Payment of Debt Service. The 2014 Bonds will bear interest at the rates shown below, payable semiannually on each June 1 and December 1, commencing December 1, 2014 (each an "Interest Payment Date"), and are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof.

The principal of the 2014 Bonds will be payable upon presentation and surrender of such 2014 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 2014 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 2014 Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the 2014 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 2014 Bonds.

Registration. The 2014 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 2014 Bonds will not receive certificates representing their interests therein.

Redemption. The 2014 Bonds are subject to optional redemption and mandatory sinking fund redemption before maturity. See "THE 2014 BONDS – Redemption."

Security for the 2014 Bonds. The 2014 Bonds are payable from and secured by a first lien pledge of the Net Revenues generated by operation of the City's wastewater collection, treatment, disposal and re-use enterprise (the "Enterprise") and moneys in the funds and accounts established under the Indenture, and certain other moneys and securities held by the Trustee. The term "Net Revenues" is defined in the Indenture to mean the Gross Revenues (as defined in the Indenture) less Operation and Maintenance Costs (as defined in the Indenture). Operation and Maintenance Costs includes the debt service on future State of California revolving fund loans, if any, that are payable from revenues of the Enterprise (see "State Revolving Fund Loans" below).

No Reserve Fund. The City is not funding a debt service reserve fund for the 2014 Bonds.

No Existing Parity Obligations; Future Parity Obligations. Following defeasance of the 2004 Bonds with proceeds of the 2014 Bonds, the City will have no outstanding obligations that are secured by a pledge of and payable from Net Revenues on a parity with the 2014 Bonds. The City is authorized to incur additional obligations payable from and secured by a pledge of Net Revenues on a parity with the 2014 Bonds.

State Revolving Fund Loans. The Indenture allows the City to pay debt service on revolving fund loans from the State of California that are payable from Gross Revenues as Operation and Maintenance Costs. No such State revolving fund loans are outstanding at this time.

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 (a) Gross Revenues sufficient in each Fiscal Year to pay all anticipated Operation and Maintenance Costs, debt service payments on the 2014 Bonds and any Parity Obligations and all other obligations payable from Gross Revenues and (b) Net Revenues equal to at least 1.20 times the aggregate of obligations of the City with respect to the 2014 Bonds and any Parity Obligations in such Fiscal Year.

MATURITY SCHEDULE
(See inside cover)

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 2014 Bonds. Investors should review the entire Official Statement before making any investment decision.

The 2014 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, Larkspur, 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 2014 Bonds will be delivered in definitive form through the facilities of DTC on or about June 10, 2014.

Dated May 20, 2014

MATURITY SCHEDULE

\$9,180,000 Serial Bonds

CUSIP Prefix: 12082X†

| Maturity June 1 | Principal Amount | Interest Rate | Yield | Price | CUSIP Suffix† |
|----------------------------|-----------------------------|--------------------------|--------------|--------------|--------------------------|
| 2015 | \$ 760,000 | 5.000% | 0.140% | 104.733 | AA1 |
| 2016 | 785,000 | 2.000 | 0.320 | 103.304 | AB9 |
| 2017 | 800,000 | 5.000 | 0.550 | 113.112 | AC7 |
| 2018 | 835,000 | 5.000 | 0.870 | 116.101 | AD5 |
| 2019 | 885,000 | 5.000 | 1.140 | 118.617 | AE3 |
| 2020 | 920,000 | 5.000 | 1.400 | 120.565 | AF0 |
| 2021 | 975,000 | 5.000 | 1.670 | 121.838 | AG8 |
| 2022 | 1,020,000 | 5.000 | 1.920 | 122.673 | AH6 |
| 2023 | 1,070,000 | 5.000 | 2.120 | 123.424 | AJ2 |
| 2024 | 1,130,000 | 5.000 | 2.250 | 124.447 | AK9 |

\$1,395,000 Term Bonds

\$240,000 2.500% Term Bonds due June 1, 2026, Yield 2.550%, Price 99.486 CUSIP† 12082X AL7

\$310,000 2.750% Term Bonds due June 1, 2028, Yield 2.760%, Price 99.884 CUSIP† 12082X AM5

\$490,000 3.000% Term Bonds due June 1, 2031, Yield 3.000%, Price 100.000 CUSIP† 12082X AN3

\$355,000 3.000% Term Bonds due June 1, 2033, Yield 3.200%, Price 97.171 CUSIP† 12082X AP8

† Copyright 2014, 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 2014 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 2014 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 2014 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 2014 Bonds.

CITY OF BURBANK

City Council

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

City Staff and Officials

Mark Scott, *City Manager*
Justin Hess, *Assistant City Manager*
Debbie Kukta, *City Treasurer*
Amy Albano, *City Attorney*
Bonnie Teaford, *Public Works Director*
Cindy Giraldo, *Financial Services Director*
Zizette Mullins, *City Clerk*

Special Services

Ross Financial
San Francisco California
Financial Advisor

Quint & Thimmig LLP
Larkspur, California
Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California
Disclosure Counsel

The Bank of New York Mellon Trust Company, N.A.
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 2014 Bonds 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 2014 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 2014 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. In general, the information in this Official Statement derives from sources within the City. However, the City has included in this Official Statement certain information that it obtained from outside sources that the City believes are reliable. 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 BONDS AT SUCH LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

THE 2014 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 2014 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 2014 Bonds.

TABLE OF CONTENTS

| | |
|---|---|
| <p>INTRODUCTION 1</p> <p style="padding-left: 20px;">General 1</p> <p style="padding-left: 20px;">The City 1</p> <p style="padding-left: 20px;">Authority for Issuance 1</p> <p style="padding-left: 20px;">The Enterprise 1</p> <p style="padding-left: 20px;">Purpose of the 2014 Bonds 2</p> <p style="padding-left: 20px;">Security for the 2014 Bonds 2</p> <p style="padding-left: 20px;">No Reserve Fund 2</p> <p style="padding-left: 20px;">Additional Obligations 2</p> <p style="padding-left: 20px;">Rate Covenant 3</p> <p style="padding-left: 20px;">Payment 3</p> <p style="padding-left: 20px;">Redemption 3</p> <p style="padding-left: 20px;">Form of 2014 Bonds 3</p> <p style="padding-left: 20px;">Book-Entry System 3</p> <p style="padding-left: 20px;">Risks of Investment 4</p> <p style="padding-left: 20px;">Continuing Disclosure 4</p> <p style="padding-left: 20px;">Other Matters 4</p> <p style="padding-left: 20px;">Other Information 4</p> <p>THE REFUNDING PLAN 5</p> <p>ESTIMATED SOURCES AND USES OF FUNDS 5</p> <p>DEBT SERVICE REQUIREMENTS 6</p> <p>THE 2014 BONDS 6</p> <p style="padding-left: 20px;">Authority for Issuance 6</p> <p style="padding-left: 20px;">General Provisions 6</p> <p style="padding-left: 20px;">Redemption 7</p> <p style="padding-left: 20px;">Book-Entry Only System 10</p> <p>SECURITY FOR THE 2014 BONDS 11</p> <p style="padding-left: 20px;">Pledge of Net Revenues 11</p> <p style="padding-left: 20px;">Receipt, Deposit and Application of Gross Revenues and Net Revenues 12</p> <p style="padding-left: 20px;">Application of Interest Account 13</p> <p style="padding-left: 20px;">Application of Principal Account 13</p> <p style="padding-left: 20px;">Application of Sinking Account 13</p> <p style="padding-left: 20px;">Investment of Moneys in Funds and Accounts 13</p> <p style="padding-left: 20px;">No Reserve Fund 14</p> <p style="padding-left: 20px;">Rate Covenant 14</p> <p style="padding-left: 20px;">Limitations on Future Obligations Secured by Net Revenues 14</p> <p style="padding-left: 20px;">Limited Obligation 16</p> <p>THE ENTERPRISE 17</p> <p style="padding-left: 20px;">General 17</p> <p style="padding-left: 20px;">Management 18</p> | <p style="padding-left: 20px;">Existing Facilities 19</p> <p style="padding-left: 20px;">Industrial Pretreatment Program 19</p> <p style="padding-left: 20px;">The Hyperion Agreement 19</p> <p style="padding-left: 20px;">Regulatory Issues 21</p> <p style="padding-left: 20px;">Historical Operations 22</p> <p style="padding-left: 20px;">Rates and Charges 23</p> <p style="padding-left: 20px;">Employee Costs 27</p> <p style="padding-left: 20px;">Capital Improvement Program 28</p> <p style="padding-left: 20px;">Enterprise Fund 28</p> <p style="padding-left: 20px;">Enterprise Reserves 29</p> <p style="padding-left: 20px;">Balance Sheets 30</p> <p style="padding-left: 20px;">Historical Financial Results 31</p> <p style="padding-left: 20px;">Projected Financial Results 33</p> <p>RISK FACTORS RELATING TO THE 2014 BONDS 35</p> <p style="padding-left: 20px;">General 35</p> <p style="padding-left: 20px;">Limited Obligations 35</p> <p style="padding-left: 20px;">No Reserve Fund 35</p> <p style="padding-left: 20px;">Revenues of the Enterprise 35</p> <p style="padding-left: 20px;">Enterprise Expenses 36</p> <p style="padding-left: 20px;">Risks Related to the Hyperion Agreement 36</p> <p style="padding-left: 20px;">Environmental Laws and Regulations 36</p> <p style="padding-left: 20px;">Demand and Usage; Drought 36</p> <p style="padding-left: 20px;">Risk of Disaster 37</p> <p style="padding-left: 20px;">Limited Recourse on Default 38</p> <p style="padding-left: 20px;">Limitations on Remedies 38</p> <p style="padding-left: 20px;">Articles XIIC and XIID of the California Constitution 39</p> <p style="padding-left: 20px;">Initiatives 41</p> <p style="padding-left: 20px;">Bankruptcy 41</p> <p style="padding-left: 20px;">Tax Exemption 42</p> <p style="padding-left: 20px;">Secondary Market 42</p> <p>INVESTMENT OF CITY FUNDS 42</p> <p>TAX MATTERS 42</p> <p>FINANCIAL STATEMENTS OF THE CITY 44</p> <p>CERTAIN LEGAL MATTERS 45</p> <p>LITIGATION 45</p> <p>RATINGS 45</p> <p>FINANCIAL ADVISOR 45</p> <p>CONTINUING DISCLOSURE 46</p> <p>UNDERWRITING 49</p> <p>MISCELLANEOUS 49</p> |
| <p>APPENDIX A: SUMMARY OF THE INDENTURE</p> <p>APPENDIX B: AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013</p> <p>APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE</p> <p>APPENDIX D: GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY</p> <p>APPENDIX E: FORM OF OPINION OF BOND COUNSEL</p> <p>APPENDIX F: BOOK-ENTRY ONLY SYSTEM</p> | |

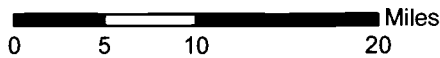


County of Los Angeles
City of Burbank



County of Los Angeles

City of Burbank



City of Burbank
275 E. Olive Ave
Burbank, CA 91502

The City of Burbank has no indication to believe that there are any inaccuracies or defects with information incorporated in this work, and make no representations of any kind, including, but not limited to, the warranties of merchantability or fitness for a particular use, nor are any such warranties to be implied with respect to information or data furnished herein. This map incorporates digital map products licensed to the City of Burbank by Thomas Bros. Maps and is furnished in accordance to the terms of such license.

OFFICIAL STATEMENT

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds,
Series 2014

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices, provides information in connection with the sale of the captioned bonds (the “**2014 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 2014 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, 2013, was estimated to be 104,980. 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 2014 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 May 6, 2014 (the “**Resolution**”), and an Indenture of Trust (the “**Indenture**”), dated as of June 1, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

The Enterprise

Since its incorporation in 1911, the City has provided and maintained a wastewater collection, treatment, disposal and re-use system (the “**Enterprise**”) serving the entire City. The

Enterprise is administered by the Water Reclamation and Sewer Division of the City's Public Works Department.

The City currently operates the Burbank Water Reclamation Plant ("**BWRP**"; see "THE ENTERPRISE – Existing Facilities") and has a contractual agreement (the "**Hyperion Agreement**") with the City of Los Angeles ("**Los Angeles**") that entitles the City to discharge sewage into the Los Angeles Conveyance and Treatment System (the "**Los Angeles Wastewater System**"). See "THE ENTERPRISE."

Purpose of the 2014 Bonds

The 2014 Bonds are issued to (i) refund, on a current basis, the City's \$19,130,000 initial principal amount Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$13,330,000 will be outstanding as of the date of the 2014 Bonds (the "**Refunded 2004 Bonds**") and (ii) pay the costs of issuing the 2014 Bonds. See "THE REFUNDING PLAN."

Security for the 2014 Bonds

The 2014 Bonds are payable from and secured by a first lien pledge of Net Revenues received from the operation of the Enterprise and moneys in the funds and accounts established under the Indenture, and certain other moneys and securities held by the Trustee as defined in the Indenture. See "SECURITY FOR THE 2014 BONDS."

No Reserve Fund

The City is not funding a debt service reserve fund for the 2014 Bonds.

Additional Obligations

No Existing Parity or Senior Obligations Secured by and Payable from Net Revenues. Following defeasance of the 2004 Bonds with proceeds of the 2014 Bonds and other funds, there will be no outstanding obligations that are secured by a pledge of and payable from Net Revenues of the Enterprise on a parity with the 2014 Bonds.

Future Parity Obligation. The City is authorized under the Indenture to incur additional obligations and issue additional bonds that are payable from Net Revenues on a parity with the 2014 Bonds ("**Parity Obligations**"). See "SECURITY FOR THE 2014 BONDS—Limitations on Future Obligations Secured by Net Revenues."

State Revolving Fund Loans. The Indenture permits the City to pay debt service on State revolving fund loans ("**State Revolving Fund Loans**") that are payable from Gross Revenues (as defined below) as Operation and Maintenance Costs (as defined below). The City has no outstanding State Revolving Fund Loans and has no current plans to incur State Revolving Fund Loans in the future.

Future Subordinate Obligations. The City is authorized to incur obligations payable from Net Revenues on a subordinate basis to the 2014 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:

(i) yield Gross Revenues that are sufficient to pay, in the following order of priority, (i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year (including any debt service on State Revolving Fund Loans), (ii) debt service payments on the 2014 Bonds and any Parity Obligations as they become due and payable during such Fiscal Year and (iii) all other obligations of the City payable from Gross Revenues, and

(ii) yield Net Revenues that are at least equal to 120% of the total Debt Service Payments on the 2014 Bonds and any Parity Obligations coming due and payable in such Fiscal Year. See "SECURITY FOR THE 2014 BONDS—Rate Covenant."

Payment

Principal of the 2014 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 2014 Bonds will be paid by check or draft of the Trustee mailed by first class mail to the person entitled thereto. See "THE 2014 BONDS—General." Initially, principal of and interest on the 2014 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 2014 Bonds. See "THE 2014 BONDS—Book-Entry Only System."

Redemption

The 2014 Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates. See "THE 2014 BONDS—Redemption."

Form of 2014 Bonds

The 2014 Bonds will be dated as of their date of delivery and will be issued in fully registered form, without coupons, in 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 2014 BONDS—General."

Book-Entry System

The 2014 Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2014 Bonds. Ownership interests in the 2014 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 2014 Bonds, DTC will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the 2014 Bonds. See "THE 2014 BONDS—Book-Entry Only System" below and APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Risks of Investment

The 2014 Bonds are secured by and payable only from Net Revenues and moneys in certain funds and accounts established under the Indenture. See "RISKS RELATING TO THE 2014 BONDS."

Continuing Disclosure

The City has covenanted, for the benefit of the owners and beneficial owners of the 2014 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."

Other Matters

There follows in this Official Statement, including the appendices, brief descriptions of the 2014 Bonds, the security for the 2014 Bonds, the Indenture, the City, the Enterprise, and certain other information relevant to the issuance of the 2014 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 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, 301 East Olive Avenue, Burbank, CA 91502, Attention: Financial Services Director. 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 Refunded 2004 Bonds to (i) refund, on an advanced basis, a portion of the City's Wastewater Treatment Refunding Bonds, 1995 Series A and (ii) finance the construction of certain improvements to the Enterprise.

The Refunded 2004 Bonds are subject to optional redemption in whole on any date on or after June 1, 2014, 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 Refunded 2004 Bonds, into an escrow fund to be held by The Bank of New York Mellon Trust Company, N.A., 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 Refunded 2004 Bonds on or about June 20, 2014.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

| | |
|--|------------------------|
| <u>Sources:</u> | |
| Principal Amount of 2014 Bonds | \$10,575,000.00 |
| Less: Underwriter's Discount | (38,070.00) |
| Plus: Net Original Issue Premium | 1,614,641.85 |
| Plus: Funds Relating to the Refunded 2004 Bonds | 1,427,044.40 |
| Total Sources | \$13,578,616.25 |
| <u>Uses:</u> | |
| Amount to Redeem the Refunded 2004 Bonds | \$13,362,465.33 |
| Deposit to Costs of Issuance Fund ⁽¹⁾ | 216,150.92 |
| Total Uses | \$13,578,616.25 |

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

DEBT SERVICE REQUIREMENTS

Scheduled debt service on the 2014 Bonds is presented below.

| Maturity (June 1) | Principal | Interest | Total |
|----------------------|--------------|-------------|--------------|
| 2015 | \$ 760,000 | \$ 463,442 | \$ 1,223,442 |
| 2016 | 785,000 | 437,325 | 1,222,325 |
| 2017 | 800,000 | 421,625 | 1,221,625 |
| 2018 | 835,000 | 381,625 | 1,216,625 |
| 2019 | 885,000 | 339,875 | 1,224,875 |
| 2020 | 920,000 | 295,625 | 1,215,625 |
| 2021 | 975,000 | 249,625 | 1,224,625 |
| 2022 | 1,020,000 | 200,875 | 1,220,875 |
| 2023 | 1,070,000 | 149,875 | 1,219,875 |
| 2024 | 1,130,000 | 96,375 | 1,226,375 |
| 2025 | 90,000 | 39,875 | 129,875 |
| 2026 | 150,000 | 37,625 | 187,625 |
| 2027 | 155,000 | 33,875 | 188,875 |
| 2028 | 155,000 | 29,612 | 184,612 |
| 2029 | 160,000 | 25,350 | 185,350 |
| 2030 | 165,000 | 20,550 | 185,550 |
| 2031 | 165,000 | 15,600 | 180,600 |
| 2032 | 175,000 | 10,650 | 185,650 |
| 2033 | 180,000 | 5,400 | 185,400 |
| TOTALS | \$10,575,000 | \$3,254,804 | \$13,829,804 |

THE 2014 BONDS

Authority for Issuance

The 2014 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 May 6, 2014, and the Indenture.

General Provisions

The 2014 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 2014 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 2014 Bonds. Interest on the 2014 Bonds will be payable on June 1 and December 1 in each year, beginning December 1, 2014 (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 2014 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 2014 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 2014 Bonds not less than 10 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 2014 Bonds will be payable in lawful money of the United States of America.

The 2014 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 November 15, 2014, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2014 Bond, interest thereon is in default, such 2014 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 2014 Bonds will initially be issued in book-entry only form, registered in the name of Cede & Co., as nominee of DTC. Purchasers of the 2014 Bonds will not receive certificates representing their interests therein, which will be held at DTC. See “THE 2014 BONDS—Book-Entry Only System.”

Redemption

Optional Redemption. The 2014 Bonds maturing on or before June 1, 2024 are not subject to optional redemption. The 2014 Bonds maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates on or after June 1, 2024, as a whole or in part on any date (and, if in part, in such manner as selected by the City (or on a pro rata basis if the City fails to select a particular order) and by lot within a maturity), from any source of available funds, at a redemption price equal to the principal amount of the 2014 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The 2014 Bonds maturing on June 1, 2026, June 1, 2028, June 1, 2031, and June 1, 2033 are also subject to redemption prior to their respective stated maturities, from sinking fund payments made pursuant to the Indenture, at the principal amounts thereof and interest accrued thereon to the dates fixed for redemption, without premium, as set forth in the following tables:

Bonds Maturing June 1, 2026

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|--|-------------------------|
| 2025 | \$ 90,000 |
| 2026 [†] | 150,000 |

Bonds Maturing June 1, 2028

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|--|-------------------------|
| 2027 | \$155,000 |
| 2028 [†] | 155,000 |

Bonds Maturing June 1, 2031

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|--|-------------------------|
| 2029 | \$160,000 |
| 2030 | 165,000 |
| 2031 [†] | 165,000 |

Bonds Maturing June 1, 2033

| Sinking Fund Payment Date (June 1) | Sinking Fund Payment |
|--|-------------------------|
| 2032 | \$ 175,000 |
| 2033 [†] | 180,000 |

[†] Maturity.

Selection of 2014 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2014 Bonds or any given portion thereof, and unless otherwise specified as part of an optional redemption, the Trustee will select the 2014 Bonds to be redeemed, from all 2014 Bonds of or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. The Trustee will promptly notify the City in writing of the 2014 Bonds or portions thereof that have been selected for redemption.

Notice of Redemption. Unless waived by the Owner, notice of any such redemption must be given by the Trustee on behalf of the City by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2014 Bond or 2014 Bonds to be redeemed at the address shown on the Bond Registration Books.

All notices of redemption will be dated and will state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding 2014 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2014 Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such 2014 Bond or portion thereof called for redemption, and that interest thereon will cease to accrue from and after said date, and (v) the place where such 2014 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Trust Office of the Trustee.

Notice of redemption having been given, the 2014 Bonds or portions of 2014 Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City defaults in the payment of the redemption price) interest with respect to such 2014 Bonds or portions of 2014 Bonds will cease to accrue and be payable. Upon surrender of the 2014 Bonds for redemption, the 2014 Bonds will be paid by the Trustee at the redemption price. Upon surrender for any partial redemption of any 2014 Bond, there will be prepared for the Owner a new 2014 Bond or 2014 Bonds of the same maturity in the amount of the unredeemed principal. All 2014 Bonds which have been redeemed will be canceled and destroyed by the Trustee and will not be reissued.

Notwithstanding the foregoing, in the case of any optional redemption of the 2014 Bonds, the notice of redemption may state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the 2014 Bonds on the anticipated redemption date, and that the optional redemption will not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the 2014 Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the 2014 Bonds to be optionally redeemed, such event will not constitute an Event of Default; the Trustee will send written notice to the Owner, to the effect that the redemption did not occur as anticipated, and the 2014 Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

Partial Redemption of 2014 Bonds. Upon surrender of any 2014 Bond redeemed in part only, the City will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the City, a new 2014 Bond of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2014 Bond surrendered. The Owner will not be required to submit any 2014 Bond to reflect mandatory sinking account payments.

Effect of Redemption. Notice of redemption having been duly given, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the 2014 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2014 Bonds (or portions thereof) so called for redemption will become due and payable at the redemption price specified in the notice plus interest accrued thereon to the redemption date, interest on the 2014 Bonds so called for redemption will cease to accrue, said 2014 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owner of the 2014 Bonds to be redeemed will have no rights in respect thereof except to receive payment of said redemption price and accrued interest.

Book-Entry Only System

The 2014 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 2014 Bonds so purchased. Individual purchases will be made in book-entry form. One fully registered 2014 Bond certificate will be issued for each series and maturity of the 2014 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 2014 Bonds. So long as Cede & Co. is the registered owner of the 2014 Bonds, as nominee of DTC, references in this Official Statement to the owners of the 2014 Bonds or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the “Beneficial Owners” of the 2014 Bonds. In this Official Statement, the term “Beneficial Owner” shall mean the person for whom a DTC Participant acquires an interest in the 2014 Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

So long as Cede & Co. is the registered owner of the 2014 Bonds, principal of and interest on the 2014 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 2014 BONDS

Pledge of Net Revenues

General. The 2014 Bonds (and any future Parity Obligations) are secured by a first lien pledge of Net Revenues.

In addition, the 2014 Bonds are secured by a first lien 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 2014 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 reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or reuse of sewage, 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, rates, tolls, and charges (including connection fees and standby 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 and excluding the proceeds of any casualty or eminent domain award.

The Indenture defines “**Operation and Maintenance Costs**” as the reasonable and necessary costs of maintaining and operating the Enterprise, calculated on sound 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, amounts payable under the Hyperion Agreement (to the extent such costs are properly characterized as maintenance and operation costs under sound accounting principles), 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. Operation and Maintenance Costs also include amounts payable with respect to any State Revolving Fund Loans.

The Indenture defines “**Hyperion Agreement**” as the agreement dated April 8, 2003, by and between the City and the City of Los Angeles, entitled “Agreement Between the City of Los Angeles and the City of Burbank for the Conveyance, Treatment and Disposal of Wastewater,” as amended from time to time.

The Indenture defines “**Parity Obligations**” as all bonds, notes, or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the 2014 Bonds pursuant to the Indenture.

Receipt, Deposit and Application of Gross Revenues and Net Revenues

Application of Gross Revenues. All Gross Revenues will be deposited by the City immediately upon receipt in the Water Reclamation and Sewer Fund established by the City for purposes of accounting for the revenues and expenditures of the Enterprise (the “**Revenue Fund**”). All Gross Revenues will be held in trust by the City in the Revenue 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 Revenue Fund the budgeted Operation and Maintenance Costs as such Operation and Maintenance Costs become due and payable. Operation and Maintenance Costs may include amounts payable under future State Revolving Fund Loans.

Payment of Debt Service. On or before the fifth Business Day preceding each Interest Payment Date, the City will withdraw from the Revenue 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 and the Sinking Account (other than amounts required for payment of principal of or interest on any 2014 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 2014 Bonds. The City shall also withdraw from the Revenue Fund and transfer amounts required for the payment of debt service on any Parity Obligations on the next succeeding Interest Payment Date. The transfers required to pay debt service on the 2014 Bonds and any Parity Obligations shall be made without preference or priority and, in the event moneys in the Revenue Fund are not sufficient to pay the debt service requirement for the 2014 Bonds and any Parity Obligations, the City shall pay such amounts on a pro rata basis based on the debt service requirements for the 2014 Bonds and each outstanding Parity Obligations.

Replenishment of any Reserve Fund. Following the transfer of amounts required to pay debt service on the 2014 Bonds and any Parity Obligations, the City will withdraw from the Revenue Fund and transfer amounts required to replenish the debt service reserve fund created for the Parity Obligations, if any, to the requirement of such fund.

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 Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Moneys 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; provided, however, that a Sinking Account will be created only if the winning bidder for the 2014 Bonds elects to create term bonds), 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 2014 Bonds then Outstanding;

Second: to the Principal Account, the aggregate amount of principal or sinking fund installment becoming due and payable on the Outstanding 2014 Bonds on the next succeeding Interest Payment Date; and

Third: to the Sinking Account, the aggregate amount of sinking fund installment becoming due and payable on the Outstanding 2014 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 2014 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 2014 Bonds when due and payable.

Application of Sinking Account

All amounts in the Sinking Account will be used and withdrawn by the Trustee solely for the purposes of paying the sinking fund installments of the 2014 Bonds when due and payable. Notwithstanding the foregoing, if some but not all of the Bonds have been redeemed pursuant to the Indenture, the total amount of all future mandatory Sinking Account payments will be reduced by the aggregate principal amount of 2014 Bonds so redeemed, allocated among such mandatory Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the City.

Any amounts remaining in the Sinking Account when all of the 2014 Bonds are no longer Outstanding will be withdrawn by the Trustee and transferred to the Revenue Fund.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the Indenture will, 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.

No Reserve Fund

The City is not funding a debt service reserve fund for the 2014 Bonds and is not obligated to fund a debt service reserve fund for any Parity Obligations.

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 (including debt service on State Revolving Fund Loans);

(ii) Debt Service payments on the 2014 Bonds and any Parity Obligations 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 2014 Bonds or such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(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 Net Revenues which are at least equal to 120% of the total Debt Service Payments on the 2014 Bonds and the debt service on any Parity Obligations coming due and payable in such Fiscal Year. Investors should note that debt service on any State Revolving Fund Loans may be payable as Operations and Maintenance Costs; as a result, any such State Revolving Fund Loans will not be included in debt service for purposes of the Net Revenue covenant.

Limitations on Future Obligations Secured by Net Revenues

No Existing Parity Debt. Following defeasance and redemption of the 2004 Bonds with proceeds of the 2014 Bonds, no outstanding obligations will be secured by a pledge of and payable from Net Revenues of the Enterprise other than the 2014 Bonds.

No Obligations Superior to 2014 Bonds; State Revolving Fund Loans. The City may not incur debt payable from Net Revenues on a basis senior to the 2014 Bonds. However, the City may incur State Revolving Fund Loans and pay the debt service on such State Revolving Loans as Operation and Maintenance Costs. The City has no outstanding State Revolving Fund Loans and has no current plans to incur State Revolving Fund Loans in the future.

Future Parity Obligations. Additional obligations may be issued on a parity with the 2014 Bonds and any then existing Parity Obligations subject to the following specific conditions, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the 2014 Bonds or Parity Obligations:

(i) The City must be in compliance with all covenants set forth in the Indenture.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent 12-month period selected by the City ending not more than 60 days prior to the adoption of the instrument issuing such Parity Obligations are issued, as shown by the books of the City, plus, at the option of the City, either or both of the items described in (A) and (B) below, but excluding connection charges, must at least equal 120% of the amount of Maximum Annual Debt Service on all 2014 Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations. Any or all of the following may be added to Net Revenues for the purpose of issuing or incurring Parity Obligations:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of the Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations must provide that:

(A) The proceeds of the Parity Obligations will be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which the City determines are of benefit to the Enterprise, or for the purpose of refunding any Parity Obligations in whole or in part, including all related costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable);

(B) Interest on the Parity Obligations will be payable on June 1 and December 1 in each year of the term of the Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1;

(C) The principal of such Parity Obligations will be payable on June 1 in any year in which principal is payable.

(iv) A reserve fund may, but will not be required to, be established for such Parity Obligations.

Subordinate Obligations. Additional obligations may be issued on a basis subordinate to the 2014 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 2014 Bonds. The owners of the 2014 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 for purposes of the State Constitutional limitation or debt, 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

Since its incorporation in 1911, the City has provided and maintained a wastewater treatment and disposal system (the "**Enterprise**") serving the entire City. The Enterprise is administered by the Water Reclamation and Sewer Division of the City's Public Works Department.

The Water Reclamation and Sewer Fund Operations Program is comprised of four sections:

- Engineering & Design: This section provides for present and future needs of the community related to the collection, treatment and disposal of residential, commercial and industrial wastewater, in compliance with federal, state and local regulatory agencies.
- Industrial Waste Permitting & Inspection: This section provides industrial/commercial waste management to fully comply with federal, state and local regulations.
- Plant Operations & Maintenance: This section provides for the treatment and disposal of residential, commercial, and industrial wastewater generated in the City, and protects the receiving waters from potential pollution and deterioration of quality.
- Sewer Maintenance, Engineering & Design: This section cleans all sanitary sewer lines and the City owned storm drain system, televises problem sewer lines, and clears sewer stoppages.

The City currently operates the Burbank Water Reclamation Plant ("**BWRP**"; see "- Existing Facilities" below) and also has a contract with the City of Los Angeles ("**Los Angeles**"), dated March 25, 2003 (which replaced a 1927 contract), that entitles the City to discharge sewage into the Los Angeles Conveyance and Treatment System (the "**Los Angeles Wastewater System**"). See "- The Hyperion Agreement" below.

In fiscal year 2012-13, the Enterprise collected approximately 10 million gallons per day ("**mgd**") of wastewater, of which 8.36 mgd was treated at the BWRP and the balance was disposed of through the Los Angeles Wastewater System. Of this fiscal year 2012-13 amount, approximately 0.175 mgd was conveyed by Los Angeles to the City for treatment. See "Hyperion Agreement" below.

In fiscal year 2012-13, the City disposed of the 8.36 mgd of wastewater treated at the BWRP as follows:

- Approximately 0.25 mgd was discharged as sludge to the Los Angeles Wastewater System.
- Burbank Water and Power used an average of approximately 1.44 mgd of recycled water for the power plant and City-wide irrigation.
- The City discharged the remainder (approximately 6.69 mgd) into the Burbank Western Flood Control Channel

Operation and maintenance of the BWRP as well as implementation of the City's industrial waste pretreatment program are provided by United Water Services pursuant to a contract dated July 1, 2011, which expires June 30, 2016.

Management

Set forth below are biographies of members of senior staff of the City with responsibility for the Enterprise. Operations of the Enterprise are carried out under the general supervision of the City's Director of Public Works.

Mark Scott, City Manager. Mark Scott has worked in the city management profession for more than 35 years, including 24 years as a city manager in 5 cities. He joined the City of Burbank in 2013, after serving as city manager in Fresno, California. He has also been city manager in Culver City, California; Spartanburg, South Carolina; and Beverly Hills, California. Mr. Scott worked in Beverly Hills for 20 years, including 14 as city manager.

Mr. Scott received a B.A degree in political science from Fresno State University, and an MBA degree from the Stanford University Graduate School of Business.

Justin Hess, Assistant City Manager. Justin Hess was named Assistant City Manager in 2013. He began his career with the City as a management intern in the Community Development Department, and has worked as an Assistant Planner, Administrative Analyst, Deputy Financial Services Director, Interim Financial Services Director, Deputy City Manager and most recently, Management Services Director.

Mr. Hess earned a B.A. in Political Science from the University of California, Los Angeles and is a graduate of the Executive Master of Leadership Program at the USC School of Policy, Planning and Development.

Bonnie Teaford, Director of Public Works. Bonnie Teaford joined the City of Burbank in 1999 as Chief Assistant Public Works Director. She was named Director in 2005.

Ms. Teaford is a California Registered Professional Civil Engineer. She is a member of the American Society of Civil Engineers, American Public Works Association, Solid Waste Association of North America, City and County Engineers Association (where she was President in 2006), National Management Association, Southern California Waste Management Forum, and Leadership Burbank, Class of 2000.

She has a B.A. in Cultural Anthropology from University of California, Santa Cruz; a B.S. in Civil Engineering from California State University, Sacramento, and M.P.A. from California State University Northridge.

Cindy Giraldo, Financial Services Director. Cindy Giraldo joined the City in 2010 after serving as Vice President of Finance overseeing the contract management area for Ticketmaster in Los Angeles. Prior to her 14 years at Ticketmaster, Ms. Giraldo worked as a public accountant at KPMG LLP in Los Angeles.

Ms. Giraldo earned her Bachelor of Science in Business from California State University, Northridge.

Existing Facilities

General. The Enterprise generally consists of the following facilities:

- The BWRP
- Approximately 18 miles of a storm sewer system
- Approximately 230 miles of sanitary sewer lines

BWRP. The BWRP is a tertiary wastewater treatment plant with a maximum capacity of 12.5 mgd of treated wastewater. The BWRP was built in 1966 to meet the wastewater and sewer needs of the growing residential population and expanding commercial industries located in the City. Before the BWRP was built, the City sent all of its wastewater to the City of Los Angeles for treatment and disposal.

Originally built to treat 6 mgd, the City upgraded the BWRP to 9 mgd capacity in 1971. The BWRP was upgraded in 2000 to ensure that it meets new stringent regulations raising the quality of the cleaned wastewater it discharges after the treatment process. The BWRP was upgraded again in 2002 to remove ammonia from the wastewater.

Finally, a two-million-gallon Equalization Basin Project, which was completed in 2010, increased plant capacity from 9 to 12.5 mgd, capturing peak daytime flows for treatment during nighttime low flow hours, providing more reclaimed water for irrigation and other reuse.

Industrial Pretreatment Program

The City established a pretreatment program to ensure that commercial, industrial and certain institutional users in the City meet federal requirements for the treatment and disposal of their waste and that harmful process waste (i.e., chemicals, grease, industrial debris) do not enter the City's sewer collection system.

The City requires commercial, industrial and institutional users in the City that generate domestic and process waste obtain an industrial waste discharge permit or provide a waste discharge control mechanism. For example, full-service restaurant establishments are required to install grease interceptors to prevent grease from entering the City's sewer collection system. Each permitted user must be inspected by the City. Random sampling at each user's discharge point is performed as part of the inspection efforts. The program is mandated by the U.S. Environmental Protection Agency and has been approved by the Regional Water Quality Control Board.

The pretreatment program places these users into one of eight classifications. Each user must pay a permit application fee and an annual inspection fee based on classification. Charges are also assessed for follow-up inspections for any violations of the permit requirements.

The Hyperion Agreement

General. The City has had a contract with the City of Los Angeles since 1927 regarding wastewater conveyance and treatment. The original contract was updated in 1944 and 1946 and replaced on March 25, 2003 by a new 27-year agreement (the "**Hyperion Agreement**").

Key Provisions. The City and Los Angeles agreed that the Hyperion Agreement, which calculates each entity's payment obligations for wastewater treatment services (includes capital,

operations, and maintenance costs) on both flow and strength, is consistent with the Clean Water Act requirements. The Hyperion Agreement does not cap the amount of discharge from the City to Los Angeles, although any increased discharge over 5.5 mgd will incur additional cost.

The Hyperion Agreement provides for wastewater to flow in two directions:

- Los Angeles sends a small amount of water to the City each year for treatment at the BWRP. Los Angeles conveyed approximately 0.175 mgd to the City for treatment in fiscal year 2012-13.
- The City sends wastewater to Los Angeles for treatment. The City discharged approximately 0.25 mgd from the BWRP as sludge to the Los Angeles Wastewater System in fiscal year 2012-13.

Treatment of Capital Costs at Hyperion Plant. The City's share of the capital costs of the Hyperion Plant under the Hyperion Agreement is treated as a capital cost of the Enterprise and not as an element of Operation and Maintenance Costs.

Ongoing Dispute with Los Angeles. The City and Los Angeles disagree about the calculation of amounts owed by the City to Los Angeles under the Hyperion Agreement.

The City's cost of discharging wastewater to Los Angeles depends largely upon its net wastewater flow to Los Angeles. Per the Hyperion Agreement, net flow is calculated by subtracting (a) the amount of flow, measured by Los Angeles, coming from Los Angeles into the City from (b) the amount of flow, measured by the City, going into Los Angeles. The City and Los Angeles use different types of flow measuring devices.

Flow penalties can be assessed to either party for missing flow data.

Annual payments are to be made by the City based on estimated flows and strength, with reconciliation occurring in the following year once actual measured data become available.

In fiscal year 2008-09, the net flow from the City to Los Angeles was, for the first time, calculated as a negative amount. Negative net flow has continued in subsequent years. Negative net flow could arise if, in any fiscal year, Los Angeles sends more flow to the City than the City sends to Los Angeles; this scenario, while possible, is unlikely. Negative net flow could also arise due to the assessment of "flow penalties" for missing data.

The calculation of negative net flow suggested a potential problem with either or both of the City's and Los Angeles' measuring devices. Between April 1, 2008 and December 12, 2012, the City identified 329 days when Los Angeles' equipment failed to collect flow data; during that same period, the flow meter used by the City had no (zero) missed flow data. The Hyperion Agreement did not contemplate a "negative net flow" scenario.

Based on the disputed flow data, the last payment the City made to Los Angeles was in 2009 for estimated fiscal year 2008-09 flows. This fiscal year 2008-09 payment was never reconciled due to the "negative net flow" situation. After meeting several times to develop a resolution, the City and Los Angeles concluded at their last meeting on October 2013 that an independent third party was needed to evaluate the data collection processes and equipment. An independent third party has not yet been appointed.

The City set aside funds in a separate account to cover the full amount of capital and operations and maintenance costs that Los Angeles claims the City owes. The current balance in that account is \$17,070,759, which is sufficient to pay (a) the fiscal year 2012-13 invoice of \$13,455,039 for prior fiscal years through 2012-13 and (b) the fiscal year 2013-14 budgeted amount of \$3,615,720. The City also has included in its fiscal year 2014-15 budget for the Enterprise a further deposit of \$4,063,620 into this separate account.

Regulatory Issues

General. The City is not aware of any environmental or regulatory issues that would adversely impact its ability to treat wastewater in the City and to pay debt service on the 2014 Bonds.

Recycled Water - General. The City's recycled water operations are subject to regulation under Section 402 of the federal Clean Water Act, implementing regulations adopted by the United States Environmental Protection Act, the California Water Code and regulations promulgated by the California Department of Health Services. On February 3, 2009, the State Water Resources Control Board ("**SWRCB**") adopted a statewide Recycled Water Policy to support increased sustainable local water supplies by increased production and use of recycled water.

Sewer System - General. Regulatory requirements applicable to the Enterprise are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Regional Water Board.

Enterprise-Specific Requirements. The City operates the Enterprise pursuant to the following National Pollutant Discharge Elimination System ("**NPDES**") permits:

(i) On September 9, 1991, the California Regional Water Quality Control Board, Los Angeles Region, adopted the Water Reclamation Requirements for City of Burbank Department of Public Works ("**Order No. 91-101**"). This permit does not have a stated expiration date.

(ii) On March 1, 2012, the Regional Water Quality Control Board adopted the Waste Discharge Requirements for the City of Burbank Water Reclamation Plant ("**NPDES No. CA0055531**"). This permit expires on February 10, 2017.

(iii) On November 8, 2012, the Regional Board adopted the Final Waste Discharge Requirements for Municipal Separate Storm Sewer System ("**MS4**") Discharges within the Coastal Watersheds of Los Angeles County. The City is a co-permittee in fulfilling the requirements of this State-issued municipal storm water permit, which regulates discharges of storm water and urban runoff from the storm drain systems.

The permit essentially prohibits any non-storm water discharges from entering the storm drain system. Failure to comply with any of the provisions written in the MS4 permit would subject the City to notices of violation and fines. The City does not expect the MS4 permit to impact the Enterprise because the City's storm drain system is not

part of the Enterprise; the costs of the storm drain system are paid from the City's general fund.

Historical Operations

Customer Base. The following table shows the historical number of residential customers and combined commercial and industrial customers, as well as the approximate percentages of service charge revenues derived from the residential (single family and multi-family) use and combined commercial and industrial use for the five fiscal years ended June 30, 2009 through June 30, 2013.

**Table 1
CITY OF BURBANK WASTEWATER ENTERPRISE
CUSTOMER ACCOUNTS AND PERCENTAGE OF
SEWER SERVICE CHARGE REVENUES FOR
FISCAL YEARS ENDED JUNE 30, 2009 THROUGH 2013**

| Fiscal Year Ended June 30 | Residential | | Commercial/Industrial | |
|---------------------------------|---------------------------------------|---|---------------------------------------|---|
| | Number of Customer Accounts (1) | Percentage of Sewer Service Charge Revenues | Number of Customer Accounts (1) | Percentage of Sewer Service Charge Revenues |
| 2009 | 44,639 | 62% | 3,977 | 38% |
| 2010 | 43,277 | 64 | 4,298 | 36 |
| 2011 | 43,642 | 65 | 4,364 | 35 |
| 2012 | 43,727 | 64 | 4,364 | 36 |
| 2013 | 42,290 | 64 | 3,102 | 36 |

(1) The decline in customer accounts can be partly attributed to (a) real property foreclosures in the City during the recession, (b) the high unemployment rate in the City in the years following the recession, and (c) in a number of cases, consolidation of multiple accounts into a single account as a result of property densification (e.g., conversion of single-family residence into multi-family rental projects). As of August 2013, the City's unemployment rate rose 0.8% from the previous year, from 8.0% to 8.8%.

Source: City of Burbank Financial Services Department.

Major Accounts. The City's 10 principal sewer accounts for the fiscal year ended June 30, 2013 are shown below. These accounts represented an aggregate of 7.48% of total sewer service charge revenues (\$16,534,590) for fiscal year 2012-13.

**Table 2
CITY OF BURBANK WASTEWATER ENTERPRISE
MAJOR SEWER ACCOUNTS FOR FISCAL YEAR ENDED JUNE 30, 2013**

| <u>Name of Account</u> | <u>Type of Business</u> | <u>Revenue</u> | <u>% of Total Sewer Service Charge Revenue</u> |
|-----------------------------------|-------------------------|--------------------|--|
| Providence St. Joseph | Medical | \$242,951 | 1.47% |
| Walt Disney Pictures | Entertainment | 166,582 | 1.01 |
| Burbank Glendale Pasadena Airport | Airport | 151,914 | 0.92 |
| SHC Burbank LLC | Hotel | 144,962 | 0.88 |
| Warner Bros Entertainment | Entertainment | 129,997 | 0.79 |
| Ralphs Grocery Co. | Convenience Store | 118,149 | 0.71 |
| Foto Kem Ind Inc | Media Management | 92,923 | 0.56 |
| M David Paul & Assoc | Real Estate/Constr | 67,084 | 0.41 |
| Holiday Inn Burbank | Hotel | 62,417 | 0.38 |
| Aries Beef Co. | Meat Processing | 60,225 | 0.36 |
| Total | | \$1,237,204 | 7.48% |

Source: City of Burbank.

Average Daily Flows. The following table shows the average daily flow into the BWRP for the five fiscal years ended June 30, 2009 through June 30, 2013. The decline in sewer flows in the previous five years is attributable to, among other things: (i) voluntary water conservation, which results in less use of indoor and outdoor water and more recycling of gray water; (ii) higher water rates; (iii) implementation of Building Code requirements for low-flush toilets, low-flow sink and shower heads, and waterless urinals; and (iv) economic incentives for water-efficient appliances.

**Table 3
CITY OF BURBANK WASTEWATER ENTERPRISE
AVERAGE DAILY FLOW OF ENTERPRISE FOR
FISCAL YEARS ENDED JUNE 30, 2009 THROUGH JUNE 30, 2013**

| <u>Fiscal Year Ended</u> <u>June 30</u> | <u>Average Daily</u> <u>Flow into BWRP (mgd)</u> |
|--|---|
| 2009 | 9.00 |
| 2010 | 9.00 |
| 2011 | 8.17 |
| 2012 | 8.23 |
| 2013 | 8.36 |

Source: City of Burbank Public Works Department.

See "- Projected Operations" below.

Rates and Charges

Rate-Making Authority. The City Council of the City establishes the rates for the Enterprise as well as the policies regarding wastewater discharged into the City system and

enforcement actions. The rates prescribed by the City Council are not subject to approval or regulation by any other governmental entity but, pursuant to the Municipal Code, must be just and reasonable. The Public Works Department of the City administers and executes the policies and rates established by the City Council. The Public Works Director oversees the Public Works Department and serves at the direction of the City Manager.

The City adopts its rates and charges on an annual basis in accordance with Articles XIII C and XIII D of the California Constitution. This process is usually done each year during the budget review process. See "RISK FACTORS RELATING TO THE BONDS - Articles XIII C and XIII D of the California Constitution."

Sewer Service Charge. The City imposes a monthly sewer service charge on dischargers. The sewer service charge incorporates all costs of sewage collection, treatment and disposal, including administrative and general expenses and certain capital costs. The sewer service charge is based upon four cost components:

- operations and maintenance
- capital requirements
- the City's portion of costs associated with the operation and maintenance of Los Angeles' wastewater treatment
- the City's portion of costs associated with the capital requirements of Los Angeles wastewater treatment.

The charges for capital requirements and operation and maintenance costs for the Los Angeles Wastewater System are treated as costs of the Enterprise and are passed on to the ratepayers through the rates set by the City Council. The charges depend on whether the ratepayer is residential or non-residential.

Residential Sewer Service Charge (Group I). Residents in the City are categorized as Group I Residential and pay a flat rate every month dependent upon whether the residence is a single- or multiple-family residential dwelling. For fiscal year 2013-2014:

- the single-family residential rate is \$22.79 per month
- the multiple-family residential rate is \$19.44 per month for each dwelling

The Group I Residential sewer service charge is not based on water usage but reflects the actual costs associated with providing sewer services.

Non-Residential Sewer Service Charges (Groups II-VI). Commercial, industrial and institutional users are grouped into five other categories:

- Group II Commercial/Industrial includes businesses such as retail stores, professional offices, hospitals, warehouses, and theatres.
- Group III Commercial/Industrial includes businesses with higher wastewater strength such as hotels, repair and service stations, and manufacturing industries.
- Group IV Commercial/Industrial includes businesses with the highest wastewater strength such as bakeries, restaurants, and supermarkets.
- Group V Institutional includes schools, social service halls, and membership organizations.
- Group VI Large Volume Users includes all users whose wastewater discharge quantity is more than 25,000 gallons per day on an annual average basis.

These customers pay a sewer service charge based on the type of business/industry and strength of the wastewater produced.

Sewer Facilities Charge. The Sewer Facilities Charge is a one-time capacity charge imposed on all newly-constructed or expanded structures and for increases in occupancy of an existing structure or parcel of land. This charge is an investment in the capacity necessary in the Enterprise to receive the wastewater generated by these structures, and it assures that current customers are not unfairly burdened with the cost of future capacity. The Sewer Facilities Charge equitably distributes facility costs to future users based on their demands on the Enterprise. The Sewer Facilities Charge is based upon the expected strength of an applicant's wastewater, measured by biochemical oxygen demand and suspended solids discharged into the system, as well as the required hydraulic capacity in the Enterprise.

Connection Fees. The Connection Fee is a one-time permit fee. All structures in the City with plumbing fixtures or piping that convey sewage or liquid waste must be connected to the Enterprise. Buildings and structures are connected to the City's sewer mainline by sewer lateral lines.

To connect to the City's sewer mainline, the property owner must obtain an excavation permit and a sewer connection permit from the Public Works Permit Section.

For sewer construction entirely on private property, the owner must obtain a plumbing permit from the Building Department and an excavation permit from the Public Works Permit Section.

Historical Rates. The following table shows the five-year history of the City's sewer service and sewer facilities charges; it does not include connection fees.

**Table 4
CITY OF BURBANK WASTEWATER ENTERPRISE
FIVE-YEAR HISTORY OF SEWER SERVICE
AND SEWER FACILITIES CHARGES**

| Year and Effective Date | Monthly Sewer Service Charges | | Sewer Facilities Charges | |
|----------------------------|-------------------------------|--------------|--------------------------|--------------|
| | Single Family | Multi-Family | Single Family | Multi-Family |
| | Dwelling | Dwelling | Dwelling | Dwelling |
| July 1, 2009 | 20.01 | 17.07 | \$814.00 | \$667.00 |
| July 1, 2010 | 21.01 | 17.92 | 814.00 | 667.00 |
| July 1, 2011 | 21.85 | 18.64 | 814.00 | 667.00 |
| July 1, 2012 | 22.34 | 19.06 | 814.00 | 667.00 |
| July 1, 2013 | 22.79 | 19.44 | 814.00 | 667.00 |

Source: City of Burbank Public Works Department.

Comparative Rates. The following table sets forth the monthly sewer service charges and the sewer facilities charges charged to single family dwelling customers within the City and the comparable charges and fees charged to such customers in certain other cities as of June 30, 2013.

**Table 5
CITY OF BURBANK WASTEWATER ENTERPRISE
MONTHLY RESIDENTIAL SEWER SERVICE AND
SEWER FACILITIES CHARGES FOR THE
CITY AND CERTAIN OTHER CITIES
(as of June 30, 2013)**

| City | Monthly Sewer | Sewer Facilities |
|----------------|-----------------|------------------|
| | Service Charges | Charges |
| | Single Family | Single Family |
| | Dwelling | Dwelling |
| Alhambra | \$16.19 | \$493 |
| Glendale | 18.29 | 950 |
| Burbank | 22.34 | 814 |
| Pasadena | 22.98 | 1,595 |
| Culver City | 26.33 | 2,247 |
| San Fernando | 28.32 | 1,798 |
| Santa Monica | 32.24 | 2,239 |
| Los Angeles | 32.63 | 950 |

Source: City of Burbank Public Works Department.

Billing and Collection. Sewer Facilities Charges are billed and due at the time the building permit relating to such facilities is granted. Sewer service charges are billed monthly by the City's Burbank Water and Power. Electric, refuse, water and sewer service charges are issued jointly in a general utility bill. The general utility bill is due within 15 days from the date the bill is delivered or mailed. All services may be disconnected if payment is 15 days

delinquent. Delinquent fees and charges may be made a lien against the property, placed on the tax roll of the county and collected in the same manner as ad valorem taxes.

The delinquency rates for collection of payment for electric, refuse, water and sewer services of the City (expressed as a percentage of annual total revenues received by the City for the use of such utility systems) for the five fiscal years ended June 30, 2009 through June 30, 2013, are set forth in the following table.

Table 6
CITY OF BURBANK WASTEWATER ENTERPRISE
DELINQUENCY RATES FOR
COLLECTION OF PAYMENT FOR ELECTRIC,
REFUSE, WATER AND SEWER SERVICES
FOR FIVE YEARS ENDED JUNE 30, 2009 THROUGH JUNE 30, 2013

| <u>Fiscal Year</u> | <u>Delinquency Rate (percent)</u> | | | |
|--------------------|-----------------------------------|---------------|--------------|----------------------|
| | <u>Electric</u> | <u>Refuse</u> | <u>Water</u> | <u>Sewer Service</u> |
| 2009 | 0.12% | 0.61% | 0.15% | 0.53% |
| 2010 | 0.18 | 0.45 | 0.18 | 0.40 |
| 2011 | 0.13 | 0.27 | 0.10 | 0.24 |
| 2012 | 0.09 | 0.48 | 0.19 | 0.50 |
| 2013 | 0.12 | 0.47 | 0.18 | 0.49 |

Source: Burbank Water and Power

Employee Costs

The Enterprise pays a portion of certain City employee costs; the costs fall in two categories:

- labor costs of employees of the Enterprise
- 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 include a variety of benefit costs; see Appendix D for a description of the City’s defined benefit plans.

The following table shows the number of Enterprise employees and the Enterprise’s labor costs for the past five fiscal years:

| <u>Fiscal Year</u> | <u>Enterprise Employees (FTEs)</u> | <u>Salaries and Benefits</u> |
|--------------------|------------------------------------|------------------------------|
| 2008-09 | 11.000 | \$1,263,670 |
| 2009-10 | 11.000 | 1,369,798 |
| 2010-11 | 12.200 | 1,482,093 |
| 2011-12 | 11.247 | 1,306,634 |
| 2012-13 | 11.297 | 1,344,202 |

Capital Improvement Program

The City Council adopted a five-year Capital Improvement Program (“CIP”) budget on June 11, 2013 as part of the fiscal year 2013-14 budget process. The CIP plans for five years and is updated annually.

The CIP for the Enterprise is summarized below

Table 7
CITY OF BURBANK WASTEWATER ENTERPRISE
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2013-14 THROUGH 2017-18

| Project | FY 13-14 Adopted | FY 14-15 Projected | FY 15-16 Projected | FY 16-17 Projected | FY 17-18 Projected | Total |
|--|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Beachwood Force Main Replacement Project | \$750,000 | \$8,000,000 | \$1,275,000 | -- | -- | \$10,025,000 |
| Sewer upgrades | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 4,500,000 |
| Repair of Pump Stations | 200,000 | 80,000 | 80,000 | 80,000 | 80,000 | 520,000 |
| Water Reclamation Plant Operation Improvements | 400,000 | 612,539 | 340,000 | 400,000 | 250,000 | 2,002,539 |
| Sewer maintenance hole repair | 20,000 | 50,000 | 50,000 | 50,000 | 50,000 | 220,000 |
| Hyperion Capital | 863,280 | 1,035,936 | 1,243,123 | 1,491,748 | 1,790,097 | 6,424,184 |
| Total | \$3,133,280 | \$10,678,475 | \$3,888,123 | \$2,921,748 | \$3,070,097 | \$23,691,723 |

(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.

Source: City of Burbank.

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

Enterprise Fund

The City accounts for operations of the Enterprise in its Water Reclamation and Sewer Fund. At the end of the 2012-13 fiscal year, the unrestricted balance was \$33,280,000 while net assets totaled \$82,762,000.

Enterprise Reserves

Reserve Policy. The City's current wastewater reserve policy is to maintain a 60-day working capital reserve for the Enterprise and for operating expenses related to the Hyperion plant. This City's reserve policy also addresses future capital construction: the City calculates the projected capital payments for the next five years and reserves 20% of those projected payments per year.

The City's reserve policy is subject to change. 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 an audited history of the balance in cash accounts and available reserve accounts of the Enterprise.

Table 8
CITY OF BURBANK WASTEWATER ENTERPRISE
CASH ACCOUNTS AND RESERVES

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> | <u>FY 2012-13</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Cash ⁽¹⁾ | \$22,186,962 | \$17,760,213 | \$20,160,072 | \$25,565,059 | \$17,520,636 |
| Reserve Funds ⁽²⁾ : | | | | | |
| Hyperion | 880,518 | 880,518 | 880,518 | 880,518 | 13,455,039 |
| Market value adjustment ⁽³⁾ | (493,345) | (195,731) | (234,549) | (359,789) | (655,650) |
| Refunded 2004 Bonds debt service reserve | 1,458,826 | 1,458,826 | 1,458,826 | 1,458,826 | 1,493,514 |
| 1993 Series A arbitrage rebate | 18,544 | -- | -- | -- | -- |

Source: City of Burbank, Financial Services Department.

(1) "Operating Cash" is defined as the cash available to fund operations.

(2) "Reserve Funds" is defined as the cash available in (i) a Hyperion reserve related to a dispute between the City and Los Angeles (see " - Hyperion Agreement"), which will be used, if necessary, to pay Los Angeles following a resolution of the dispute, with the remainder becoming Operating Cash, (ii) the debt service reserve fund for the 2004 Bonds (which will be applied in full to the refunding of the 2004 Bonds) and (iii) other cash reserve funds.

(3) At year's end, the City does a mark-to-market adjustment on its investments, per GASB 31. In fiscal year 2012-13, the City recognized losses as a result of the Lehman Brothers bankruptcy in calendar year 2008, which caused negative balances for most funds in fiscal years 2008-09 through 2012-13.

Balance Sheets

The following tables are the comparative statements of net assets for periods ending June 30, 2012, and June 20, 2013:

Table 9
CITY OF BURBANK WASTEWATER ENTERPRISE
WATER RECLAMATION AND SEWER FUND
STATEMENT OF NET ASSETS
Fiscal Years Ended June 30, 2012 and 2013
(\$ In Thousands)

| | Fiscal Year 2011-12 | Fiscal Year 2012-13 |
|---|------------------------|------------------------|
| ASSETS | | |
| Current assets: | | |
| Pooled cash and cash equivalents | \$26,085 | \$30,319 |
| Accounts receivable | 1,261 | 1,759 |
| Interest Receivable | 81 | 82 |
| Restricted non-pooled investments | -- | 1,494 |
| Prepaid expenses | 99 | 2 |
| Total current assets | <u>27,526</u> | <u>33,656</u> |
| Non-current assets: | | |
| Deferred bond issuance costs | 629 | -- |
| Restricted non-pooled investments | 1,459 | -- |
| Advances receivable | 50 | 2 |
| Pension/OPEB Asset | -- | 194 |
| Total other non-current assets | <u>2,138</u> | <u>196</u> |
| Capital assets: | | |
| Land | 5,316 | 5,316 |
| Land improvements | 6,096 | 6,096 |
| Buildings and improvements | 115,025 | 115,833 |
| Machinery and equipment | 2,374 | 2,366 |
| Construction in progress | 26 | 414 |
| Less accumulated depreciation | <u>(62,674)</u> | <u>(66,024)</u> |
| Total capital assets, net of accumulated depreciation | <u>66,163</u> | <u>64,001</u> |
| Total non-current assets | <u>68,301</u> | <u>64,197</u> |
| Total assets | <u>\$95,827</u> | <u>\$97,853</u> |
| Deferred loss on bond refunding | -- | 253 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 92 | 102 |
| Accrued expenses | 274 | 474 |
| Compensated absences | 4 | 4 |
| Customer deposits | 103 | 83 |
| Bond interest payable | 57 | 53 |
| Current portion of revenue bonds | 740 | 780 |
| Total current liabilities | <u>1,270</u> | <u>1,496</u> |
| Long-term liabilities (net of current portion): | | |
| Revenue bonds | 14,440 | 13,739 |
| Compensated absences | 161 | 109 |
| Total long-term liabilities | <u>14,601</u> | <u>13,848</u> |
| Total liabilities | <u>15,871</u> | <u>15,344</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 50,983 | 49,482 |
| Unrestricted (deficit) | <u>28,973</u> | <u>33,280</u> |
| Total net assets | <u>\$79,956</u> | <u>\$87,762</u> |

Source: City of Burbank Comprehensive Annual Financial Statements Fiscal Years Ended June 30, 2012, June 30, 2013.

Historical Financial Results

The following table presents a summary of the operating results of the Enterprise for the five fiscal years ended June 30, 2009 through June 30, 2013.

For additional information on the financial results of the Enterprise, see "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013" herein.

Table 10
CITY OF BURBANK WASTEWATER ENTERPRISE
WATER RECLAMATION AND SEWER FUND
(Dollars in Thousands)

| | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating Revenues | | | | | |
| Charges for services (1) | \$14,171 | \$14,459 | \$14,941 | \$15,915 | \$16,606 |
| Total Operating Revenues | 14,171 | 14,459 | 14,941 | 15,915 | 16,606 |
| Operating Expenses | | | | | |
| Operations and Maintenance (2) | 6,737 | 6,085 | 6,346 | 6,219 | 6,429 |
| Inspection and Investigation | 1,698 | 1,760 | 1,797 | 1,654 | 1,821 |
| Design and Permits | 659 | 785 | 895 | 1,037 | 1,145 |
| Refuse Disposal | -- | -- | 5 | -- | -- |
| Depreciation (3) | 3,764 | 3,326 | 3,843 | 3,846 | 3,375 |
| Total Operating Expenses | 12,858 | 11,956 | 12,886 | 12,756 | 12,770 |
| Operating Income (Loss) | 1,313 | 2,503 | 2,055 | 3,159 | 3,836 |
| Non Operating Income/ (Expense) | | | | | |
| Interest Income (4) | 585 | 833 | 401 | 273 | (187) |
| Intergovernmental | -- | 271 | | | |
| Interest Expense | (781) | (758) | (691) | (652) | (826) |
| Other income (expense) -net | 35 | 253 | (9) | 29 | 16 |
| Total Non-Operating Income (Expenses) | (161) | 599 | (299) | (350) | (997) |
| Income (loss) before capital contributions and transfers | 1,152 | 3,102 | 1,756 | 2,809 | 2,839 |
| Transfers out | -- | -- | -- | -- | (33) |
| Change in net position | 1,152 | 3,102 | 1,756 | 2,809 | 2,806 |
| Net position, July 1 | 71,137 | 72,289 | 75,391 | 77,147 | 79,956 |
| Net position, June 30 | \$72,289 | \$75,391 | \$77,147 | \$79,956 | \$82,762 |

- (1) The increases in service charge revenue in the five-year period is attributable to the City's annual rate increases.
- (2) The City paid Los Angeles for estimated service charges in fiscal year 2008-09, but did not pay Los Angeles for estimated service charges in fiscal year 2009-10 and thereafter. See "Hyperion Agreement - Ongoing Dispute with Los Angeles" above. In addition, between fiscal years 2008-09 and 2009-10, overtime was reduced and merit pay was eliminated as part of budget cuts.
- (3) Declines in this category in fiscal year 2009-10 are attributable to write-off of fully budgeted assets. Increases in later years are attributable to the purchase of vehicles and other major assets.
- (4) Fluctuations in this category are attributable to changes in the invested fund balances. Interest income in fiscal year 2012-13 was negative because of a market value adjustment under GASB 31.

Source: City of Burbank Comprehensive Annual Financial Statement Fiscal Years June 30, 2009 through June 30, 2013.

The following table presents a summary of the operating results of the Enterprise, debt service and debt service coverage for the five fiscal years ended June 30, 2009 through June 30, 2013, calculated in accordance with the provisions of the Indenture.

Table 11
CITY OF BURBANK WASTEWATER ENTERPRISE
HISTORICAL SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30, 2009 THROUGH 2013
(Dollars in Thousands)

| | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> | <u>FY 2012-13</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | |
| Charges for services | \$13,989 | \$14,431 | \$14,878 | \$15,663 | \$16,549 |
| Sewer Facilities Charges/Connection fees | 182 | 28 | 63 | 252 | 57 |
| Interest earnings | 585 | 833 | 401 | 273 | (187) |
| Intergovernmental (1) | -- | 271 | -- | -- | -- |
| Other revenue | 43 | 253 | -- | 174 | 115 |
| Total Revenues | 14,799 | 15,816 | 15,342 | 16,362 | 16,534 |
| Less Expenses: | | | | | |
| Operations & maintenance (2) | 9,033 | 8,480 | 8,756 | 8,663 | 9,068 |
| Other expenses (3) | 69 | 151 | 297 | 392 | 427 |
| Total Expenses | 9,102 | 8,631 | 9,053 | 9,055 | 9,495 |
| Net Revenues | 5,697 | 7,185 | 6,289 | 7,307 | 7,039 |
| Debt Service | | | | | |
| 2004 Bonds | 1,418 | 1,421 | 1,414 | 1,417 | 1,419 |
| Debt Service Coverage (4) | 4.02x | 5.06x | 4.45x | 5.16x | 4.96x |
| Beginning Balance (5) | 23,916 | 22,572 | 18,443 | 20,804 | 26,083 |
| Plus: Revenues after Debt Service | 4,279 | 5,764 | 4,875 | 5,890 | 5,620 |
| Less: Capital Expenditures and Other Payments | (5,623) | (9,893) | (2,514) | (611) | (1,775) |
| Ending Balance (5) | 22,572 | 18,443 | 20,804 | 26,083 | 29,928 |

Source: City of Burbank Financial Services Department.

(1) Intergovernmental revenues includes funds for seismic retrofit of Enterprise facilities.

(2) Excludes depreciation.

(3) Excludes interest expense.

(4) Equals Net Revenues divided by Total Debt Service.

(5) Includes amounts reserved for payments under the Hyperion Agreement pending the resolution of the City's dispute with Los Angeles. See "Hyperion Agreement - Ongoing Dispute with Los Angeles" above.

Projected Financial Results

The following table presents a summary of the projected operating results of the Enterprise, debt service and debt service coverage for the five fiscal years ending June 30, 2014 through June 30, 2018, calculated in accordance with the provisions of the Indenture.

The projections are based on the following assumptions.

Revenues: The projections assume annual rate adjustments of 2.5% per year, no change in number of sewer accounts and no change in flow and strength by non-residential users.

Expenses: The projections assume annual Operation and Maintenance Costs of the Enterprise will increase 2.5% annually, primarily as a result of inflation, increased pension costs and increased costs for operation and maintenance and capital improvements to the Los Angeles Wastewater System.

Interest earnings: The projections assume annual interest earnings on Enterprise funds of 1.0%.

No Parity Debt: The projections assume that the City will pay any capital improvement requirements from annual revenues and will not incur Parity Obligations. 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 2014 Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the 2014 Bonds.

Table 12
CITY OF BURBANK WASTEWATER ENTERPRISE
PROJECTED SUMMARY STATEMENT OF REVENUES,
EXPENSES AND DEBT SERVICE COVERAGE
FOR FISCAL YEARS ENDING JUNE 30
(Dollars in Thousands)

| | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues: | | | | | |
| Charges for services (1) | \$16,246 | \$16,650 | \$17,065 | \$17,492 | \$17,929 |
| Sewer Facilities Charges/ Connection fees | 173 | 173 | 173 | 173 | 173 |
| Interest earnings (2) | 320 | 344 | 88 | 76 | 71 |
| Other revenue (3) | 1,559 | 50 | 25 | -- | -- |
| Total Revenues | <u>18,298</u> | <u>17,217</u> | <u>17,351</u> | <u>17,741</u> | <u>18,173</u> |
| Less Expenses: | | | | | |
| Operations & maintenance (4) | 9,244 | 13,044 | 13,518 | 14,016 | 14,371 |
| Other expenses (5) | 34 | 88 | 35 | 35 | 35 |
| Total Expenses | <u>9,278</u> | <u>13,132</u> | <u>13,553</u> | <u>14,051</u> | <u>14,406</u> |
| Net Revenues | <u>9,020</u> | <u>4,085</u> | <u>3,798</u> | <u>3,690</u> | <u>3,767</u> |
| Debt Service | | | | | |
| 2004 Bonds | 1,422 | | | | |
| 2014 Bonds | | 1,1223 | 1,222 | 1,221 | 1,216 |
| Total Debt Service | <u>1,422</u> | <u>1,223</u> | <u>1,222</u> | <u>1,221</u> | <u>1,216</u> |
| Debt Service Coverage (6) | 6.34x | 3.34x | 3.11x | 3.02x | 3.10x |
| Beginning Balance (7) | 29,928 | 34,393 | 26,577 | 25,265 | 24,812 |
| Plus: Revenues after Debt Service | 7,598 | 2,862 | 2,576 | 2,469 | 2,551 |
| Less: Capital Expenditures (8) | (3,133) | (10,678) | (3,888) | (2,922) | (3,070) |
| Ending Balance (7) | <u>\$34,393</u> | <u>\$26,577</u> | <u>\$25,265</u> | <u>\$24,812</u> | <u>\$24,293</u> |

(1) Assumes planned 2.5% annual rate increase in each year through fiscal year 2017-18 and no rate increase thereafter. Also assumes no increase in accounts.

(2) Assumes an interest rate of 1.0% each year.

(3) Of this amount, \$1,417,000 consists of one-time reimbursement for capital expenditures previously paid by the City from Enterprise funds.

(4) Excludes depreciation. Assumes 2.5% annual increase in Operation and Maintenance Costs. Includes amounts projected to be owing on a current basis under the Hyperion Agreement.

(5) Excludes interest expense.

(6) Equals Net Revenues divided by Total Debt Service.

(7) Includes amounts previously reserved for payments under the Hyperion Agreement following the resolution of the pending dispute.

(8) See Table 7.

Source: City of Burbank Financial Services Department.

RISK FACTORS RELATING TO THE 2014 BONDS

Payment of principal of and interest on the 2014 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 2014 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 2014 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 2014 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 2014 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 XIII C and XIII D of the California Constitution."

No Reserve Fund

The City is not funding a debt service reserve fund for the 2014 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 wastewater collection, treatment, disposal and re-use services will be realized in the future.

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 2014 BONDS – Rate Covenant" for a summary of the City's covenant to increase revenues to generate specific amounts of Net Revenues.

The City's rate covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay debt service on the 2014 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."

Risks Related to the Hyperion Agreement

The City is not aware of any risk factors associated with the Los Angeles Wastewater System and the Hyperion Agreement that would adversely impact its ability to pay debt service on the 2014 Bonds.

The City and Los Angeles are in a dispute about the amounts owed by the City to Los Angeles under the Los Angeles Wastewater Contract for previous fiscal years. The City is confident that it has set aside sufficient funds to cover the full amount that Los Angeles has estimated that the City might owe for operation and maintenance and capital costs for those years.

Environmental Laws and Regulations

Wastewater collection treatment disposal and re-use facilities 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 2014 Bonds. See "THE ENTERPRISE - Regulatory Issues."

Demand and Usage; Drought

There can be no assurance that the local demand for services provided by the Enterprise will continue according to historical levels. In addition, drought conditions and voluntary or mandatory water conservation measures could decrease usage of the services of the Enterprise. California is currently in the midst of one of the worst droughts in its recorded history.

Reduction in the level of demand or usage could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenants. Such rate increases could increase the likelihood of nonpayment.

In this regard, it should be noted that Group I Residential sewer service charges, which accounted for approximately 64% of sewer service charge revenue in fiscal year 2012-13, are not based on water usage. Instead, they reflect the actual costs associated with providing sewer

services. However, commercial/industrial rates are based on the type of business/industry, and the amount of flow and strength of the wastewater produced.

A significant amount of the water use in the City is attributable to landscaping, which results in inflow to the storm drain system rather than the sewer collection system. As a result, the City anticipates two primary impacts on the Enterprise from a drought: (i) in the event of a severe drought, there could be a decrease in sewer influent as a result of a drought-related decline in general economic activity in the City and (ii) wastewater treatment costs could increase as a result of saltier influent, which could result from saltier domestic water sources.

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 2014 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. Wildfires 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.

In 2010, the City managed a seismic retrofit project to seismically upgrade three buildings at the water reclamation plant. The retrofitted buildings were the Administration Building, the Operations Building and the Aeration/Blower Building.

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.

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.

Limited Recourse on Default

Failure by the City to pay debt service on the 2014 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 2014 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 2014 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 2014 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 2014 Bonds will be subject to such limitations and the various other legal opinions to be

delivered concurrently with the issuance of the 2014 Bonds will be similarly qualified. See APPENDIX E – “FORM OF OPINION OF BOND COUNSEL.” If the City fails to comply with its covenants in the Indenture or fails to pay principal of and interest due on the 2014 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the 2014 Bonds.

Articles XIIC and XIID 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 XIIC and XIID 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 XIIA and XIIC of the State Constitution. The amendments to Article XIIA 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 XIIC 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 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 XIII D 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 XIII D 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 XIII D 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 XIII D.

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 XIII D 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 XIII D, and went on to hold that charges for ongoing water delivery are also “fees” within the meaning of Article XIII C’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 XIII C 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 XIII C 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 XIII C and XIII D and the City's Rates and Charges. The City's current rate structure for fiscal year 2013-14 was adopted by the City Council on June 4, 2013 pursuant to Resolution No. 28.616, 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 wastewater rates and charges do not constitute "taxes" under Article XIII C as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIII C, they are "property-related fees imposed in accordance with the provisions of Article XIII D" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIII D) and because, as described in subsection 1(e)(2) of Article XIII C, they are charged for wastewater 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 XIII C and Article XIII D 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 2014 Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIII C and Article XIII D 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 2014 Bonds. See "- Articles XIII C and XIII D 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 2014 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 2014 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 2014 Bonds from the gross income of the Owners of the 2014 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."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2014 Bonds or, if a secondary market exists, that any 2014 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 2014 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 2014 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 2014 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2014 Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the 2014 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 2014 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 2014 Bonds.

Ownership of the 2014 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 2014 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 2014 Bonds is the price at which a substantial amount of such maturity of the 2014 Bonds is first sold to the public. The Issue Price of a maturity of the 2014 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 2014 Bonds who dispose of 2014 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2014 Bonds in the initial public offering, but at a price different from the Issue Price, or purchase 2014 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 2014 Bond's stated redemption price at maturity (the "**Reduced Issue Price**"), the purchaser will be treated as having purchased a 2014 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 2014 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 2014 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 2014 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2014 Bonds.

An investor may purchase a 2014 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 2014 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 2014 Bond. Investors who purchase a 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any 2014 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 2014 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 2014 Bonds is exempt from California personal income taxes.

Ownership of the 2014 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 2014 Bonds. Prospective purchasers of the 2014 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 2014 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, 2013, together with the report dated November 12, 2013 of White Nelson Diehl Evans, 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, Larkspur, California, Bond Counsel, will render an opinion with respect to the validity of the 2014 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 2014 Bonds.

LITIGATION

In connection with issuance of the 2014 Bonds, the City will certify that there is no litigation pending or, to the City’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2014 Bonds, to contest the validity of the 2014 Bonds, the Indenture or any proceedings of the City with respect thereto.

Also in connection with issuance of the 2014 Bonds, the City will certify that there are no lawsuits or claims pending against the City that will materially affect the Enterprise Fund so as to impair the ability of the City to pay principal of and interest on the 2014 Bonds when due.

RATINGS

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“**S&P**”) and Moody’s Investors Service (“**Moody’s**”) assigned the rating of “AA+” and “Aa2”, respectively, to the 2014 Bonds. Each such rating reflects only the views of such organization and an explanation of the significance of such ratings may be obtained from the rating agency.

There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2014 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 2014 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 Financial Advisor

has assisted the City in in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring and sale of the 2014 Bonds. The Financial Advisor has not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein.

The fee of the Financial Advisor is contingent upon the sale and delivery of the 2014 Bonds.

CONTINUING DISCLOSURE

2014 Undertaking. The City has covenanted for the benefit of owners and beneficial owners of the 2014 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, 2014, 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).

Existing Undertakings. The City and its related governmental entities -- including the Burbank Public Finance Authority (the "**BPFA**"), the Redevelopment Agency of the City of Burbank ("**BRA**") and the City in its capacity as the successor agency, and Burbank Water and Power ("**BWP**")¹ -- previously entered into 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, 2013 – Note 8").

Compliance in the Past Five Years. The City retained NBS to undertake a review of the compliance of the City and its related governmental entities with their continuing disclosure undertakings during the past five years. NBS specifically reviewed provision of annual reports, financial statements, event notices for bond calls (as provided by the City and its related governmental entities) and rating changes, including underlying rating changes and rating changes for applicable bond insurers, as reported on the bond insurers' and rating agency websites. Based on the report prepared by NBS, the City and its related governmental entities failed on the occasions identified below during the past five years to fully comply, in all material respects, with their disclosure undertakings. The City and these related entities have now made all required filings and established procedures that will ensure compliance with all material requirements of their continuing disclosure undertakings in the future.

¹ The City's Public Service Department was established in 1913 under the laws of the State, to supervise the generation, purchase, distribution and sale of electricity and the purchase, distribution and sale of water. In 2000, the name of the Public Service Department was changed to Burbank Water and Power. Burbank Water and Power provides service to all electric and water customers within the City. The City owns and operates an integrated electric system which includes generation, transmission and distribution facilities (the "Electric System") and a water transmission and distribution system (the "Water System" and, together with the Electric System, the "Enterprise"). Continuing disclosure compliance for Burbank Water and Power is supervised by different staff than continuing disclosure compliance for other City entities.

City of Burbank. The following summarizes the City's compliance failures in the last five years:

City of Burbank Waste Disposal Revenue Bonds Series 2002B

On one occasion (for a rating change that occurred on 11/30/11), the City failed to file a bond insurer-related rating change notice on a timely basis. On six other occasions (rating changes that occurred on 11/21/08, 5/11/09, 10/12/09, 11/12/09, 2/24/10, and 10/25/10), the City included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

City of Burbank Waste Disposal Refunding Revenue Bonds, Series 2012

On one occasion (fiscal year 2011-12), the City failed to file its financial statements on a timely basis by more than one week.

On two occasions (fiscal years 2011-12, 2012-13), the City failed to include information on solid waste collections as required by the annual report.

City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A

On one occasion (fiscal year 2010-11), the City failed to file its financial statements on a timely basis by more than one week.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09 and 03/25/10), the City included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Community Facilities District No. 2005-1 (The Collection Public Parking Facility) 2006 Special Tax Bonds

On one occasion (fiscal year 2008-09), BRA failed to file its financial statements on a timely basis by more than one week, and on two occasions (fiscal years 2010-11, 2011-12), the City failed to file its financial statements on a timely basis by one week or less.

Burbank Water and Power. The following summarizes BWP's compliance failures in the last five years:

Burbank Water and Power Electric Revenue Refunding Bonds, Series 2012A

On two occasions (fiscal years 2011-12, 2012-13), the BWP filed its unaudited financial statements on a timely basis, but failed to file its audited financial statements on a timely basis.

Burbank Water and Power Water Revenue Bonds, Series 2010B

On one occasion (fiscal year 2011-12), BWP filed its unaudited financial statements on a timely basis, but failed to file its audited financial statements on a timely basis.

Burbank Redevelopment Agency/City of Burbank as Successor Agency. The following summarizes compliance failures by BRA and the City, as successor agency, in the last five years:

Burbank Public Financing Authority Revenue Bonds, 2002 Series A (Redevelopment Agency of the City of Burbank - West Olive Redevelopment Project)

On one occasion (fiscal years 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed less than one week late.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09 and 03/25/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2003 Series A (Golden State Redevelopment Project)

On two occasions (fiscal years 2008-09, 2010-11), the BRA/City failed to file its financial statements on a timely basis by more than one week; on one occasion (fiscal year 2011-12) the financial statements were filed less than one week late.

On two occasions (for rating changes that occurred on 11/30/10 and 4/7/11), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On seven other occasions (for rating changes that occurred on 11/05/08, 11/19/08, 04/13/09, 06/24/09, 07/28/09, 07/29/09, and 03/25/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2003 Series B (South San Fernando Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

Burbank Public Financing Authority Revenue Bonds, 2003 Series C (City Centre Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

On three occasions (for rating changes that occurred on 05/04/09, 01/17/13, 03/18/14), the BRA/City failed to file required bond insurer-related rating change notices, as they related to the underlying bonds, on a timely basis. On eight other occasions (for rating changes that occurred on 11/21/08, 05/11/09, 07/01/09, 10/12/09, 11/12/09, 02/24/10, 10/25/10, and 11/30/11), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

Burbank Public Financing Authority Revenue Bonds, 2007 Series A (Golden State Redevelopment Project)

On one occasion (fiscal year 2008-09), the BRA/City failed to file its financial statements on a timely basis by more than one week; on two occasions (fiscal years 2010-11, 2011-12), the financial statements were filed one week or less late.

On three occasions (for rating changes that occurred on 03/24/09, 03/25/09, and 04/22/09), the BRA/City failed to file required bond insurer-related rating change notices on a timely basis. On four other occasions (for rating changes that occurred on 07/31/08, 11/24/08, 12/19/08, and 03/05/10), the BRA included disclosure about rating changes in its continuing disclosure annual report rather than making a significant event filing.

UNDERWRITING

The 2014 Bonds are being purchased by Raymond James & Associates, Inc, (the “Underwriter”) at competitive sale. The Underwriter has agreed to purchase the 2014 Bonds at a price of \$12,151,571.85 (which price is equal to the aggregate principal amount of the 2014 Bonds, plus a net original issue premium of \$1,614,641.85 and less an Underwriter’s discount of \$38,070.00). The Underwriter has agreed to purchase all of the 2014 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 2014 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. 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 2014 Bonds.

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

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due on the Bonds and all Parity Obligations in such Fiscal Year, assuming that all Bonds and Parity Obligations are retired as scheduled, plus (2) the principal amount of all Bonds and Parity Obligations falling due by their terms in such Fiscal Year; provided, that as to any Parity Obligations bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be one hundred ten percent (110%) of the greater of (A) the daily average interest rate on such Parity Obligations during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Parity Obligations have borne interest) or (B) the most recent effective interest rate on such Parity Obligations prior to the date of such calculation; and provided further, that as to any such Parity Obligations having twenty-five percent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of such Parity Obligations; and provided further, that as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and provided further, that the amount on deposit in the reserve account for any Parity Obligations on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligations and in each preceding year until such amount is exhausted; and provided further, that Annual Debt Service shall not include interest on Parity Obligations which is to be paid from amounts constituting capitalized interest; and provided further, that if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Obligations to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Parity Obligations, plus (ii) the amounts payable by the City under such interest rate swap agreement, less (iii) the amounts receivable by the City under such interest rate swap agreement, are greater than the interest payable on such Parity Obligations, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Obligations shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in the first proviso of this definition.

“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 Wastewater Refunding Revenue Bonds, Series 2014, issued and at any time Outstanding under the Indenture.

“Bond Year” means any twelve-month period commencing on June 2 in a year and ending on the next succeeding June 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 June 1, 2015.

"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 reuse of wastewater, including sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, disposal or reuse of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the City and the Escrow Bank, providing for the defeasance of the Refunded 2004 Bonds.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., appointed by the City to act as escrow bank under the Escrow Agreement, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in the Escrow Agreement.

"Escrow Fund" means the fund by that name established pursuant to the Escrow Agreement.

"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, rates, tolls and charges (including connection fees and standby 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 and excluding the proceeds of any casualty or eminent domain award.

"Hyperion Agreement" means the agreement dated April 8, 2003, by and between the City and the City of Los Angeles, entitled "Agreement between the City of Los Angeles and the City of Burbank for the Conveyance, Treatment and Disposal of Wastewater," as amended from time to time.

"Indenture" means the Indenture of Trust, dated as of June 1, 2014, 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.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed 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; (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City, and (d) is judged by the City to have experience in matters relating to the engineering matters relating to wastewater system enterprises.

"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 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 June 1 and December 1 in each year, beginning December 1, 2014, and continuing so long as any Bonds remain Outstanding.

"Maximum Annual Debt Service" means, as of any date of calculation by the City, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of the Bonds and all Parity Obligations.

"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 sound 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, amounts payable under the Hyperion Contract (to the extent such costs are properly characterized as maintenance and operation costs under sound accounting principles) 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. Operation and Maintenance Costs also includes amounts payable with respect to any State revolving fund loans secured by revenues of the Enterprise.

"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.

"Parity Obligations" means all bonds, notes or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the Bonds pursuant to the Indenture. Parity Obligations shall not include state revolving fund loans, which are payable as Operation and Maintenance Costs.

"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 Owners 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 section 16429.1 of the California Government Code.

(j) The Los Angeles 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 June 1 in each year, beginning June 1, 2015, 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.

"Refunded 2004 Bonds" means the 2004 Bonds maturing on and after June 1, 2015, in the principal amount of \$13,330,000.

"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.

"Revenue Fund" means the Water Reclamation and Sewer Fund 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.

"Sinking Account" means the account by that name in the Bond Fund established pursuant to the Indenture, if required.

"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 The Bank of New York Mellon Trust Company, N.A., appointed by the City to act as trustee under and 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.

"2004 Bonds" means the \$19,130,000 City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A, of which \$13,330,000 remains outstanding as of the Closing Date.

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.

At the end of three 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

The Bonds and any Parity Obligations 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 and any Parity Obligations 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 the Indenture. So long as any of the Bonds or any Parity Obligations 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 Revenue Fund. All Gross Revenues shall be held in trust by the City in the Revenue 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 Revenue 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 Revenue 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 and the Sinking 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 and shall withdraw from the Revenue Fund and transfer amounts required for the payment of debt service on any Parity Obligations. The transfers required to pay debt service on the Bonds and any Parity Obligations shall be made without preference or priority and, in the event moneys in the Revenue Fund are not sufficient to pay the debt service requirement for the Bonds and any Parity Obligations, the City shall pay such amounts on a pro rata basis based on the debt service requirements for the Bonds and each outstanding Parity Obligations.

(iii) **Replenishment of Any Reserve Fund.** Following the transfer of amounts required to pay debt service on the Bonds and any Parity Obligations, the City shall withdraw from the Revenue Fund and transfer amounts required to replenish the reserve fund created for the Parity Obligations, if any, to the requirement thereof.

(iv) **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 Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

Application of Moneys in the Bond Fund. 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; *provided, however,* that a Sinking Account shall be created only if the winning bidder for the Bonds elects to create term bonds), 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;

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; and

Third: to the Sinking Account, the aggregate amount of 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 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.

Application of Sinking Account

All amounts in the Sinking Account shall be used and withdrawn by the Trustee solely for the purposes of paying the sinking fund installments of the Bonds when due and payable.

Notwithstanding the foregoing, if some but not all of the Bonds have been theretofore redeemed, the total amount of all future mandatory Sinking Account payments shall be reduced by the aggregate principal amount of Bonds so redeemed, allocated among such mandatory Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the City (notice of which determination shall be given to the Trustee).

Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund.

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 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 Encumbrances. Except as provided in the Indenture, the City covenants that the property, facilities and improvements of the Enterprise shall not be voluntarily 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 Gross 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 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 and any Parity Obligations 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 such Parity Obligations, as applicable, or from any other source of legally available funds of the City that have been deposited with the Trustee or otherwise segregated for purposes prior to the commencement of such Fiscal Year (not including a debt service reserve fund); and

(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 percent (120%) of the total Debt Service Payments on the Bonds and any debt service on Parity Obligations coming due and payable in such Fiscal Year.

Limitations on Future Obligations Secured by Net Revenues.

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

Parity Obligations. Additional obligations may be issued on a parity with the Bonds and any then existing Parity Obligations subject to the following specific conditions which are made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Bonds or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in the Indenture.

(ii) The Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the instrument issuing such Parity Obligations are issued, as shown by the books of the City, plus, at the option of the City, either or both of the items hereinafter in this covenant designated (A) and (B), but excluding connection charges, shall at least equal one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all Bonds and Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligations under the Indenture are the following:

(A) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Financial Consultant engaged by the City.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which the City determines are of benefit to the Enterprise, or for the purpose of refunding any Bonds or Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on June 1 and December 1 in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any June 1 or December 1; and

(C) The principal of such Parity Obligations shall be payable on June 1 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

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.

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, so long as any Bonds or Parity Obligations remain outstanding, but only if and to the extent available at reasonable cost from reputable insurers, a standard comprehensive general insurance policy or policies in protection of the City and its members, officers, agents, assignees and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Enterprise. Said policy or policies shall provide coverage in such liability amounts and shall be subject to such deductibles as shall be customary with respect to works and property of a like character. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Casualty Insurance. The City shall procure and maintain or cause to be procured and maintained, so long as any Bonds or Parity Obligations remain outstanding, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the Enterprise, covering such hazards as are customarily covered with respect to works and property of like character. Such insurance may be subject to deductible clauses which are customary with respect to works and property of a like character. Such insurance may be maintained as part of or in conjunction with any other casualty insurance coverage carried by the City and may be maintained, in whole or in part, in the form of self-insurance by the City, subject to the provisions of the Indenture, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise.

Insurance Net Proceeds; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies. The City shall annually, on or before December 1, deliver to the Trustee a certificate to the effect that the City has complied with the requirements of the Indenture. In the event that any insurance required pursuant to the Indenture shall be provided in the form of self-insurance, the City shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of an independent actuarial consultant identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the City, the City shall not be obligated to make any payment with respect to any insured event except from Net Revenues or from such reserves. The Trustee shall provide copies of all said certificates and notifications to the Owner.

Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, at the election of the City (evidenced by a Written Certificate of the City filed with the Trustee and the City) shall be used for the lease, acquisition or construction of improvements or extension of the Enterprise.

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) consecutive 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) consecutive 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; *provided, however,* that abandonment by the City shall not constitute an Event of Default if such abandonment was caused by unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market and unusually severe weather or any similar even and/or occurrences beyond the control of the City; 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.

Borrowers' 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 Borrowers not parties to such direction or would expose the Trustee to liability for which it has not been indemnified to its satisfaction.

Limitation on Borrowers' 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 per cent (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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2013**

[THIS PAGE INTENTIONALLY LEFT BLANK]

ABOUT THE COVER

On Friday, July 8, 2011, on the anniversary of its incorporation, the City of Burbank celebrated its 100th year, marking the occasion throughout the year with more than a hundred free events and crowned by the biggest bash of all – the Party of the Century in Downtown Burbank.

Featuring great food from Downtown Burbank restaurants, an air parade, multiple stages, top local bands and DJs performing live, a mascot parade, children's entertainers, stilt walkers, Centennial memorabilia and community booths, the Party of the Century was the ultimate night on the town and perfect opportunity to dance, party, mingle and rejoice in a sensational celebration. Encompassing six city blocks including San Fernando Boulevard, Palm Avenue, AMC Walkway, Orange Grove and Olive Avenue, it expressed the civic pride and community spirit that have characterized Burbank's first 100 years.

But things really heated up when the sun went down. That's when the grand finale with a stunningly choreographed firework show capped off the festivities in a profusion of light and sound.

The Centennial Celebration was made possible by fifteen sponsors at four different levels, in addition to a myriad of in-kind support from local businesses. Special thanks to the Burbank City Federal Credit Union for sponsoring the fireworks finale. The Party of the Century was truly a special moment in Burbank's history and one that will not be forgotten.

Cover Design & Graphics:
Cassidy Allen (Graphic Media Designer - City of Burbank)

Photos:
Rick Meyer

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**CITY OF BURBANK
BURBANK, CALIFORNIA**

FISCAL YEAR ENDED June 30, 2013

Prepared by :
Financial Services Department
Cindy Giraldo
Financial Services Director

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|--|------|
| Letter of Transmittal..... | I |
| Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting..... | VIII |
| Organization Chart..... | X |

FINANCIAL SECTION

| | |
|---|---|
| Independent Auditors' Report..... | 1 |
| Management's discussion and analysis..... | 4 |

BASIC FINANCIAL STATEMENTS :

| | |
|--|----|
| Statement of Net Assets..... | 18 |
| Statement of Activities..... | 19 |
| Balance Sheet - Governmental Funds..... | 20 |
| Reconciliation of the fund balances of governmental funds to net assets of governmental activities in the Statement of Net Assets | 22 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Governmental Funds..... | 23 |
| Reconciliation of the statement of revenues, expenditures and changes in fund balances (deficits) of governmental funds to the Statement of Activities..... | 27 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (General Fund)..... | 28 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Low/Moderate Income Housing Special Revenue fund)..... | 30 |
| Statement of Net Assets - Proprietary Funds..... | 31 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Proprietary Funds..... | 33 |
| Statement of Cash Flows - all Proprietary Funds..... | 34 |
| Statement of Net Assets - Fiduciary Funds..... | 36 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Fiduciary Funds..... | 37 |
| Notes to Basic Financial Statements..... | 38 |

REQUIRED SUPPLEMENTARY INFORMATION 89

**COMBINING FUND FINANCIAL STATEMENTS AND BUDGET AND ACTUAL SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (SUPPLEMENTARY INFORMATION):**

Governmental Funds :

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Public Financing Authority Debt Service fund)..... | 90 |
| Combining Balance Sheet - Nonmajor Governmental Funds..... | 91 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds..... | 95 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Nonmajor Governmental Funds..... | 99 |

**CITY OF BURBANK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED June 30, 2013**

TABLE OF CONTENTS

Proprietary Fund Activities :

Nonmajor Enterprise Funds

| | |
|--|-----|
| Combining Statement of Net Assets..... | 114 |
| Combining Statement of Revenues, Expenses, and Changes in fund Net Assets..... | 115 |
| Combining Statement of Cash Flows..... | 116 |

Internal Service Funds

| | |
|--|-----|
| Combining Statement of Net Assets..... | 118 |
| Combining Statement of Revenues, Expenses, and Changes in fund Net Assets..... | 120 |
| Combining Statement of Cash Flows..... | 122 |

**STATISTICAL SECTION
 (Unaudited)**

Table

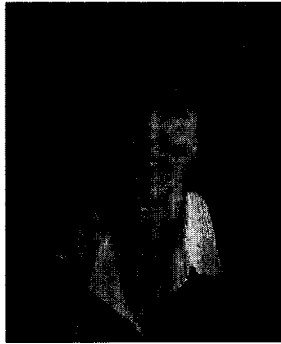
| | | |
|----|--|-----|
| 1 | Net Assets by Component (accrual basis) - Last Ten Fiscal Years..... | 126 |
| 2 | Changes in Net Assets (accrual basis) - Last Ten Fiscal Years..... | 127 |
| 3 | Fund Balances of Governmental Funds (modified accrual basis) - Last Ten Fiscal Years..... | 133 |
| 4 | Changes in Fund balances of Governmental Funds (modified accrual basis) - Last Ten Fiscal Years..... | 134 |
| 5 | Electricity Sold by Type of Customer - Last Ten Fiscal Years..... | 136 |
| 6 | Electricity Rates - Last Ten Fiscal Years..... | 137 |
| 7 | Largest Electrical Customers - Current and Nine Years Ago..... | 138 |
| 8 | Ratios of Outstanding Debt by Type - Last Ten Fiscal Years..... | 139 |
| 9 | Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years..... | 141 |
| 10 | Schedule of Direct and Overlapping Debt..... | 142 |
| 11 | Legal Debt Margin Information - Last Ten Fiscal Years..... | 143 |
| 12 | Pledged Revenue Coverage - Last Ten Fiscal Years..... | 144 |
| 13 | Demographic and Economic Statistics - Last Ten Fiscal Years..... | 146 |
| 14 | Principal Employers - Current and Four Years Ago..... | 147 |
| 15 | Full-Time and Part-Time City Employees by Function..... | 148 |
| 16 | Operating Indicators by Function - Last Ten Fiscal Years..... | 149 |
| 17 | Capital Asset Statistics - Last Ten Fiscal Years..... | 151 |
| 18 | City Employees with Earnings over \$200 Thousand | 153 |
| 19 | Schedule of Credits..... | 154 |

INTRODUCTORY SECTION

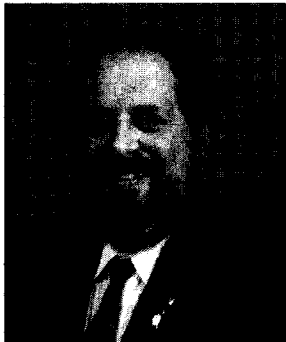
The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Burbank, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

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

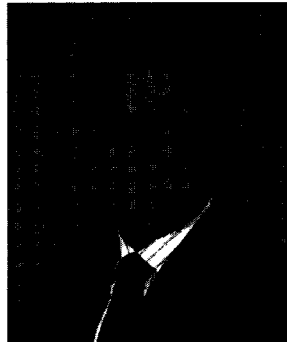
City of Burbank's Elected Officials and Principal Officers



Emily Gabel-Luddy
Mayor



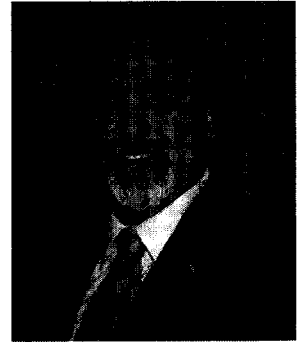
Dr. David Gordon
Vice Mayor



Gary Bric
Council Member



Bob Frutos
Council Member



Jess Talamantes
Council Member



Zizette Mullins
City Clerk



Debbie Kukta
City Treasurer



CITY OF BURBANK
OFFICE OF THE CITY MANAGER
(818) 238-5800
FAX (818) 238-5804

November 12, 2013

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, 2013. 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 White Nelson Diehl Evans 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, 2013, 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, 2013, 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 complement 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 105,578.

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 elected at-large for four year terms. 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 programs; public infrastructure improvements; planning and zoning; and general administrative and support services.

Financial Control Policy

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 re-appropriated 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 assigned fund balances at year-end per Governmental Accounting Standards Board (GASB) #54.

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.

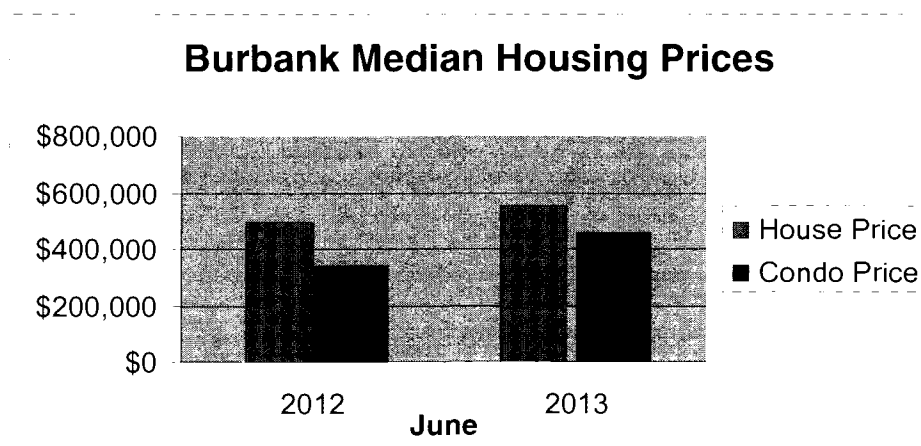
Local Economy. The City of Burbank's economic environment has felt the impacts of the economic downturn, but is still showing strength in commercial, residential and retail development. The City continues to focus on projects promoting the beautification of our neighborhoods and business districts, the 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 2012-13 cumulative Sales Tax revenues decreased 3.4%. Sales Tax comprises approximately 21.5% of the total General Fund revenue. The decrease was due to the economic downturn and various significant Board of Equalization refunds. The City will continue to enjoy a very diversified stream of sales tax revenues in the General Fund during FY 2013-14.

Transient Occupancy Tax (TOT) contributed \$6.4 million to the General Fund of the City of Burbank. This represents an increase of 8.7%. In fiscal year 2012-13, TOT represented 4.8% of the City's total General Fund revenue base.

Transient Parking Tax contributed \$2.8 million to the General Fund of the City of Burbank as activity at the pay parking lots within the City decreased. This represents a slight decrease of \$16,000 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.

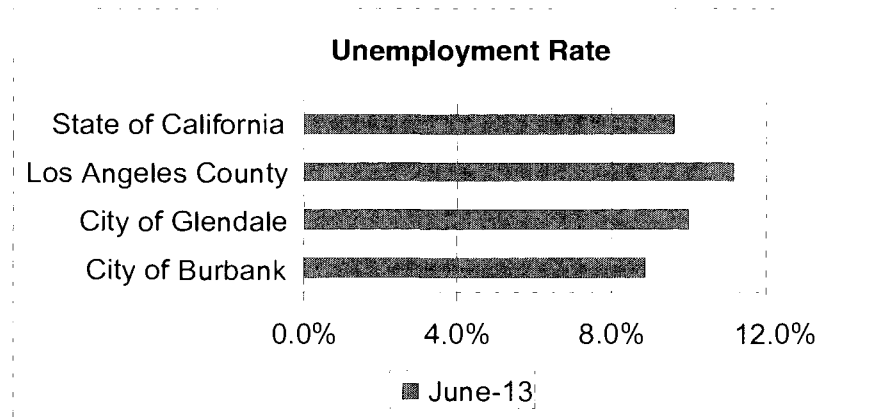
Burbank's housing market showed a robust increase in single-family home prices as reflected in a median home price of \$589,000 in June 2013, compared to \$525,000 in June 2012. Condominium sales reflected an even greater increase, with a median value of \$425,000 in June 2013, compared to \$318,000 in June 2012.



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; Focus on retail attraction, retention and expansion; Position Burbank as a travel destination; Continue to identify and encourage strategic opportunities innovative and entrepreneurial development within the City; and Enhance outreach and communications.

Retail sales in Downtown Burbank continue to thrive with activity anchored by AMC movie theaters and IKEA, with several national 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, PF Chang's and Granville Cafe. Burbank's Downtown features a desirable mix of local and national restaurants. Downtown also has 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 the Gap Factory Store, The Melt, Wild Carvery and Bank of the West.

Burbank's office space vacancy is 12.5% compared to 9.5% in June 2012 with strong rental rates averaging \$2.68 per square foot. The employment picture is better when compared to the County and State, as evidenced by an unemployment rate of 8.3% in June 2013, compared to Glendale's rate of 8.9%, L.A. County's rate of 10.2%, and California's rate of 8.8%.



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 reviewed 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 2013-14 are as follows: \$4.9M for street improvements, \$8.9M for wastewater, and \$33.1M for various projects in the electric and water, funds. Total projected improvements for the next fiscal

year are \$52.1M. These investments reflect the City Council's commitment to maintain or improve the City of Burbank, and provide 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 0.932% for the general portfolio, compared to 1.37% in fiscal year 2011-12.

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 \$1 million. 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 \$1 million and \$5 million, and the City purchases an Excess Comprehensive General Liability Policy for \$45 million of insurance, for a total of \$50 million in coverage.

The City is self-insured for Workers' Compensation up to \$2 million 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.

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 with retirement and disability benefits. These are provided 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 a portion of the employees' required contributions on their behalf and for their account. The City has been actively negotiating to reduce this

employee pension contribution. Also, the City decreased the pension liability with a \$9 million payment for General Fund employees and a \$4.4 million payment for Enterprise Fund employees.

The City provides access to post-retirement health and dental care benefits to employees in accordance with vendor contracts and agreements with the various employees' bargaining groups. The City pays a minimum employer contribution amount per their contract with CalPERS. This is what is referred to as PEMCHA. This amount is determined by CalPERS each year and reduces the medical plan deduction amount on each individual retiree pension check (current amount is \$115 per month). The City is then billed for each minimum employer contribution (or PEMCHA offset) on their monthly invoice from CalPERS. If a retiree is not enrolled in a CalPERS medical plan, there is no employer contribution. As of June 30, 2013, the City was providing benefits to approximately 525 retiree 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 150 retired participants as of June 2013.

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, 2012. This was the 29th 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.

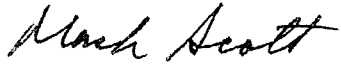
The Certificate of Achievement for Excellence in Financial Reporting from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its 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. We also acknowledge the work of Interim City Manager Ken Pulskamp during fiscal year 2013, as well as our team of department managers and their staffs.

In closing, without the leadership and financial discipline demonstrated by 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,



MARK SCOTT
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, 2012. This was the 29th 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.



Government Finance Officers Association

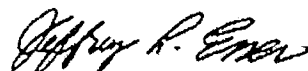
Certificate of Achievement for Excellence in Financial Reporting

Presented to

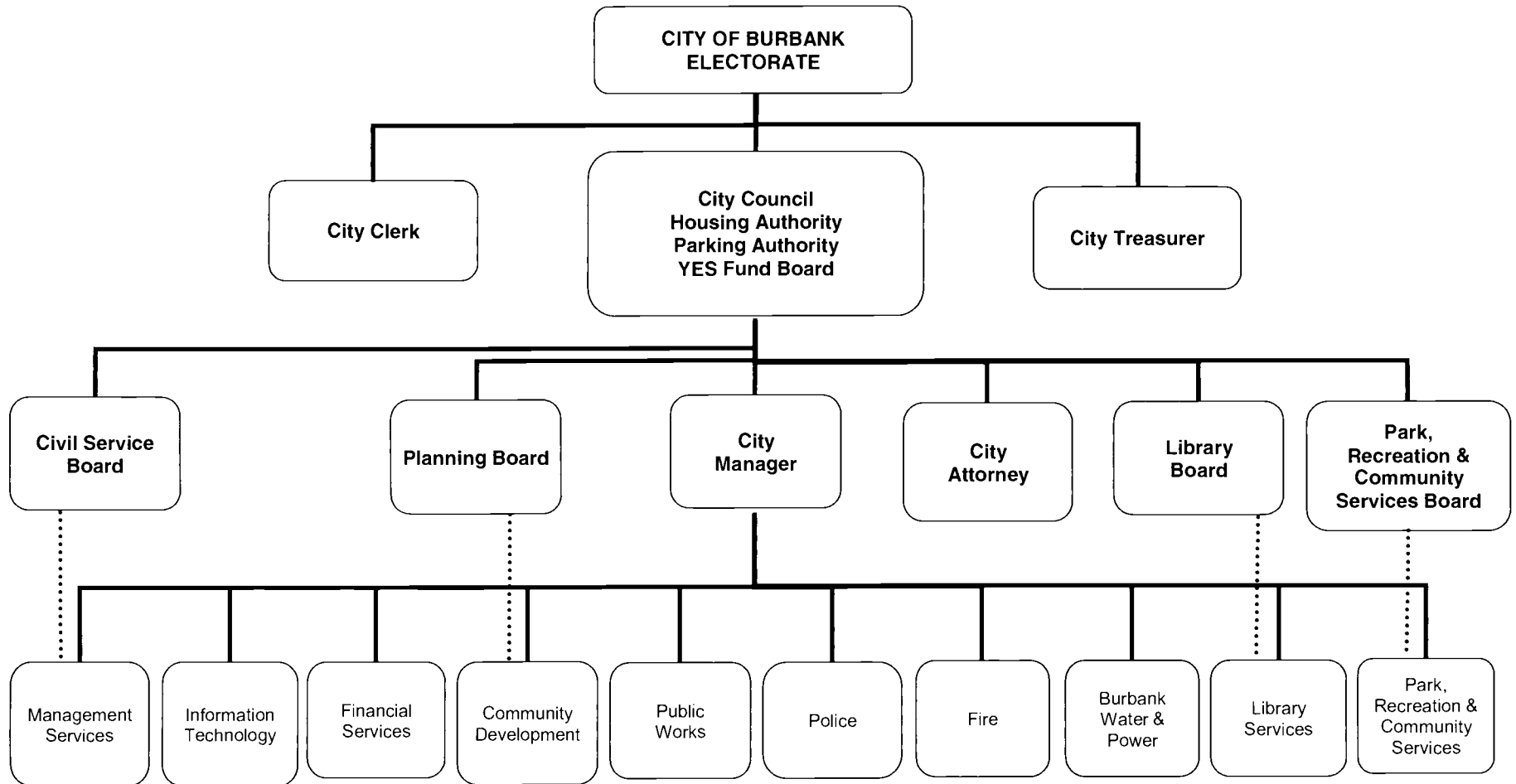
**City of Burbank
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO



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 Housing Corporation
 Burbank Water and Power Board

Civic Pride Committee
 Heritage Commission
 Landlord-Tenant Commission
 Senior Citizen Board

Sustainable Burbank Commission
 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

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above 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 of Burbank, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Low/Moderate Income Housing Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 22 to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in a \$1,950,000 reduction of previously reported net position of the Successor Agency Private Purpose Trust Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Matters (Continued)

Other Information

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 fund financial statements and budget and actual schedules of revenues, expenditures and changes in fund balances (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 12, 2013

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, 2013. 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.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,454,534,000 (net assets). Of this amount, \$370,943,000 (Unrestricted net assets) may be used to meet the City's ongoing obligations.
- The city's total net assets increased by \$3,190,000 during the current fiscal year due to the increased Enterprise fund revenues.
- As of June 30, 2013, the City's governmental funds reported combined fund balances of \$288,071,000 a decrease of \$10,532,000 from the prior year. Of this amount, \$42,625,000 or approximately 15% of total fund balances are unassigned fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43,189,000 or 30% 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 position presents information on all of the City's assets, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 22 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 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 18 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 31 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 38 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 88 of this report.

Supplementary information on non-major 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 90 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 \$1,454,534,000 at the close of the most recent fiscal year.

The largest portion of the City's net assets (70%) reflects its net investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment,

City Of Burbank

Management's Discussion and Analysis

etc.), less any related debt used to acquire those assets that are 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 net 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 (4%) represent resources that are subject to external restrictions on how they may be used. Of these restricted net assets, nearly all 4% 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 Position as of June 30, 2013 and 2012 (000's):

| | Governmental Activities | | Business-type Activities | | Total | |
|--|--------------------------------|--------------------|---------------------------------|----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Assets : | | | | | | |
| Current and other assets | \$ 440,629 | \$ 438,593 | 199,878 | 192,034 | 640,507 | 630,627 |
| Capital assets | 735,494 | 750,743 | 447,761 | 434,593 | 1,183,255 | 1,185,336 |
| Total assets | 1,176,123 | 1,189,336 | 647,639 | 626,627 | 1,823,762 | 1,815,963 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred loss on bond refunding | - | - | 253 | - | 253 | - |
| Liabilities : | | | | | | |
| Current and other liabilities | 43,285 | 36,966 | 45,156 | 39,872 | 88,441 | 76,838 |
| Long-term liabilities | 103,949 | 110,313 | 177,091 | 177,468 | 281,040 | 287,781 |
| Total liabilities | 147,234 | 147,279 | 222,247 | 217,340 | 369,481 | 364,619 |
| Net Position : | | | | | | |
| Net Investment in capital assets | 736,794 | 750,743 | 287,055 | 273,150 | 1,023,849 | 1,023,893 |
| Restricted | 59,742 | 86,936 | - | - | 59,742 | 86,936 |
| Unrestricted | 232,353 | 204,378 | 138,590 | 136,137 | 370,943 | 340,515 |
| Total net position | \$1,028,889 | \$1,042,057 | 425,645 | 409,287 | 1,454,534 | 1,451,344 |

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 increased by \$3,190,000 during the current fiscal year. The key component of this increase was in increase in the various tax revenues the City receives. More detailed analysis of major fund income is presented beginning on page 12.

City Of Burbank

Management's Discussion and Analysis

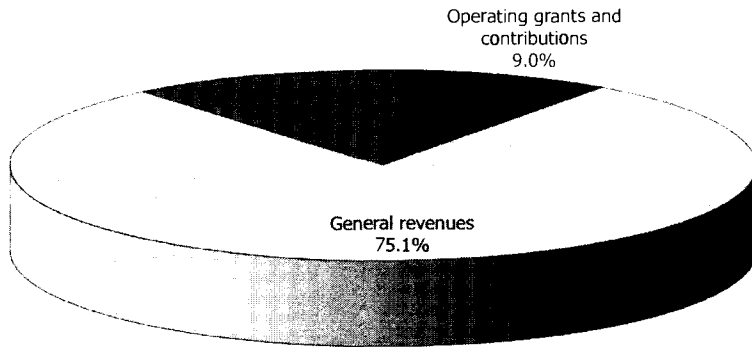
TABLE 2-The City's Changes in Net Position (000's) for the years ended June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------|--------------------------|----------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues : | | | | | | |
| Program revenues : | | | | | | |
| Charges for services | \$ 33,979 | \$ 24,530 | 281,339 | 262,292 | 315,318 | 286,822 |
| Operating grants and contributions | 19,040 | 17,869 | 1,898 | 4,502 | 20,938 | 22,371 |
| Capital grants and contributions | - | - | 732 | 1,705 | 732 | 1,705 |
| General revenues : | | | | | | |
| Property tax | 46,499 | 46,328 | - | - | 46,499 | 46,328 |
| Sales tax | 32,967 | 31,352 | - | - | 32,967 | 31,352 |
| Utility users tax | 20,237 | 19,784 | - | - | 20,237 | 19,784 |
| Motor-vehicle in-lieu tax | 8,574 | 8,436 | - | - | 8,574 | 8,436 |
| Investment earnings | 7,802 | 9,565 | 43 | 2,358 | 7,845 | 11,923 |
| Other | 31,516 | 43,184 | 2,469 | 2,218 | 33,985 | 45,402 |
| Total revenues | 200,614 | 201,048 | 286,481 | 273,075 | 487,095 | 474,123 |
| Expenses : | | | | | | |
| General government | 15,976 | 7,437 | - | - | 15,976 | 7,437 |
| Police | 50,557 | 48,453 | - | - | 50,557 | 48,453 |
| Fire | 32,743 | 31,543 | - | - | 32,743 | 31,543 |
| Public works | 51,496 | 39,573 | - | - | 51,496 | 39,573 |
| Community Development | 46,976 | 71,720 | - | - | 46,976 | 71,720 |
| Parks & Recreation | 18,526 | 19,803 | - | - | 18,526 | 19,803 |
| Library | 6,736 | 6,961 | - | - | 6,736 | 6,961 |
| Interest on long-term debt | 2,955 | 13,936 | - | - | 2,955 | 13,936 |
| Water reclamation & sewer | - | - | 13,596 | 13,408 | 13,596 | 13,408 |
| Nonmajor funds | - | - | 2,460 | 2,576 | 2,460 | 2,576 |
| Electric utility | - | - | 199,755 | 190,725 | 199,755 | 190,725 |
| Water utility | - | - | 25,957 | 24,126 | 25,957 | 24,126 |
| Refuse collection & disposal | - | - | 16,172 | 14,810 | 16,172 | 14,810 |
| Total expenses | 225,965 | 239,426 | 257,940 | 245,645 | 483,905 | 485,071 |
| Increase (decrease) in net assets before transfers | (25,351) | (38,378) | 28,541 | 27,430 | 3,190 | (10,948) |
| Extraordinary gain/(loss) on dissolution of redevelopment agency #1 | - | (37,354) | - | - | - | (37,354) |
| Extraordinary gain/(loss) on dissolution of redevelopment agency #2 | - | 153,953 | - | - | - | 153,953 |
| Transfers | 12,183 | 11,651 | (12,183) | (11,651) | - | - |
| Increase (decrease) in net assets | (13,168) | 89,872 | 16,358 | 15,779 | 3,190 | 105,651 |
| Net assets, July 1 | 1,042,057 | 952,185 | 409,287 | 393,508 | 1,451,344 | 1,345,693 |
| Net assets, June 30 | \$1,028,889 | \$1,042,057 | 425,645 | 409,287 | 1,454,534 | 1,451,344 |

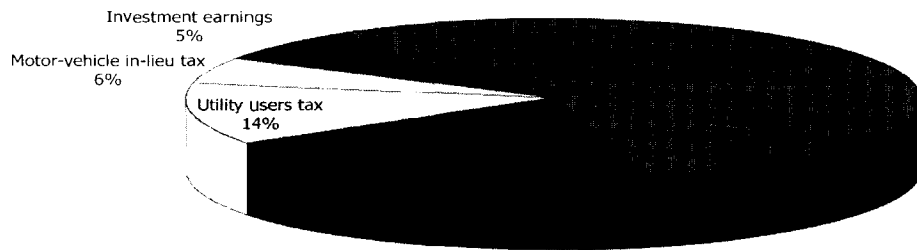
Governmental Activities. Governmental activities decreased the City's net assets by \$13,168,000 mostly due to increased capital improvements. Total expenses decreased by 6%, while general revenues and transfers decreased by 45%.

City Of Burbank
Management's Discussion and Analysis

Revenues - Governmental Activities



General Revenues - Governmental Activities

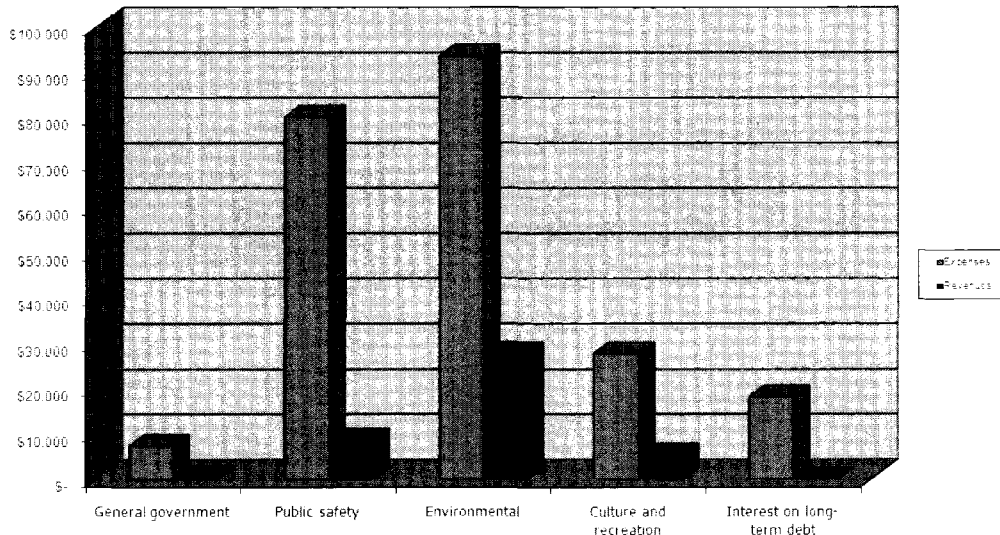


City Of Burbank

Management's Discussion and Analysis

- *Taxes decreased overall during the current year. Property taxes were flat due to the dissolution of the Redevelopment Agency, and utility user's taxes increased 3%. Sales taxes increased 6%. The net overall decrease in taxes was 7%, or \$9,207,000.*

Expenses and Program Revenues - Governmental



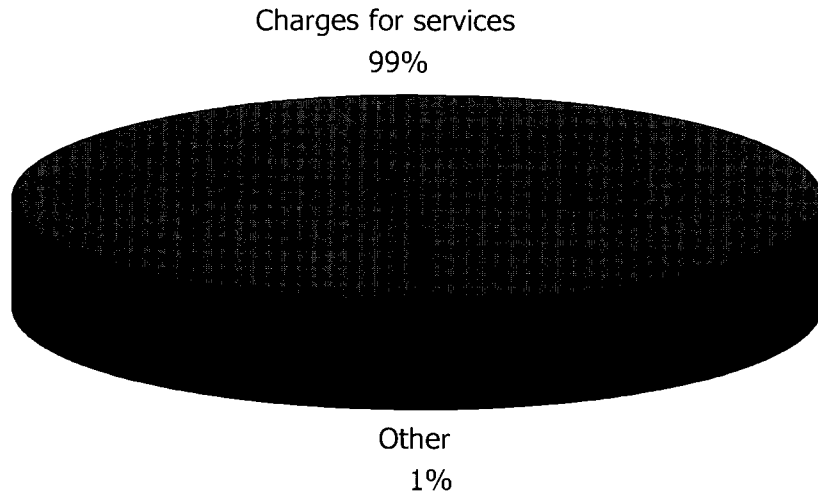
- *The charts above illustrate the City's governmental expenses and revenues by source. Public Safety (Police and Fire departments, 35%) is the largest function in expense, followed by Environmental (Public Works and Community Development departments, 19%), and Culture and Recreation (Library, and Parks and Recreation departments, 10%). 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 (32%), followed by sales taxes (22%), utility users tax (14%), and investment earnings (5%).*

Business-type Activities. Business -type activities increased the City's net assets by \$16,358,000, accounting for 100% 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:

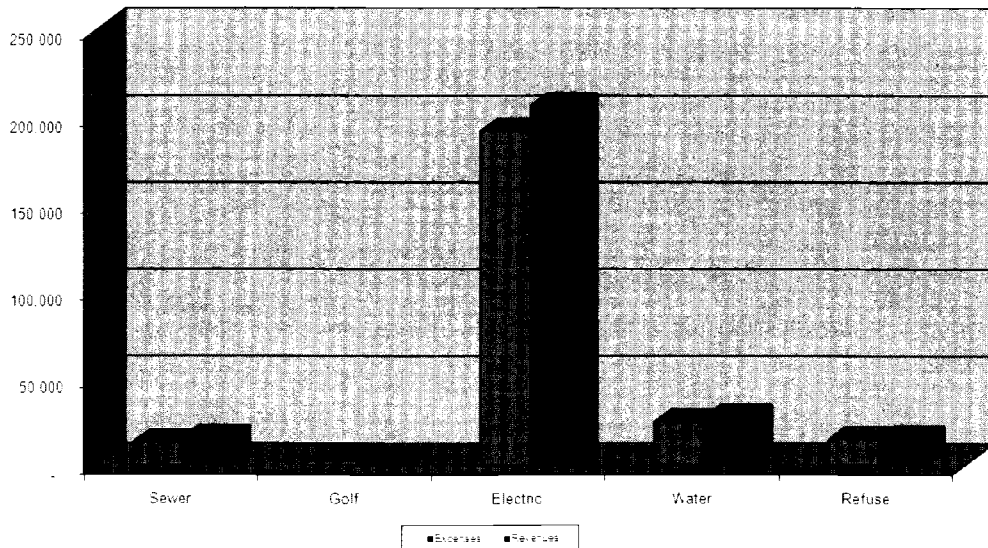
- *Rate increases were the primary factor leading to additional service charge revenue in all proprietary funds. The Electric utility fund had increased net assets of \$12,971,000; mainly due to improved expense management.*

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 \$288,071,000. Approximately 15% of fund balances (\$42,625,000) 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 or assigned 1) to liquidate contracts and purchase orders of the prior period (\$51,716,000), 2) to pay debt service (\$85,429,000), 3) Reflect amounts due from other funds that are long term in nature and thus do not represent available spendable resources (\$58,508,000), 4) to show amounts related to long-term notes (\$37,170,000), and 5) for a variety of other restricted purposes (\$12,623,000).

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 \$43,189,000, while the total fund balance was \$94,894,000. 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 30% of total General Fund expenditures of \$143,062,000, while total fund balance represents 67% of that same amount.

The fund balance of the City's General Fund increased by \$8,329,000 during the current fiscal year. Key factors of this increase are as follows:

- Sales tax was \$1,615,000 higher due new retail businesses opening in the City.

Significant budget variances in the General fund, from original budget to final, included a \$442,000 increase in the police, \$263,000 for the fire department budget and \$408,000 for the Community Development budget, composed of various budget entries to balance the budget, transfers in from holding accounts, and mid-year appropriation adjustments.

The Low and Moderate Income Housing (Low/Mod) fund holds all capital project housing activities. At the end of the current fiscal year, the unassigned fund balance was \$0, while total fund balance was \$48,333,000. The unassigned fund balance represents 0% of total Low/Mod fund expenditures of \$4,388,000. The fund balance of the Low/Mod fund increased by \$10,955,000 during the current fiscal year. This increase is attributable to the extraordinary gain on the transfer of 20% of the advance receivable from the general fund.

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 \$30,171,000. This unassigned fund balance represents 0% of total General capital projects fund expenditures of \$26,935,000, while total fund balance represents 112% of that same amount. The fund balance of the General capital projects fund decreased by \$24,573,000 during the current fiscal year. This result is primarily attributable to the fact that the State Department of Finance reversed various asset transfers that were originally transferred to the Successor Agency.

City Of Burbank

Management's Discussion and Analysis

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 \$85,429,000. Total fund balance represents 1,295% of total Public Financing Authority capital projects fund expenditures of \$6,599,000. The fund balance decreased by \$2,592,000 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, 2013, the unrestricted net position of the enterprise funds totaled \$138,590,000 and total increase in unrestricted net position was \$8,196,000. 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 position was \$33,280,000, while total net position was \$82,762,000. The unrestricted net position represents 268% of total Water Reclamation and Sewer fund expenses of \$12,770,000, while total net position represents 673% of that same amount. The net position of the Water Reclamation and Sewer fund increased by \$2,806,000 during the current fiscal year. This increase is attributable to an increase in revenues of \$691,000 due to a 2% rate increase. 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 position was \$79,282,000, while total net position was \$265,046,000. The unrestricted net position represents 41% of total Electric Utility fund expenses of \$195,184,000, while total net position represents 136% of that same amount. The net position of the Electric Utility fund increased by \$12,971,000 during the current fiscal year. Revenues increased due to a 1.75% rate increase. 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 position was \$14,878,000, while total net position was \$59,005,000. The unrestricted net position represents 61% of total Water Utility fund expenses of \$24,616,000, while total net position represents 240% of that same amount. The net position of the Water Utility fund increased by \$974,000 during the current fiscal year. This increase is primarily attributable to increased revenues of \$1,042,000 caused by a 4.5% 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 position was \$14,029,000, while total net position was \$14,595,000. The unrestricted net position represents 87% of total Refuse Collection and Disposal fund expenses of \$16,159,000, while total net position represents 91% of that same amount. The net position of the Refuse Collection and Disposal fund increased by \$138,000 during the current fiscal year. This increase is attributable to an increase in revenues of \$138,000, due to a 3% rate increase. The rate increase was established to cover anticipated rising operational expenses. Operational expenses increased \$1,423,000.

City Of Burbank

Management's Discussion and Analysis

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, 2013, unrestricted net position of the internal service funds were \$44,766,000 and total decrease in net position for these funds were \$4,141,000.

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 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 \$16,311,000 when comparing actual amounts to the final budget for the current fiscal year. The largest savings came from public works expenditures of \$5,880,000.

General Fund revenue came in above estimates by \$2,107,000. Sales tax increased \$1,615,000.

City Of Burbank

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities amounts to \$1,183,255,000 (net of accumulated depreciation of \$632,850,000) as of June 30, 2013, and \$1,185,336,000 (net of accumulated depreciation of \$554,972,000) as of June 30, 2012. 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 decrease in the City's investment in capital assets from 2012 to 2013 was less than 1.0 percent before depreciation (an increase of less than 1.0% for governmental activities and business-type activities).

Governmental and business-type assets stayed flat.

The City has adopted a multi-year capital improvement program totaling over \$340 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 2012-13 included \$2,686,000 for municipal facilities, \$5,993,000 for pedestrian access and roadways and \$36,481,000 for various projects in the electric, water, wastewater, and refuse funds. The City had construction commitments of \$25,275,000 at June 30, 2013 and budgeted capital projects totaling \$47,596,000 for FY 2013.

City Of Burbank
Management's Discussion and Analysis

Table 3-The City's capital assets (net of accumulated depreciation) for June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------|--------------------------|-----------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Capital assets not being depreciated : | | | | | | |
| Land | \$ 91,998 | \$ 107,618 | 11,824 | 11,824 | 103,822 | 119,442 |
| Land held under easements | 345,277 | 345,277 | - | - | 345,277 | 345,277 |
| Construction in progress | 21,007 | 12,287 | 33,736 | 27,177 | 54,743 | 39,464 |
| Internal service fund assets | | | | | | |
| Construction in progress | 1,330 | 706 | - | - | 1,330 | 706 |
| Total capital assets not being depreciated : | 459,612 | 465,888 | 45,560 | 39,001 | 505,172 | 504,889 |
| Capital assets being depreciated : | | | | | | |
| Land improvements | 4,492 | 4,492 | 13,182 | 13,182 | 17,674 | 17,674 |
| Rights to purchased power | - | - | 1,335 | 1,335 | 1,335 | 1,335 |
| Buildings & improvements | 190,877 | 188,887 | 655,130 | 631,550 | 846,007 | 820,437 |
| Infrastructure | 296,237 | 288,734 | - | - | 296,237 | 288,734 |
| Machinery & other | 1,761 | 1,326 | 70,939 | 63,985 | 72,700 | 65,311 |
| Internal service fund assets | 76,980 | 77,389 | - | - | 76,980 | 77,389 |
| Accumulated depreciation | (294,465) | (275,973) | (338,385) | (314,460) | (632,850) | (590,433) |
| Total capital assets being depreciated, net | 275,882 | 284,855 | 402,201 | 395,592 | 678,083 | 680,447 |
| Total net capital assets | \$ 735,494 | \$ 750,743 | 447,761 | 434,593 | 1,183,255 | 1,185,336 |

Additional information on the City's capital assets can be found in notes to the basic financial statements on page 52 of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$223,646,000, including current portion of \$10,085,000. Of this amount, \$15,315,000 represents pension obligation bonds, issued to pay for police and fire unfunded accrued actuarial liability, \$54,885,000 represents tax allocation bonds issued for redevelopment projects, and \$153,446,000 represents revenue bonds issued for various business type activities. Additions to the City's bonded indebtedness were due to the Refuse fund issuing debt totaling \$6,315,000. Deductions from long-term debt include repayments of outstanding principal totaling \$17,618,000.

Table 4-The City's outstanding bonded debt for June 30, 2013 and 2012:

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|-----------|--------------------------|---------|---------|---------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Pension Obligation bonds | 15,315 | 16,175 | - | - | 15,315 | 16,175 |
| Revenue bonds | 54,885 | 58,525 | 153,446 | 160,487 | 208,331 | 219,012 |
| Total long-term debt | \$ 70,200 | \$ 74,700 | 153,446 | 160,487 | 223,646 | 235,187 |

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:

| Debt Issue | Moody's | S & P |
|--------------------------------|---------|-------|
| ▪ 1993A Golden State | | A |
| ▪ 1993A Wastewater Revenue | Aa3 | AA+* |
| ▪ 2012 Waste Disposal(taxable) | A2* | AAA+* |
| ▪ 2002 West Olive | Ba1 | BBB+* |
| ▪ 2003A Golden State | | A* |
| ▪ 2003B South San Fernando | Ba1 | BBB+* |
| ▪ 2003C City Centre | Ba1 | AA+ |
| ▪ 2004 Pension Obligation | - | - |
| ▪ 2005 Communities Facilities | - | - |
| ▪ 2007A Golden State | | A* |
| ▪ 2010A Electric Revenue | A1 | AA-* |
| ▪ 2010B Electric Revenue | A1 | AA-* |
| ▪ 2010A Water Revenue | - | AAA |
| ▪ 2010B Water Revenue | - | AA- |
| ▪ 2012A Electric Revenue | - | AA- |

* 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 2014 General Fund forecasted revenues total \$149.4M which reflects an increase of \$.2M or .1% over FY 2013. Sales tax is forecasted to decrease \$86K (0.30%) primarily due to economic conditions. Utility users tax will stay flat. Property tax is projected to stay flat.

Expenditures. The City's General Fund operating budget for FY 2013 reflects an increase of 2% in expenditures. In the FY 2012-13 budget, various positions were frozen across the city.

Economic Factors. The City's unemployment rate was 8.3% in June of 2013. This compares favorably to the County of Los Angeles' unemployment rate of 10.2%.

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 POSITION

June 30, 2013

(in thousands)

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-----------|
| Assets : | | | |
| Cash and investments (note 4) | \$ 208,075 | 107,268 | 315,343 |
| Receivables, net (note 9) | 12,677 | 22,375 | 35,052 |
| Internal balances (note 7) | 3,159 | (3,159) | - |
| Intergovernmental receivables | 910 | - | 910 |
| Inventories | 834 | 10,520 | 11,354 |
| Prepaid items and deposits (note 15) | 106 | 23,872 | 23,978 |
| Land held for resale | 526 | - | 526 |
| Regulatory assets - deferred charges | - | 1,699 | 1,699 |
| Pension/OPEB asset (notes 6, 18 and 19) | 42,702 | 11,372 | 54,074 |
| Restricted cash and investments (note 4) | 80,059 | 25,931 | 105,990 |
| Advances receivable from Burbank Successor Agency (note 7) | 53,867 | - | 53,867 |
| Developer loans receivable | 37,714 | - | 37,714 |
| Capital assets not being depreciated (note 5) | 459,612 | 45,560 | 505,172 |
| Capital assets, net of accumulated depreciation (note 5) | 275,882 | 402,201 | 678,083 |
| Total assets | 1,176,123 | 647,639 | 1,823,762 |
| Deferred Outflows of Resources : | | | |
| Deferred loss on bond refunding | - | 253 | 253 |
| Liabilities : | | | |
| Accounts payable | 12,931 | 4,084 | 17,015 |
| Accrued liabilities (note 12) | 9,564 | 14,645 | 24,209 |
| Intergovernmental payables | 22 | - | 22 |
| Unearned revenue | - | 7,189 | 7,189 |
| Deposits | 3,658 | 12,282 | 15,940 |
| Advances payable to Burbank Successor Agency (note 7) | 2,007 | - | 2,007 |
| Bond interest payable | 80 | 679 | 759 |
| Current portion of long-term liabilities (note 8) | 15,023 | 6,277 | 21,300 |
| Long-term liabilities, net of current portion (note 8) | 103,949 | 177,091 | 281,040 |
| Total liabilities | 147,234 | 222,247 | 369,481 |
| Net Position : | | | |
| Net investment in capital assets (Note 2) | 736,794 | 287,055 | 1,023,849 |
| Restricted for : | | | |
| Public safety | 1,353 | - | 1,353 |
| Environmental | 58,389 | - | 58,389 |
| Unrestricted | 232,353 | 138,590 | 370,943 |
| Total net position | \$ 1,028,889 | 425,645 | 1,454,534 |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF ACTIVITIES
For the Year ended June 30, 2013
(in thousands)

| Functions / Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities : | | | | | | | |
| General government | \$ 15,976 | 160 | 227 | - | (15,589) | - | (15,589) |
| Police | 50,557 | 3,729 | 1,616 | - | (45,212) | - | (45,212) |
| Fire | 32,743 | 3,691 | 931 | - | (28,121) | - | (28,121) |
| Public works | 51,496 | 1,354 | 2,522 | - | (47,620) | - | (47,620) |
| Community development | 46,976 | 21,399 | 13,343 | - | (12,234) | - | (12,234) |
| Parks and recreation | 18,526 | 3,467 | 401 | - | (14,658) | - | (14,658) |
| Library | 6,736 | 179 | - | - | (6,557) | - | (6,557) |
| Interest on long-term debt | 2,955 | - | - | - | (2,955) | - | (2,955) |
| Total Governmental Activities | 225,965 | 33,979 | 19,040 | - | (172,946) | - | (172,946) |
| Business-Type Activities : | | | | | | | |
| Water Reclamation and Sewer | 13,596 | 16,606 | - | - | - | 3,010 | 3,010 |
| Golf Activities | 2,460 | 1,932 | - | - | - | (528) | (528) |
| Electric Utility | 199,755 | 218,712 | 1,881 | 524 | - | 21,362 | 21,362 |
| Water Utility | 25,957 | 27,724 | - | 208 | - | 1,975 | 1,975 |
| Refuse Collection & Disposal | 16,172 | 16,365 | 17 | - | - | 210 | 210 |
| Total Business-Type Activities | 257,940 | 281,339 | 1,898 | 732 | - | 26,029 | 26,029 |
| Total | \$ 483,905 | 315,318 | 20,938 | 732 | (172,946) | 26,029 | (146,917) |
| General revenues : | | | | | | | |
| Taxes: | | | | | | | |
| Property Tax | | | | | 46,499 | - | 46,499 |
| Sales Tax | | | | | 32,967 | - | 32,967 |
| Utility Users Tax | | | | | 20,237 | - | 20,237 |
| Franchise Tax | | | | | 5,021 | - | 5,021 |
| Motor Vehicle In-lieu Tax (Intergovernmental, unrestricted) | | | | | 8,574 | - | 8,574 |
| Transient Occupancy Tax | | | | | 6,548 | - | 6,548 |
| Transient Parking Tax | | | | | 2,805 | - | 2,805 |
| Other taxes(Triple Flip) | | | | | 242 | 26 | 268 |
| Unrestricted investment earnings | | | | | 7,802 | 43 | 7,845 |
| Grants/contributions not restricted to specific programs | | | | | 407 | - | 407 |
| Other | | | | | 16,493 | 2,443 | 18,936 |
| Transfers (note 7) | | | | | 12,183 | (12,183) | - |
| Total general revenues, contributions and transfers | | | | | 159,778 | (9,671) | 150,107 |
| Change in net position | | | | | (13,168) | 16,358 | 3,190 |
| Net position, July 1, 2012 | | | | | 1,042,057 | 409,287 | 1,451,344 |
| Net position, June 30, 2013 | | | | | \$ 1,028,889 | 425,645 | 1,454,534 |

See accompanying notes to basic financial statements

City Of Burbank

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

(in thousands)

| | General | Special Revenue Low / Mod Income Housing | Debt Service Public Fin. Authority | Capital Projects General Cap. Proj. | Nonmajor Govern- mental Funds |
|--|------------|--|---|--|--|
| Assets : | | | | | |
| Pooled cash and cash investments (note 4) | \$ 56,615 | 232 | 10,458 | 27,082 | 31,838 |
| Restricted non-pooled cash and cash equivalents (note 4) | - | - | 25,154 | 5,115 | - |
| Restricted investments (note 4) | - | - | 49,790 | - | - |
| Receivables, net (note 9) | 9,965 | 37,714 | 27 | 222 | 1,906 |
| Interfund receivables (note 7) | 156 | - | - | - | 52 |
| Intergovernmental receivables | 700 | - | - | 140 | 70 |
| Inventories | 90 | - | - | - | 250 |
| Prepaid items and deposits (note 15) | 63 | - | - | 30 | 1 |
| Land held for resale | - | 526 | - | - | - |
| Advances receivable-general city (note 7) | 3,507 | - | - | - | - |
| Advances receivable-successor agency (note 7) | 42,550 | 10,637 | - | 680 | - |
| Total assets | \$ 113,646 | 49,109 | 85,429 | 33,269 | 34,117 |
| Liabilities : | | | | | |
| Accounts payable | \$ 3,219 | 776 | - | 2,296 | 4,313 |
| Accrued liabilities (note 12) | 9,564 | - | - | - | - |
| Interfund payable (note 7) | 1 | - | - | - | 218 |
| Intergovernmental payables | 22 | - | - | - | - |
| Deposits | 3,441 | - | - | - | 19 |
| Advances payable-general city (note 7) | - | - | - | - | 323 |
| Advances payable-successor agency (note 7) | 1,327 | - | - | 680 | - |
| Total liabilities | 17,574 | 776 | - | 2,976 | 4,873 |
| Deferred inflows of resources : | | | | | |
| Unavailable revenues | 1,178 | - | - | 122 | - |
| Fund balances : | | | | | |
| Nonspendable: | | | | | |
| Advances | 46,057 | 10,637 | - | 680 | - |
| Land held for resale | - | 526 | - | - | - |
| Inventories | 90 | - | - | - | 250 |
| Change and imprest | 174 | - | - | - | - |
| Prepaid items | 63 | - | - | 30 | 1 |
| Restricted : | | | | | |
| Transportation | - | - | - | - | 5,852 |
| Federal and state grants | - | - | - | - | 2,159 |
| Public safety | 105 | - | - | - | 1,353 |
| Debt service | - | - | 85,429 | - | - |
| Redevelopment | - | 37,170 | - | - | - |
| Capital projects | 14 | - | - | - | 3,140 |
| Committed : | | | | | |
| Transportation | - | - | - | - | 17,053 |
| Assigned (continuing appropriations) | 5,202 | - | - | 29,461 | - |
| Unassigned | 43,189 | - | - | - | (564) |
| Total fund balances (deficits) | 94,894 | 48,333 | 85,429 | 30,171 | 29,244 |
| Total liabilities, deferred inflow of resources and fund balances | \$ 113,646 | 49,109 | 85,429 | 33,269 | 34,117 |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013
(in thousands)

| | Total Govern- mental Funds |
|---|---|
| Assets : | |
| Pooled cash and cash investments (note 4) | \$ 126,225 |
| Restricted non-pooled cash | |
| and cash equivalents (note 4) | 30,269 |
| Restricted investments (note 4) | 49,790 |
| Receivables, net (note 9) | 49,834 |
| Interfund receivables (note 7) | 208 |
| Intergovernmental receivables | 910 |
| Inventories | 340 |
| Prepaid items and deposits (note 15) | 94 |
| Land held for resale | 526 |
| Advances receivable-general city (note 7) | 3,507 |
| Advances receivable-successor agency (note 7) | 53,867 |
| Total assets | \$ 315,570 |
| Liabilities : | |
| Accounts payable | 10,604 |
| Accrued liabilities (note 12) | 9,564 |
| Interfund payable (note 7) | 219 |
| Intergovernmental payables | 22 |
| Deposits | 3,460 |
| Advances payable-general city (note 7) | 323 |
| Advances payable-successor agency (note 7) | 2,007 |
| Total liabilities | 26,199 |
| Deferred inflows of resources: | |
| Unavailabe revenues | \$ 1,300 |
| Fund balances : | |
| Nonspendable: | |
| Interfund advances | 57,374 |
| Land held for resale | 526 |
| Inventories | 340 |
| Change and imprest | 174 |
| Prepaid items | 94 |
| Restricted : | |
| Transportation | 5,852 |
| Federal and state grants | 2,159 |
| Public safety | 1,458 |
| Debt service | 85,429 |
| Redevelopment | 37,170 |
| Capital projects | 3,154 |
| Committed: | |
| Transportation | 17,053 |
| Assigned | 34,663 |
| Unassigned | 42,625 |
| Total fund balances (deficits) | 288,071 |
| Total liabilities and fund balances | \$ 315,570 |

See accompanying notes to basic financial statements

City Of Burbank

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2013

(in thousands)

| | |
|---|----------------------------|
| Fund balances of governmental funds | \$ 288,071 |
| Amounts reported for governmental activities in the statement of net position are different because : | |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. | 735,494 |
| Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. | (83,364) |
| 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. | (80) |
| Other Post-employment benefits 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 position, an asset is recognized. | 42,702 |
| Unavailable revenue is recognized on the governmental funds balance sheet for certain notes, which do not meet the criteria for availability, and are thus reported as deferred inflows of resources under modified accrual. This criteria is not applicable on the statement of net position. | 1,300 |
| 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 position. Net position, less capital assets and long-term liabilities disclosed above, are shown here. | <u>44,766</u> |
| Net position of governmental activities | <u><u>\$ 1,028,889</u></u> |

See accompanying notes to basic financial statements

City Of Burbank

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Special Revenue | Debt Service | Capital Projects | Nonmajor Govern- mental Funds |
|----------------------------------|--------------------------------|--------------------------|-----------------------|--|
| | Low / Mod Income Housing | Public Fin. Authority | General Cap. Proj. | |
| Revenues : | General | | | |
| Taxes | \$ 109,030 | - | - | 4,202 |
| Licenses & permits | 4,373 | - | - | - |
| Fines, forfeitures and penalties | 2,308 | - | - | - |
| Use of money or property | 871 | 24 | 4,007 | 106 |
| Intergovernmental | 10,550 | - | - | 407 |
| Charges for services | 10,363 | 4,682 | - | - |
| Other revenues | 15,620 | - | - | - |
| Total revenues | 153,115 | 4,706 | 4,007 | 513 |
| 44,802 | | | | |
| Expenditures : | | | | |
| General government : | | | | |
| City council | 343 | - | - | - |
| City attorney | 1,977 | - | - | - |
| City clerk | 985 | - | - | - |
| City treasurer | 196 | - | - | - |
| City manager | 999 | - | - | - |
| Financial services | 2,175 | - | - | - |
| Management services | 2,461 | - | - | - |
| Administrative services | - | 448 | - | 792 |
| Information technology | 2,073 | - | - | - |
| Non-departmental | 10,664 | - | - | - |
| Total general government | 21,873 | 448 | - | - |
| 792 | | | | |
| Public safety : | | | | |
| Police | 48,831 | - | - | 416 |
| Fire | 30,823 | - | - | - |
| Total public safety | 79,654 | - | - | 416 |
| Environmental : | | | | |
| Community development | 6,672 | - | - | 42,768 |
| Public works | 10,937 | - | - | - |
| Total environmental | 17,609 | - | - | 42,768 |
| Culture and recreation : | | | | |
| Library | 6,142 | - | - | - |
| Parks and recreation : | | | | |
| Parks | 7,717 | - | - | - |
| Recreation | 6,910 | - | - | - |
| Special community activities | 2,297 | - | - | - |
| Total parks and recreation | 16,924 | - | - | - |
| Total culture and recreation | 23,066 | - | - | - |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013

(in thousands)

| | General | Special Revenue Low/Mod Income Housing | Debt Service Public Fin. Authority | Capital Projects General Cap. Proj. | Nonmajor Govern- mental Funds |
|--|-----------|--|---|--|--|
| Capital outlay : | | | | | |
| Street improvements | - | - | - | - | 6,446 |
| General capital improvements | - | 3,940 | - | 26,935 | 902 |
| Total capital outlay | - | 3,940 | - | 26,935 | 7,348 |
| Debt service : | | | | | |
| Principal retirement | 860 | - | 3,640 | - | - |
| Interest and finance charges | - | - | 2,959 | - | - |
| Total debt service | 860 | - | 6,599 | - | - |
| Total expenditures | 143,062 | 4,388 | 6,599 | 26,935 | 51,324 |
| Excess (deficiency) of revenues over expenditures | 10,053 | 318 | (2,592) | (26,422) | (6,522) |
| Other financing sources (uses) : | | | | | |
| Transfers in (note 7) | 10,821 | - | - | 4,755 | 4,508 |
| Transfers out (note 7) | (1,908) | - | - | (2,906) | (637) |
| Total other financing sources (uses) | 8,913 | - | - | 1,849 | 3,871 |
| Income (Loss) before Extraordinary Item | 18,966 | 318 | (2,592) | (24,573) | (2,651) |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | (10,637) | 10,637 | - | - | - |
| Net change in fund balances | 8,329 | 10,955 | (2,592) | (24,573) | (2,651) |
| Fund balances (deficits), July 1, 2012 | 86,565 | 37,378 | 88,021 | 54,744 | 31,895 |
| Fund balances (deficits), June 30, 2013 | \$ 94,894 | 48,333 | 85,429 | 30,171 | 29,244 |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Total Govern- mental Funds |
|----------------------------------|---|
| Revenues : | |
| Taxes | 113,232 |
| Licenses & permits | 4,373 |
| Fines, forfeitures and penalties | 2,308 |
| Use of money or property | 5,625 |
| Intergovernmental | 27,617 |
| Charges for services | 38,368 |
| Other revenues | 15,620 |
| Total revenues | <u>207,143</u> |
| Expenditures : | |
| General government : | |
| City council | 343 |
| City attorney | 1,977 |
| City clerk | 985 |
| City treasurer | 196 |
| City manager | 999 |
| Financial services | 2,175 |
| Management services | 2,461 |
| Administrative services | 1,240 |
| Information technology | 2,073 |
| Non-departmental | 10,664 |
| Total general government | <u>23,113</u> |
| Public safety : | |
| Police | 49,247 |
| Fire | 30,823 |
| Total public safety | <u>80,070</u> |
| Environmental : | |
| Community development | 49,440 |
| Public works | 10,937 |
| Total environmental | <u>60,377</u> |
| Culture and recreation : | |
| Library | 6,142 |
| Parks and recreation : | |
| Parks | 7,717 |
| Recreation | 6,910 |
| Special community activities | 2,297 |
| Total parks and recreation | <u>16,924</u> |
| Total culture and recreation | <u>23,066</u> |

See accompanying notes to basic financial statements

(continued)

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year ended June 30, 2013

(in thousands)

| | Total Govern- mental Funds |
|--|---|
| Capital outlay : | |
| Street improvements | 6,446 |
| General capital improvements | 31,777 |
| Total capital outlay | 38,223 |
| Debt service : | |
| Principal retirement | 4,500 |
| Interest and finance charges | 2,959 |
| Total debt service | 7,459 |
| Total expenditures | 232,308 |
| Excess (deficiency) of revenues over expenditures | (25,165) |
| Other financing sources (uses) : | |
| Transfers in (note 7) | 20,084 |
| Transfers out (note 7) | (5,451) |
| Total other financing sources (uses) | 14,633 |
| Income (Loss) before Extraordinary Item | (10,532) |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | - |
| Net change in fund balances | (10,532) |
| Fund balances (deficits), July 1, 2012 | 298,603 |
| Fund balances (deficits), June 30, 2013 | 288,071 |

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

For the Year ended June 30, 2013

(in thousands)

| | |
|--|--------------------|
| Net change in fund balances - total governmental funds | (10,532) |
| Amounts reported for governmental activities in the statement of net 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 transfers to Successor Agency (\$14,320), and depreciation (\$21,358) exceeded capital outlay (\$25,503) in the current period. | (10,175) |
| The issuance of long-term debt such as bonds provides current financial resources to governmental funds, while the repayment of the principal (\$4,500)of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net position. 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. In addition, compensated absences expenses (\$587)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. These amounts are the net effect of these differences in the treatment of long-term debt and related items. | 5,087 |
| 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. | 4 |
| Net Pension asset and Other Post Employment Benefits (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. | 8,253 |
| Some revenues reported in the Statement of Activities do not increase current financial resources in the fund financial statements and therefore are not reported as revenues in governmental funds. | (1,664) |
| 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. | (4,141) |
| Change in net position of governmental activities | <u>\$ (13,168)</u> |

City Of Burbank

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL GENERAL FUND For the Year ended June 30, 2013

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|----------------------------------|--------------------|-----------------|----------------|-------------------------------|
| | | | | Positive (Negative) |
| Revenues : | | | | |
| Taxes | \$ 92,970 | 92,989 | 109,030 | 16,041 |
| Licenses & permits | 3,825 | 3,825 | 4,373 | 548 |
| Fines, forfeitures and penalties | 2,501 | 2,449 | 2,308 | (141) |
| Use of money or property | 1,568 | 1,694 | 871 | (823) |
| Intergovernmental | 9,671 | 9,619 | 10,550 | 931 |
| Charges for services | 24,916 | 24,812 | 10,363 | (14,449) |
| Other revenues | - | - | 15,620 | 15,620 |
| Total revenues | <u>135,451</u> | <u>135,388</u> | <u>153,115</u> | <u>17,727</u> |
| Expenditures : | | | | |
| General government : | | | | |
| City council | 566 | 565 | 343 | 222 |
| City attorney | 3,556 | 3,557 | 1,977 | 1,580 |
| City clerk | 1,143 | 1,233 | 985 | 248 |
| City treasurer | 718 | 717 | 196 | 521 |
| City manager | 1,846 | 1,886 | 999 | 887 |
| Financial services | 4,360 | 4,360 | 2,175 | 2,185 |
| Management services | 5,675 | 5,751 | 2,461 | 3,290 |
| Information technology | 4,597 | 4,596 | 2,073 | 2,523 |
| Non-departmental | 4,017 | 4,086 | 10,664 | (6,578) |
| Total general government | <u>26,478</u> | <u>26,751</u> | <u>21,873</u> | <u>4,878</u> |
| Public safety : | | | | |
| Police | 51,143 | 51,585 | 48,831 | 2,754 |
| Fire | 29,548 | 29,811 | 30,823 | (1,012) |
| Total public safety | <u>80,691</u> | <u>81,396</u> | <u>79,654</u> | <u>1,742</u> |
| Environmental : | | | | |
| Community development | 8,333 | 8,741 | 6,672 | 2,069 |
| Public works | 16,817 | 16,817 | 10,937 | 5,880 |
| Total environmental | <u>25,150</u> | <u>25,558</u> | <u>17,609</u> | <u>7,949</u> |
| Culture and recreation : | | | | |
| Library | 6,411 | 6,437 | 6,142 | 295 |
| Parks | 8,227 | 8,284 | 7,717 | 567 |
| Recreation | 7,468 | 7,527 | 6,910 | 617 |
| Special community activities | 2,510 | 2,560 | 2,297 | 263 |
| Total culture and recreation | <u>24,616</u> | <u>24,808</u> | <u>23,066</u> | <u>1,742</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

For the Year ended June 30, 2013

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|--------------------------|--------------------------|---|
| Debt service : | | | | |
| Principal retirement | 860 | 860 | 860 | - |
| Total debt service | <u>860</u> | <u>860</u> | <u>860</u> | <u>-</u> |
| Total expenditures | <u>157,795</u> | <u>159,373</u> | <u>143,062</u> | <u>16,311</u> |
| Excess (deficiency) of revenues over expenditures | <u>(22,344)</u> | <u>(23,985)</u> | <u>10,053</u> | <u>34,038</u> |
| Other financing sources (uses) : | | | | |
| Transfers in | 12,651 | 12,651 | 10,821 | (1,830) |
| Transfers out | (728) | (1,908) | (1,908) | - |
| Total other financing sources (uses) | <u>11,923</u> | <u>10,743</u> | <u>8,913</u> | <u>(1,830)</u> |
| Income (Loss) before Extraordinary Item | <u>(10,421)</u> | <u>(13,242)</u> | <u>18,966</u> | <u>32,208</u> |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | <u>-</u> | <u>-</u> | <u>(10,637)</u> | <u>(10,637)</u> |
| Net change in fund balances (deficits) | <u>(10,421)</u> | <u>(13,242)</u> | <u>8,329</u> | <u>21,571</u> |
| Fund balance, July 1, 2012 | <u>86,565</u> | <u>86,565</u> | <u>86,565</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u><u>\$ 76,144</u></u> | <u><u>73,323</u></u> | <u><u>94,894</u></u> | <u><u>21,571</u></u> |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOW/MODERATE INCOME HOUSING SPECIAL REVENUE

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | 134 | 134 | 24 | (110) |
| Charges for services | - | - | 4,682 | 4,682 |
| Total revenues | <u>134</u> | <u>134</u> | <u>4,706</u> | <u>4,572</u> |
| Expenditures : | | | | |
| Administrative services | 918 | 918 | 448 | 470 |
| General capital improvements | 6,392 | 6,392 | 3,940 | 2,452 |
| Total expenditures | <u>7,310</u> | <u>7,310</u> | <u>4,388</u> | <u>2,922</u> |
| Excess (deficiency) of revenues over expenditures | <u>(7,176)</u> | <u>(7,176)</u> | <u>318</u> | <u>7,494</u> |
| Other financing sources : | | | | |
| Transfers in | 4,038 | 4,038 | - | (4,038) |
| Total other financing sources | <u>4,038</u> | <u>4,038</u> | <u>-</u> | <u>(4,038)</u> |
| Income (Loss) before Extraordinary Item | (3,138) | (3,138) | 318 | 3,456 |
| Extraordinary gain/(loss) on transfer of 20% advance receivable to Low-Mod fund | - | - | 10,637 | 10,637 |
| Net change in fund balance | <u>(3,138)</u> | <u>(3,138)</u> | <u>10,955</u> | <u>14,093</u> |
| Fund balance, July 1, 2012 | <u>37,378</u> | <u>37,378</u> | <u>37,378</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 34,240</u> | <u>34,240</u> | <u>48,333</u> | <u>14,093</u> |

See accompanying independent auditors' report.

City Of Burbank
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013
(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) | \$ 30,319 | 51,664 | 15,416 | 9,587 | 282 | 107,268 | 81,850 |
| Accounts receivable (note 9) | 1,759 | 15,062 | 3,193 | 1,989 | 52 | 22,055 | 338 |
| Interest receivable (note 9) | 82 | 138 | 19 | 80 | 1 | 320 | 219 |
| Interfund receivable (note 7) | - | - | - | - | - | - | 11 |
| Inventories | - | 8,810 | 1,710 | - | - | 10,520 | 494 |
| Prepaid expenses (note 15) | 2 | 23,848 | 12 | - | 10 | 23,872 | 12 |
| Restricted pooled cash and investments (note 4) | - | - | - | 19,584 | - | 19,584 | - |
| Restricted non-pooled investments (note 4) | 1,494 | 4,703 | 150 | - | - | 6,347 | - |
| Total current assets | 33,656 | 104,225 | 20,500 | 31,240 | 345 | 189,966 | 82,924 |
| Non-current assets : | | | | | | | |
| Regulatory assets - deferred charges | - | 1,248 | 451 | - | - | 1,699 | - |
| Advances receivable (note 7) | 2 | 17 | 3 | 3 | - | 25 | - |
| Pension/OPEB Asset (note 19) | 194 | 9,596 | 940 | 642 | - | 11,372 | - |
| Total other non-current assets | 196 | 10,861 | 1,394 | 645 | - | 13,096 | - |
| Capital assets (note 5) : | | | | | | | |
| Land | 5,316 | 2,734 | 309 | 3,454 | 11 | 11,824 | - |
| Land improvements | 6,096 | - | - | 6,050 | 1,036 | 13,182 | - |
| Rights to purchased power | - | 1,335 | - | - | - | 1,335 | - |
| Buildings and improvements | 115,833 | 405,125 | 118,715 | 6,507 | 8,949 | 655,129 | 13,546 |
| Machinery and equipment | 2,366 | 50,789 | 5,194 | 12,199 | 391 | 70,939 | 63,468 |
| Construction in progress | 414 | 19,931 | 13,296 | 49 | 46 | 33,736 | 1,297 |
| Less accumulated depreciation | (66,024) | (197,619) | (50,156) | (21,268) | (3,317) | (338,384) | (49,347) |
| Total capital assets, net of accumulated depreciation | 64,001 | 282,295 | 87,358 | 6,991 | 7,116 | 447,761 | 28,964 |
| Total non-current assets | 64,197 | 293,156 | 88,752 | 7,636 | 7,116 | 460,857 | 28,964 |
| Total assets | 97,853 | 397,381 | 109,252 | 38,876 | 7,461 | 650,823 | 111,888 |
| Deferred outflows of resources: | | | | | | | |
| Deferred loss on bond refunding | 253 | - | - | - | - | 253 | - |

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013
(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 |
| Liabilities : | | | | | | | |
| Current liabilities : | | | | | | | |
| Accounts payable | 102 | 2,268 | 1,519 | 190 | 5 | 4,084 | 2,327 |
| Accrued expenses (note 12) | 474 | 10,871 | 2,940 | 325 | 35 | 14,645 | - |
| Compensated absences payable (note 8) | 4 | 407 | 30 | 54 | - | 495 | 42 |
| Unearned revenue | - | 7,189 | - | - | - | 7,189 | - |
| Customer deposits | 83 | 10,122 | 1,568 | 509 | - | 12,282 | 198 |
| Bond interest payable | 53 | 441 | 156 | 29 | - | 679 | - |
| Current portion of revenue bonds (note 8) | 780 | 3,450 | 470 | 575 | - | 5,275 | - |
| Current portion of loan payable (note 8) | - | - | 507 | - | - | 507 | - |
| Outstanding claims self insurance (note 16) | - | - | - | - | - | - | 8,763 |
| Total current liabilities | 1,496 | 34,748 | 7,190 | 1,682 | 40 | 45,156 | 11,330 |
| Long-term liabilities (net of current portion) (note 8) : | | | | | | | |
| Revenue bonds | 13,739 | 93,081 | 35,501 | 5,850 | - | 148,171 | - |
| Landfill closure & post closure (note 8) | - | - | - | 16,193 | - | 16,193 | - |
| Loan payable (note 8) | - | - | 6,753 | - | - | 6,753 | - |
| Compensated absences (note 8) | 109 | 4,506 | 803 | 556 | - | 5,974 | 206 |
| Outstanding claims - self insurance (note 16) | - | - | - | - | - | - | 26,597 |
| Advances payable (note 7) | - | - | - | - | 3,184 | 3,184 | 25 |
| Total long-term liabilities (net of current portion) | 13,848 | 97,587 | 43,057 | 22,599 | 3,184 | 180,275 | 26,828 |
| Total liabilities | 15,344 | 132,335 | 50,247 | 24,281 | 3,224 | 225,431 | 38,158 |
| Deferred inflows of resources : | - | - | - | - | - | - | - |
| Net position : | | | | | | | |
| Net investment in capital assets | 49,482 | 185,764 | 44,127 | 566 | 7,116 | 287,055 | 28,964 |
| Unrestricted (deficit) | 33,280 | 79,282 | 14,878 | 14,029 | (2,879) | 138,590 | 44,766 |
| Total net position | \$ 82,762 | 265,046 | 59,005 | 14,595 | 4,237 | 425,645 | 73,730 |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year ended June 30, 2013
(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 | \$ - | 212,123 | 26,727 | - | - | 238,850 | - |
| Charges for services | 16,606 | 6,589 | 997 | 16,365 | 1,932 | 42,489 | 30,683 |
| Total operating revenues | <u>16,606</u> | <u>218,712</u> | <u>27,724</u> | <u>16,365</u> | <u>1,932</u> | <u>281,339</u> | <u>30,683</u> |
| Operating expenses : | | | | | | | |
| Operations and maintenance | 6,429 | 33,406 | 230 | 8,811 | 1,863 | 50,739 | 26,890 |
| Purchased water and power | - | 144,375 | 20,823 | - | - | 165,198 | - |
| Inspection and investigation | 1,821 | - | - | - | - | 1,821 | - |
| Design and permits | 1,145 | - | - | 183 | - | 1,328 | - |
| Refuse disposal | - | - | - | 3,390 | - | 3,390 | - |
| Recycling | - | - | - | 2,549 | - | 2,549 | - |
| Depreciation | 3,375 | 17,403 | 3,563 | 1,226 | 568 | 26,135 | 6,684 |
| Total operating expenses | <u>12,770</u> | <u>195,184</u> | <u>24,616</u> | <u>16,159</u> | <u>2,431</u> | <u>251,160</u> | <u>33,574</u> |
| Operating income (loss) | <u>3,836</u> | <u>23,528</u> | <u>3,108</u> | <u>206</u> | <u>(499)</u> | <u>30,179</u> | <u>(2,891)</u> |
| Nonoperating income (expense) : | | | | | | | |
| Interest income | (187) | 927 | (150) | (544) | (3) | 43 | (731) |
| Intergovernmental | - | 1,881 | - | 17 | - | 1,898 | - |
| Other local taxes | - | - | 26 | - | - | 26 | 1,553 |
| Gain/(loss) on disposal of capital assets | - | 109 | - | 218 | - | 327 | 110 |
| Interest expense | (826) | (4,680) | (1,341) | (231) | (29) | (7,107) | - |
| Other income/(expense) - net | 16 | 1,547 | 375 | 505 | - | 2,443 | 268 |
| Total nonoperating income (expense) | <u>(997)</u> | <u>(216)</u> | <u>(1,090)</u> | <u>(35)</u> | <u>(32)</u> | <u>(2,370)</u> | <u>1,200</u> |
| Income (loss) before capital contributions and transfers | 2,839 | 23,312 | 2,018 | 171 | (531) | 27,809 | (1,691) |
| Transfers in (note 7) | - | 40 | - | - | - | 40 | 180 |
| Capital contributions | - | 524 | 208 | - | - | 732 | - |
| Transfers out (note 7) | (33) | (10,905) | (1,252) | (33) | - | (12,223) | (2,630) |
| Change in net position | 2,806 | 12,971 | 974 | 138 | (531) | 16,358 | (4,141) |
| Net position, July 1, 2012 | 79,956 | 252,075 | 58,031 | 14,457 | 4,768 | 409,287 | 77,871 |
| Net position, June 30, 2013 | <u>\$ 82,762</u> | <u>265,046</u> | <u>59,005</u> | <u>14,595</u> | <u>4,237</u> | <u>425,645</u> | <u>73,730</u> |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Year ended June 30, 2013
(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 | \$ 16,108 | 212,133 | 26,878 | 17,720 | 1,919 | 274,758 | 30,727 |
| Cash paid to suppliers | (7,900) | (155,089) | (14,795) | (10,734) | (1,924) | (190,442) | (22,771) |
| Cash paid to employees | (1,245) | (18,758) | (5,024) | (4,800) | - | (29,827) | (2,283) |
| Net cash provided by (used in) operating activities | <u>6,963</u> | <u>38,286</u> | <u>7,059</u> | <u>2,186</u> | <u>(5)</u> | <u>54,489</u> | <u>5,673</u> |
| Cash flows from noncapital financing activities : | | | | | | | |
| Proceeds from City of Burbank | - | - | - | - | 30 | 30 | - |
| Proceeds from other governmental agencies | - | 1,881 | - | 17 | - | - | - |
| Proceeds from other funds | - | - | - | - | - | - | 1,766 |
| Other income (expense) | 16 | 1,547 | 401 | 505 | - | 2,469 | - |
| Transfers from other funds | - | 40 | - | - | - | 40 | 180 |
| Transfers to other funds | (33) | (10,905) | (1,252) | (33) | - | (12,223) | (2,630) |
| Net cash provided by (used in) noncapital financing activities | <u>(17)</u> | <u>(7,437)</u> | <u>(851)</u> | <u>489</u> | <u>30</u> | <u>(9,684)</u> | <u>(684)</u> |
| Cash flows from capital and related financing activities : | | | | | | | |
| Contributed capital | - | 524 | 208 | - | - | 732 | - |
| Proceeds from sales of capital assets | - | - | - | 218 | - | 218 | 110 |
| Acquisition and construction of assets | (1,215) | (25,697) | (11,985) | (369) | 5 | (39,261) | (2,908) |
| Principal payments - bonds | (740) | (3,460) | (490) | (8,240) | - | (12,930) | - |
| Principal payments - loan payable | - | - | (650) | - | - | (650) | - |
| Proceeds from debt issuance | - | - | 6,949 | 6,315 | - | 13,264 | - |
| Interest paid | (830) | (4,584) | (1,514) | (635) | (29) | (7,592) | - |
| Net cash used in capital and related financing activities | <u>(2,785)</u> | <u>(33,217)</u> | <u>(7,482)</u> | <u>(2,711)</u> | <u>(24)</u> | <u>(46,219)</u> | <u>(2,798)</u> |
| Cash flows from investing activities : | | | | | | | |
| Interest received | 108 | 1,301 | 117 | 80 | - | 1,606 | 755 |
| Purchases of restricted investments | (35) | - | - | - | - | - | - |
| Sales of restricted investments | - | 587 | 3 | 1,360 | - | 1,950 | - |
| Net cash provided by investing activities | <u>73</u> | <u>1,888</u> | <u>120</u> | <u>1,440</u> | <u>-</u> | <u>3,556</u> | <u>755</u> |
| Net increase (decrease) in cash and cash equivalents | <u>4,234</u> | <u>(480)</u> | <u>(1,154)</u> | <u>1,404</u> | <u>1</u> | <u>2,142</u> | <u>2,946</u> |
| Cash and cash equivalents, July 1, 2012 | 26,085 | 52,144 | 16,570 | 27,767 | 281 | 122,847 | 78,904 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 30,319</u> | <u>51,664</u> | <u>15,416</u> | <u>29,171</u> | <u>282</u> | <u>126,852</u> | <u>81,850</u> |

See accompanying notes to basic financial statements

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
ALL PROPRIETARY FUND TYPES
For the Year ended June 30, 2013
(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) | \$ 3,836 | 23,528 | 3,108 | 206 | (499) | 30,179 | (2,891) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities : | | | | | | | |
| Depreciation | 3,375 | 17,403 | 3,563 | 1,226 | 568 | 26,135 | 6,684 |
| GASB 31 market value adjustment | (296) | (375) | (106) | (247) | (3) | (1,027) | (1,455) |
| Gain/(loss) on sale of fixed assets | - | 109 | - | - | - | - | - |
| (Increase) decrease in accounts receivable | (498) | 10 | 151 | (433) | (13) | (783) | 44 |
| (Increase) decrease in due to/from City of Burbank | - | 3 | - | - | - | 3 | - |
| (Increase) decrease in advances receivable | 48 | 445 | 70 | 43 | - | 606 | - |
| (Increase) decrease in inventories | - | (3,412) | 24 | - | - | (3,388) | 63 |
| (Increase) decrease in prepaid items | (97) | (2,430) | (521) | (362) | - | (3,410) | 18 |
| (Increase) decrease in deferred bond issuance cost | 455 | (871) | (108) | 1,020 | - | 496 | - |
| Increase in outstanding claims payable | - | - | - | - | - | - | 2,608 |
| Increase (decrease) in accrued expense | 212 | 2,763 | 455 | 145 | (58) | 3,517 | 530 |
| Increase (decrease) in compensated absences | (52) | 77 | 131 | 2 | - | 158 | (43) |
| Increase (decrease) in deferred revenue | - | 1,691 | - | - | - | - | (24) |
| Increase (decrease) in interfund payable | - | (1) | - | - | - | - | 139 |
| Increase (decrease) in accrued payroll | - | - | - | - | - | - | - |
| Increase (decrease) in customer deposits | (20) | (654) | 292 | 44 | - | (338) | - |
| Increase in landfill closure and postclosure liabilities | - | - | - | 542 | - | 542 | - |
| Total adjustments | 3,127 | 14,758 | 3,951 | 1,980 | 494 | 22,511 | 8,564 |
| Net cash provided by (used in) operating activities | \$ 6,963 | 38,286 | 7,059 | 2,186 | (5) | 54,489 | 5,673 |
| Noncash investing, capital, and financing activities : | | | | | | | |
| Increase (decrease) in fair value of investments | \$ (296) | (375) | (106) | (247) | (3) | (1,027) | (1,455) |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013
(in thousands)

| | Private - Purpose Trust Fund |
|--|---|
| | Successor Agency |
| Assets : | |
| Pooled cash and investments (note 4) | 17,510 |
| Restricted non-pooled cash and cash equivalents (note 4) | 19,399 |
| Accounts receivable (note 9) | 23 |
| Land Held for Resale | 1,300 |
| Receivables from the City of Burbank (note 7) | 2,007 |
| Capital assets | 14,320 |
| Total assets | 54,559 |
| Liabilities : | |
| Accounts payable | 89 |
| Accrued expenses (note 12) | 2,254 |
| Current portion of long term liabilities (note 8) | 6,445 |
| Long term liabilities, net of current portion (note 8) | 139,584 |
| Payable to the City of Burbank (note 7) | 53,867 |
| Total liabilities | 202,239 |
| Net position (deficit): | |
| Unrestricted (deficit) | (147,680) |
| Total net position (deficit) | (147,680) |

See accompanying notes to basic financial statements

City Of Burbank
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Private - Purpose Trust Fund Successor Agency |
|--|--|
| ADDITIONS : | |
| Receipts from City | 22,928 |
| Use of money or property | 1,706 |
| Intergovernmental | 76 |
| Other | 12,775 |
| Total additions | 37,485 |
| DEDUCTIONS : | |
| Administrative expenses | 34,277 |
| Interest expense (note 8) | 8,828 |
| Total deductions | 43,105 |
| Change in net position | (5,620) |
| Net position, July 1, 2012 as restated | (142,060) |
| Net position, June 30, 2013 | (147,680) |

See accompanying notes to basic financial statements

City of Burbank

For the Year Ended June 30, 2013

(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), 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 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, 2013, 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.

City of Burbank
For the Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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. 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. The Housing Authority has become the Successor Housing Agency administrator of the Low and Moderate Income Housing fund.

B - Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. All fiduciary activities are reported only in the fund financial 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.

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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 Special Revenue Fund - This fund is funded through the Housing Authority program income which is reinvested into the affordable housing program.

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

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 types:

Fiduciary Funds - The private purpose trust fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable

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.

C - Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary 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, 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., charges for services, intergovernmental revenue, 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, OPEB, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes when levied, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the City.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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.

City of Burbank

Year Ended June 30, 2012

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

The City's electric and water utility funds are subject to the provisions of GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB No. 62 addresses accounting rules for regulated operations. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated companies. Accordingly, the electric and water utility funds records these future economic benefits and obligations as regulatory assets or regulatory liabilities, respectively.

Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

In order for a rate-regulated entity to continue to apply the provisions of GASB No. 62, it must meet the following three criteria; (i) the enterprise's rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to establish rates that bind customers; (ii) the regulated rates must be designed to recover the specific enterprise's costs of providing the regulated services; and (iii) in view of the demand for the regulated services and the level of competition, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers.

Based upon the City's evaluation of the three criteria discussed above in relation to its operations, and the effect of competition on its ability to recover its costs, the City believes that GASB No. 62 continues to apply.

The City regularly assesses whether regulatory assets and liabilities are probable of recovery or refund. If recovery or refund is not approved by the City Council, which sets rates charged to customers, or if it becomes no longer probable that these amounts will be realized or refunded, they would need to be written-off and recognized in the current period results of operations.

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 using the consumption method.

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 reported as nonspendable 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.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 |

Capital outlay purchases are recorded as expenditures on the governmental fund level financial statements.

G - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick, universal and in-lieu leave 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 and City Manager. The maximum accumulation of in-lieu time is between 200 to 300 hours, depending upon the employee's bargaining unit. There is no limitation as to the number of sick leave hours accumulated.

Executives, unrepresented managers and Burbank Management Association (BMA) employees do not earn vacation or sick leave. The instead receive universal leave which has an accrual cap of 1040 hours. Universal leave is reported as part of the compensated absences accrual.

Employees are paid 100% of their accumulated vacation, universal and in-lieu time when they terminate for any reason. Accumulated sick leave is only paid out under one of the following conditions (a) at retirement or death, provided the employee has been employed by the City for over five years and is over 50 years of age; (b) at time of layoff. Accumulated sick leave is paid at 50% of the total value, except for Burbank Police Officers Association (BPOA) and Burbank Fire Fighters (BFF) employees in which sick leave is paid at 60% of the total value.

All vacation, universal, in-lieu and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in government funds only if they employees have separated from the City.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

H - Net Position and Fund Equity

The governmental funds report nonspendable, restricted, committed, assigned and unassigned 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. Council must have at least a 3 to 2 vote to pass a resolution for the specific purpose. Assigned fund balances comprise amounts intended to be used by the City for specific purposes as determined by the Council such as PERS retirement set-aside funds, prior years carryovers and various capital projects. 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.

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted and unrestricted. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments including enabling legislation).

I - 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 position-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.

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

J - Receivables

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.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due. Estimated allowances for uncollectible accounts for enterprise fund customer accounts receivables are adjusted to the 91 days and over receivables balances.

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.

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, 2013. 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

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.

K - Interfund Advances

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 workers 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.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

N - Pronouncement Issued but Not yet Accepted

GASB issued pronouncements prior to June 30, 2013 that have an effective date that may impact future financial presentation. Management has not currently determined whether any impact on the implementation of the following statements may have on the financial statements of the City:

- Governmental Accounting Standards Board Statement No. 66 - *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62, effective for the City fiscal year 2013-2014.*

- Governmental Accounting Standards Board Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the City fiscal year 2014-2015.*

- Governmental Accounting Standards Board Statement No. 69 - *Government Combinations and Disposals of Government Operations, effective for the City fiscal year 2013-2014.*

- Governmental Accounting Standards Board Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the City fiscal year 2013-2014.*

O - Pronouncement Issued and Implemented for Fiscal Year 2012-13

- Governmental Accounting Standards Board Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the City fiscal year 2012-2013.*

- Governmental Accounting Standards Board Statement No. 65 - *Items Previously Reported as Assets and Liabilities, effective for the City fiscal year 2013-2014.*

P - Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item is the deferred loss on bond refunding, which is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of computation of certain items on statement of net assets

The statement of net position includes an element titled "Net investment in capital assets". The details of this computation are explained below :

Governmental funds :

| | |
|---|-------------------|
| Capital assets of internal service funds, net of accumulated depreciation | \$ 28,964 |
| Governmental assets, net of accumulated depreciation | 706,530 |
| Net investment in capital assets | <u>\$ 735,494</u> |

Proprietary funds :

| | |
|---|-------------------|
| Capital assets, net of accumulated depreciation | \$ 447,761 |
| All revenue bonds, current and long term portions | (153,446) |
| Loan payable | (7,260) |
| Net investment in capital assets | <u>\$ 287,055</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: \$1,973 Seismic Retrofit project; \$575 San Fernando Burbank Intersection project; \$540 Measure R Highway project and \$525 Johnny Park Renovation Project Redesign project.

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, budgetary schedules 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, 2013

(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 "committed" or "assigned" 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, 2013, the following fund reflected expenditures in excess of budgeted amounts : State Gas Tax fund, an excess of \$1,586. Also, the general fund had expenditures in excess of budgeted amounts in the following department: Fire Department an excess of \$1,012.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows :

| | Govern- mental | Business Type | Internal Service | Fiduciary Fund | Total |
|---|-------------------|------------------|---------------------|-------------------|-------------------|
| Pooled cash and investments | \$ 126,225 | 107,268 | 81,850 | 17,510 | \$ 332,853 |
| Restricted pooled cash and investments | - | 19,584 | - | - | 19,584 |
| Restricted non-pooled cash and cash equivalents | 30,269 | - | - | 19,399 | 49,668 |
| Restricted investments | 49,790 | 6,347 | - | - | 56,137 |
| Total | <u>\$ 206,284</u> | <u>133,199</u> | <u>81,850</u> | <u>36,909</u> | <u>\$ 458,242</u> |
| Cash on hand | | | | | \$ 206 |
| Demand deposits | | | | | 195 |
| Investments | | | | | 457,841 |
| Total | | | | | <u>\$ 458,242</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% | No limit |
| Corporate-medium term notes | Yes | 5 years | 30% | 5% |
| LAIF-Local Agency Invest. Fund | Yes | N/A | No limit | No limit |
| U.S. Treasury obligations | Yes | 5 years | 100% | No limit |
| 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% | No limit |
| State and Local Agency Obligations | Yes | 5 years | 15% | 5% |
| Banker's acceptances | No | N/A | N/A | N/A |
| Commercial paper | No | N/A | N/A | N/A |
| 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 investment shall be made in any security that, at the time of the investment, has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment, with the maximum allowed not to exceed 5% of the portfolio from over five years to ten year maturities.

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, 2013

(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 | No limit | No limit |
| LAIF-Local Agency Invstmt Fund | N/A | No limit | No limit |
| Money Market | N/A | No limit | No limit |
| Pledge Bonds | N/A | No limit | No limit |
| U.S. Treasury Obligations | N/A | No limit | No limit |

Disclosures Relating to Interest Rate Risk

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

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 | \$ 193,571 | 3,065 | 3,034 | 172,976 | 14,496 |
| Corporate-Medium Term Notes | 55,714 | - | 6,550 | 49,164 | - |
| Municipal Bonds | 9,653 | 5,720 | 2,024 | 1,909 | - |
| Negotiable Certificates of Deposit | 21,887 | 2,939 | 10,276 | 8,672 | - |
| LAIF-2010A Water Revenue Bond | 30 | 30 | - | - | - |
| LAIF-2010B Water Revenue Bond | 396 | 396 | - | - | - |
| LAIF-Local Agency Invst Fund | 70,786 | 70,786 | - | - | - |
| Held by bond trustee: | | | | | |
| Investment Agreements | 11,952 | - | - | - | 11,952 |
| Money Market | 19,652 | 19,652 | - | - | - |
| Pledge Bonds - City debt issue | 49,790 | - | - | - | 49,790 |
| U.S. Treasury Obligations | 24,410 | 24,410 | - | - | - |
| | <u>\$ 457,841</u> | <u>126,998</u> | <u>21,884</u> | <u>232,721</u> | <u>76,238</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 Standard and Poor's actual rating as of year end for each investment type.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(4) CASH AND INVESTMENTS, (continued)

| | Total | Minimum Legal Rating | Not Rated | |
|------------------------------------|-------------------|----------------------------|----------------|-----------------------------|
| Agency-U.S. Federal Agency | \$ 193,571 | N/A | - | |
| Corporate-Medium Term Notes | 55,714 | A | 975 | |
| Municipal Bonds | 9,653 | A | - | |
| Negotiable Certificates of Deposit | 21,887 | A | - | |
| LAIF-2010A Water Revenue Bond | 30 | N/A | 30 | |
| LAIF-2010B Water Revenue Bond | 396 | N/A | 396 | |
| LAIF-Local Agency Invstmt Fund | 70,786 | N/A | 70,786 | |
| Held by bond trustee: | | | | |
| Investment Agreements | 11,952 | A | - | |
| Money Market | 19,652 | Aaa | - | |
| Pledge bonds - City debt issue | 49,790 | N/A | 49,790 | |
| U.S. Treasury Obligations | 24,410 | N/A | - | |
| Totals | <u>\$ 457,841</u> | | <u>121,977</u> | |
| | | Rating as of year end | | Not required to be rated |
| | | Aaa | Aa | A |
| Agency-U.S. Federal Agency | \$ 193,571 | - | - | - |
| Corporate-Medium Term Notes | 2,913 | 19,470 | 32,356 | - |
| Municipal Bonds | - | 912 | 8,741 | - |
| Negotiable Certificates of Deposit | 21,887 | - | - | - |
| Held by bond trustee: | | | | |
| Investment Agreements | 3,801 | 1,424 | 6,727 | - |
| Money Market | 19,652 | - | - | - |
| Pledge bonds | - | - | - | - |
| U.S. Treasury Obligations | - | - | - | 24,410 |
| Totals | <u>\$ 241,824</u> | <u>21,806</u> | <u>47,824</u> | <u>24,410</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 - \$47,227
 FHLMC Debentures - U.S. Federal Agency - \$28,563
 FNMA - U.S. Federal Agency - \$74,155
 Federal Farm Credit Bank - \$40,700

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The amount of deposits covered by FDIC insurance is \$22,400; the amount not covered is \$19,652 (which is held by bond trustee).

City of Burbank
Year Ended June 30, 2013

(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. The City's investments are in the name of Wells Fargo and Wells Fargo has allocated a portion of the value of the investments to the City.

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, 2013 is as follows.

| Governmental activities | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 107,618 | - | (15,620) | 91,998 |
| Land held under easements | 345,277 | - | - | 345,277 |
| Construction in progress | 12,287 | 18,503 | (9,783) | 21,007 |
| Internal service fund assets : | | | | |
| Construction in progress | 706 | 1,374 | (750) | 1,330 |
| Total capital assets not being depreciated | <u>465,888</u> | <u>19,877</u> | <u>(26,153)</u> | <u>459,612</u> |
| Capital assets being depreciated : | | | | |
| Land Improvements | \$ 4,492 | - | - | 4,492 |
| Accumulated depreciation | (4,441) | (343) | - | (4,784) |
| Buildings & Improvements | 188,887 | 2,139 | (149) | 190,877 |
| Accumulated depreciation | (109,175) | (7,153) | 149 | (116,179) |
| Infrastructure | 288,734 | 7,530 | (27) | 296,237 |
| Accumulated depreciation | (116,307) | (6,791) | - | (123,098) |
| Machinery & other | 1,326 | 435 | - | 1,761 |
| Accumulated depreciation | (693) | (363) | - | (1,056) |
| Internal service fund assets : | | | | |
| Buildings and improvements | 13,198 | 347 | - | 13,545 |
| Accumulated depreciation | (3,370) | (645) | - | (4,015) |
| Machinery & other | 64,191 | 2,087 | (2,843) | 63,435 |
| Accumulated depreciation | (41,987) | (6,063) | 2,717 | (45,333) |
| Total capital assets being depreciated, net | <u>284,855</u> | <u>(8,820)</u> | <u>(153)</u> | <u>275,882</u> |
| Total net capital assets - governmental activities | <u>\$ 750,743</u> | <u>11,057</u> | <u>(26,306)</u> | <u>735,494</u> |

Depreciation charged to governmental functions on the statement of activities during the year is as follows; \$7,341 General Government, \$904 to Police, \$937 to Fire, \$6,985 to Public Works, \$2,522 to Community Development, \$2,049 to Parks and Recreation and \$620 to Library.

City of Burbank

Year Ended June 30, 2013

(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, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 11,824 | - | - | 11,824 |
| Construction in progress | 27,177 | 40,905 | (34,346) | 33,736 |
| Total capital assets not being depreciated | <u>39,001</u> | <u>40,905</u> | <u>(34,346)</u> | <u>45,560</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 13,182 | - | - | 13,182 |
| Accumulated depreciation | (8,474) | (549) | - | (9,023) |
| Rights to purchased power | 1,335 | - | - | 1,335 |
| Accumulated depreciation | (541) | (43) | - | (584) |
| Buildings & Improvements | 631,550 | 25,178 | (1,598) | 655,130 |
| Accumulated depreciation | (265,008) | (19,602) | 601 | (284,009) |
| Machinery & other | 63,984 | 10,306 | (3,351) | 70,939 |
| Accumulated depreciation | (40,436) | (5,943) | 1,610 | (44,769) |
| Total capital assets being depreciated, net | <u>395,592</u> | <u>9,347</u> | <u>(2,738)</u> | <u>402,201</u> |
| Total net capital assets - business-type activities | <u>\$ 434,593</u> | <u>50,252</u> | <u>(37,084)</u> | <u>447,761</u> |

Water Reclamation & Sewer fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 5,316 | - | - | 5,316 |
| Construction in progress | 26 | 1,246 | (858) | 414 |
| Total capital assets not being depreciated | <u>5,342</u> | <u>1,246</u> | <u>(858)</u> | <u>5,730</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 6,096 | - | - | 6,096 |
| Accumulated depreciation | (3,060) | (316) | - | (3,376) |
| Buildings & Improvements | 115,025 | 808 | - | 115,833 |
| Accumulated depreciation | (57,643) | (2,947) | - | (60,590) |
| Machinery & other | 2,374 | 17 | (25) | 2,366 |
| Accumulated depreciation | (1,971) | (112) | 25 | (2,058) |
| Total capital assets being depreciated, net | <u>60,821</u> | <u>(2,550)</u> | <u>-</u> | <u>58,271</u> |
| Total net capital assets - Water reclamation and sewer | <u>\$ 66,163</u> | <u>(1,304)</u> | <u>(858)</u> | <u>64,001</u> |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Electric Utility fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 2,734 | - | - | 2,734 |
| Construction in progress | 19,481 | 27,752 | (27,302) | 19,931 |
| Total capital assets not being depreciated | <u>22,215</u> | <u>27,752</u> | <u>(27,302)</u> | <u>22,665</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | - | - | - | - |
| Accumulated depreciation | - | - | - | - |
| Rights to purchased power | 1,335 | - | - | 1,335 |
| Accumulated depreciation | (541) | (43) | - | (584) |
| Buildings & Improvements | 388,470 | 18,158 | (1,503) | 405,125 |
| Accumulated depreciation | (156,136) | (12,700) | 562 | (168,274) |
| Machinery & other | 42,940 | 9,590 | (1,741) | 50,789 |
| Accumulated depreciation | (24,327) | (4,660) | 226 | (28,761) |
| Total capital assets being depreciated, net | <u>251,741</u> | <u>10,345</u> | <u>(2,456)</u> | <u>259,630</u> |
| Total net capital assets - Electric utility | <u>\$ 273,956</u> | <u>38,097</u> | <u>(29,758)</u> | <u>282,295</u> |

During fiscal year ended June 30, 2013 the City had capitalized interest of \$742 in the Electric fund.

Water Utility fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 309 | - | - | 309 |
| Construction in progress | 7,606 | 11,847 | (6,157) | 13,296 |
| Total capital assets not being depreciated | <u>7,915</u> | <u>11,847</u> | <u>(6,157)</u> | <u>13,605</u> |
| Capital assets being depreciated : | | | | |
| Buildings & Improvements | 112,627 | 6,183 | (95) | 118,715 |
| Accumulated depreciation | (43,292) | (3,280) | 39 | (46,533) |
| Machinery & other | 5,038 | 350 | (194) | 5,194 |
| Accumulated depreciation | (3,351) | (283) | 11 | (3,623) |
| Total capital assets being depreciated, net | <u>71,022</u> | <u>2,970</u> | <u>(239)</u> | <u>73,753</u> |
| Total net capital assets - Water utility | <u>\$ 78,937</u> | <u>14,817</u> | <u>(6,396)</u> | <u>87,358</u> |

During fiscal year ended June 30, 2013 the City had capitalized interest of \$410 in the Water fund.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(5) CAPITAL ASSETS, (continued)

Refuse Collection & Disposal fund capital assets are as follows :

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|----------------------------|--------------|--------------|-----------------------------|
| Capital assets not being depreciated : | | | | |
| Land | \$ 3,454 | - | - | 3,454 |
| Construction in progress | 14 | 64 | (29) | 49 |
| Total capital assets not being depreciated | <u>3,468</u> | <u>64</u> | <u>(29)</u> | <u>3,503</u> |
| Capital assets being depreciated : | | | | |
| Land improvements | 6,050 | - | - | 6,050 |
| Accumulated depreciation | (4,968) | (106) | - | (5,074) |
| Buildings & Improvements | 6,479 | 29 | - | 6,508 |
| Accumulated depreciation | (5,875) | (255) | - | (6,130) |
| Machinery & other | 13,242 | 348 | (1,391) | 12,199 |
| Accumulated depreciation | <u>(10,548)</u> | <u>(865)</u> | <u>1,348</u> | <u>(10,065)</u> |
| Total capital assets being depreciated, net | <u>4,380</u> | <u>(849)</u> | <u>(43)</u> | <u>3,488</u> |
| Total net capital assets - Refuse collection & disposal | <u>\$ 7,848</u> | <u>(785)</u> | <u>(72)</u> | <u>6,991</u> |

(6) DEFINED CONTRIBUTION AND PENSION PLANS

Defined Contribution Plans

Welfare Benefit Plan (VEBA)

The VEBA is a defined contribution plan established by the City of Burbank to provide post retirement medical benefits primarily to members of the Burbank Police Officers' Association. At June 30, 2013, there were 151 active participants and 69 retired participants. VEBA members are required to contribute their final vested sick pay at retirement. The City is required to contribute \$28.70 dollars per month per active participant and 1.5% of the Burbank Police Officers' Association annual covered salary. VEBA provisions and contribution requirements are established and may be amended by the City Council of the City. Investments are self directed by each VEBA participant.

The VEBA'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 contributions are recognized in the period that the contributions are made; contributions totaled \$532 for the fiscal year ended June 30, 2013. VEBA investments are reported at fair value. At June 30, 2013, the fair value of assets was \$4,952.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) DEFINED CONTRIBUTION AND PENSION PLANS, (continued)

Post Employment Health Plan (PEHP)

The PEHP 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 Fighters' Association (BFF) and the Burbank Fire Fighters' Chief Officers' Unit (BFF-COU). The PEHP 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, 2013 there were 120 active, and 30 retired participants. BFF and BFF-COU PEHP 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.

PEHP 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 PEHP 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 \$307 to the PEHP during the year ended June 30, 2013.

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, 2013 California's Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are required to pay half of their plan's normal cost. New miscellaneous members contribute 6.75% of their annual covered salary, new fire members contribute 11.25% and new police members contribute 12.75%. Employees who were CalPERS members before January 1, 2013 are considered "classic" members and miscellaneous members are required to contribute 8% of their annual covered salary and safety employees contribute 9%. For classic members, the City makes the following partial contributions required of City employees on their behalf and for their account: BCEA 5.8%, BMA 7.0%, BCAA 6.0%, unrepresented managers 6.0%, executives 5.0%, BPOA 7.0%, BFF 7.0% and BFFCOU 9%. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 16.334%; for fire employees the rate is 19.070%; for police employees the rate is 29.112%. 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 15.775% for fiscal year 2013-14 and 17.954% for fiscal year 2014-15; fire employees 19.186% for fiscal year 2013-14 and 21.136% for fiscal year 2014-15; for police employees 32.341% for fiscal year 2013-14 and 35.214% for fiscal year 2014-15.

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, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(6) BENEFIT AND PENSION PLANS, (continued)

| | Fiscal Yr | Annual pension cost | % of contribution to APC | Net pension obligation (overpayment) |
|---------------|-----------|---------------------|--------------------------|--------------------------------------|
| Police | 6/30/2012 | 6,030 | 100% | - |
| Fire | 6/30/2012 | 3,696 | 100% | - |
| Miscellaneous | 6/30/2012 | 16,680 | 100% | - |
| Police | 6/30/2011 | 4,702 | 100% | - |
| Fire | 6/30/2011 | 3,058 | 100% | - |
| Miscellaneous | 6/30/2011 | 13,604 | 142% | (5,174) |
| Police | 6/30/2010 | 5,161 | 100% | - |
| Fire | 6/30/2010 | 3,233 | 100% | - |
| Miscellaneous | 6/30/2010 | 14,013 | 100% | - |

Schedule of funding progress

| | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability (AAL) | (Excess) Unfunded AAL (UAAL) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll $\{(B-A)/C\}$ |
|---------------|--------------------------|---------------------------|---------------------------|------------------------------|--------------------|---------------------|--|
| Police | 6/30/2012 | 196,601 | 233,258 | 36,657 | 84.3% | 16,620 | 220.6% |
| Fire | 6/30/2012 | 169,515 | 181,789 | 12,274 | 93.2% | 13,359 | 91.9% |
| Miscellaneous | 6/30/2012 | 586,477 | 687,957 | 101,480 | 85.2% | 78,437 | 129.4% |

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2013 is shown below :

| | |
|----------------------------|---|
| Valuation Date | June 30, 2010 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Amortization Period | Closed |
| 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 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.

Pension Asset

| | |
|--|-----------|
| Annual required contribution | \$ 12,966 |
| Interest on net Pension obligation/(asset) | (2,262) |
| Adjustment to annual required contribution | 3,628 |
| Annual Pension cost | 14,332 |
| Contributions made | 1,034 |
| Increase in net Pension obligation | 15,366 |
| Net Pension Asset - beginning of year | 24,430 |
| Net Pension Asset - end of year | \$ 39,796 |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows :

| Fund | Interfund | | Transfers | |
|--------------------------|---------------|------------|---------------|---------------|
| | Receivable | Payable | In | Out |
| General fund | \$ 156 | 1 | 10,821 | 1,908 |
| General capital projects | - | - | 4,755 | 2,906 |
| Water recl & sewer | - | - | - | 33 |
| Electric utility | - | - | 40 | 10,905 |
| Water utility | - | - | - | 1,252 |
| Refuse coll. & disp. | - | - | - | 33 |
| Nonmajor | | | | |
| governmental funds | 52 | 218 | 4,508 | 637 |
| Internal service funds | 11 | - | 180 | 2,630 |
| Total interfund | | | | |
| receivable / payable / | | | | |
| transfers | <u>\$ 219</u> | <u>219</u> | <u>20,304</u> | <u>20,304</u> |

Composition and purpose of interfund transfers is as follows :

Nonmajor governmental funds transfers in of \$4,508 includes \$2,408 for the Street Lighting fund transferred from Electric Utility fund for in-lieu of taxes payments; \$2,100 for Youth Endowment Services fund from the General Capital Projects fund for Lundigan Park.

General fund transfers in of \$10,821 include \$8,497 from Electric Utility fund and \$1,252 from Water Utility fund, for in-lieu of taxes payments; \$1,923 from the Gas Tax fund for maintenance of city streets: \$806 from the General Capital Projects fund to close the joint sportsfield project; \$127 from Office Equipment fund for replacement and maintenance of office equipment; \$73 from the Disaster Relief fund to close that fund; \$33 from the Wastewater fund for municipal elections and \$33 from the Waste Disposal fund for municipal elections.

General Capital Projects fund transfers in of \$4,755 includes \$1,000 from the General fund for infrastructure reserve per resolution 28538; \$728 from the General fund for various capital projects per resolution 28538; \$1,720 from the Municipal Building Maintenance fund for the seismic retrofit; \$525 from the Youth Endowment Services fund for Johnny Carson Park and \$300 from the Municipal Building Maintenance fund for the seismic retrofit.

The composition of interfund advances as of June 30, 2013 is as follows :

Advances from City :

The general fund advanced the golf fund \$2.9 million for construction of the new clubhouse. The terms of the advance were per resolution 27488, passed on June 19, 2007. The term of the advance was initially 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%, with the first repayment date as January 2009. On June 7, 2011, the payment terms of this advance were revised per resolution 28347 to defer payments until fiscal year 2013-14 with payments commencing on January 1, 2014 and recalculated annually thereafter over 17 years through January 1, 2030. On April 9, 2013, the payment terms of this advance were revised to defer payments until fiscal year 2018-19 with payments commencing on January 1, 2019 and recalculated annually thereafter over 30 years through January 1, 2049. \$ 2,165

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. On April 9, 2013, the payment terms of this advance were revised to defer payments until fiscal year 2015-16 with payments commencing on January 1, 2016 and recalculated annually thereafter over 20 years through January 1, 2036. \$ 1,019

From 1997 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 per Resolution 25174 and 25176 on November 4, 1997 and Resolution 25270 on May 5, 1998. 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. \$ 323

\$ 3,507

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(7) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, (continued)

Advances to Successor Agency :

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. Transferred to Successor Agency February 1, 2012. AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency to the various funds of the City. Upon application and approval by the successor agency and approval by the oversight board, loan agreements (advances) entered into by former redevelopment agency and the city shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the advances were for legitimate redevelopment purposes. The accumulated interest on the remaining amount of advances will be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. The annual advances repayments are subject to certain limitations. Advance repayments shall not be prior to the 2013-2014 fiscal year, are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). The advances related to the borrowing for the SERAF payment have a priority over repayment of the other advances. 20% of the repayment of the other advances not related to the SERAF advances shall be deducted and transferred to the Low and Moderate Income Housing Fund (Housing Authority).

\$ 52,812

From 1977 through 1979, the City and the Agency entered into agreements to loan funds aggregating \$225 to the West Olive Project.

\$ 203

The City and the Agency entered into an agreement through which the City agreed to advance funds to the South San Fernando project necessary for formation costs.

\$ 172

In 2003, the City and the Agency entered into a funding agreement to secure the lease of a future transportation site (Americold). The City loaned funds of \$680 to the Golden State project.

\$ 680

\$ 53,867

Advances to City from Successor Agency :

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. Transferred to Successor Agency February 1, 2012.

\$ 1,327

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 of \$680 to the City. The advance is not interest bearing and there is no repayment schedule. Transferred to Successor Agency February 1, 2012.

\$ 680

\$ 2,007

\$ 59,381

City of Burbank

Year Ended June 30, 2013

(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 | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | Govern- mental | Business- Type | Govern- mental | Business- Type |
| Governmental funds | | | | |
| interfund receivable | \$ 3,392 | - | \$ - | - |
| transfers in | - | - | 20,084 | - |
| interfund payable | (219) | - | - | - |
| transfers out | - | - | (5,451) | - |
| Internal service funds | | | | |
| interfund receivable | 11 | - | - | - |
| transfers in | - | - | 180 | - |
| interfund payable | (25) | - | - | - |
| transfers out | - | - | (2,630) | - |
| Proprietary funds | | | | |
| interfund receivable | - | 25 | - | - |
| transfers out | - | - | - | (12,223) |
| interfund payable | - | (3,184) | - | - |
| transfers in | - | - | - | 40 |
| Totals | <u>\$ 3,159</u> | <u>(3,159)</u> | <u>\$ 12,183</u> | <u>(12,183)</u> |

(8) LONG TERM LIABILITIES

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 | Due within one year |
|---|----------------------------|---------------|-----------------|-----------------------------|------------------------|
| Fiduciary activities: | | | | | |
| Community facilities district bonds | \$ 5,235 | - | (335) | 4,900 | 345 |
| Tax allocation bonds | 145,786 | - | (4,657) | 141,129 | 6,100 |
| Total fiduciary activities | <u>151,021</u> | <u>-</u> | <u>(4,992)</u> | <u>146,029</u> | <u>6,445</u> |
| Governmental activities : | | | | | |
| Tax allocation bonds | 58,525 | - | (3,640) | 54,885 | 3,815 |
| Pension obligation bonds | 16,175 | - | (860) | 15,315 | 995 |
| *Compensated absences | 13,751 | 813 | (1,400) | 13,164 | 1,408 |
| Total non-internal service debt | 88,451 | 813 | (5,900) | 83,364 | 6,218 |
| Claims payable from self-insurance funds (note 16) | 32,752 | 11,528 | (8,920) | 35,360 | 8,763 |
| Compensated absences - payable from internal service funds | 290 | - | (42) | 248 | 42 |
| Total governmental activities | <u>121,493</u> | <u>12,341</u> | <u>(14,862)</u> | <u>118,972</u> | <u>15,023</u> |

*Compensated absences liability for governmental activities will be liquidated by the following funds: general fund, section 8, HOME, CDBG, street lighting and merged capital projects (now part of the Fiduciary fund statements).

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG TERM LIABILITIES, (continued)

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 | Due within one year |
|---|-------------------------------------|------------------|------------------|--------------------------------------|--------------------------------|
| Business-type activities : | | | | | |
| Water Reclamation & Sewer : | | | | | |
| Revenue bonds | \$ 15,180 | - | (661) | 14,519 | 780 |
| Compensated absences - payable from enterprise funds | 165 | - | (51) | 114 | 4 |
| Subtotal | 15,345 | - | (712) | 14,633 | 784 |
| Refuse Collection & Disposal : | | | | | |
| Revenue bonds | 7,853 | 6,918 | (8,346) | 6,425 | 575 |
| Other long-term liabilities | 15,654 | 539 | - | 16,193 | - |
| Compensated absences - payable from enterprise funds | 608 | 57 | (55) | 610 | 54 |
| Subtotal | 24,115 | 7,514 | (8,401) | 23,228 | 629 |
| Electric Utility : | | | | | |
| Revenue bonds | 100,867 | - | (4,336) | 96,531 | 3,450 |
| Compensated absences - payable from enterprise funds | 4,836 | 444 | (368) | 4,912 | 407 |
| Subtotal | 105,703 | 444 | (4,704) | 101,443 | 3,857 |
| Water Utility : | | | | | |
| Revenue bonds | 36,587 | - | (616) | 35,971 | 470 |
| Other long-term liabilities | 961 | 6,750 | (451) | 7,260 | 507 |
| Compensated absences - payable from enterprise funds | 702 | 159 | (28) | 833 | 30 |
| Subtotal | 38,250 | 6,909 | (1,095) | 44,064 | 1,007 |
| Total business-type activities : | | | | | |
| Revenue bonds | 160,487 | 6,918 | (13,959) | 153,446 | 5,275 |
| Other long-term liabilities | 16,615 | 7,289 | (451) | 23,453 | 507 |
| Compensated absences - payable from enterprise funds | 6,311 | 660 | (502) | 6,469 | 495 |
| Subtotal | 183,413 | 14,867 | (14,912) | 183,368 | 6,277 |
| Total long-term liabilities | \$ 304,906 | 27,208 | (34,766) | 448,369 | 27,745 |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

FIDUCIARY 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.

\$ 4,900

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. As of June 30, 2012, \$39.2 million of these bonds are owned by the Burbank Public Financing Authority.

\$ 39,655

\$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.

\$ 17,680

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.

\$ 51,515

\$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.

\$ 9,615

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$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.

\$ 4,275

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. As of June 30, 2012, \$14.2 million of these bonds are owned by the Burbank Public Financing Authority.

\$ 14,255

Plus original issue premium
Total Tax Allocation Bonds

\$ 4,134
\$ 141,129

Total fiduciary activities

\$ 146,029

GOVERNMENTAL ACTIVITIES

Public Financing Authority Portion

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. The bonds are due in annual installments from \$670 to \$4,690 through December 1, 2024. Interest at various rates ranging from 1.625% to 5.50% is payable semiannually on June 1 and December 1.

\$ 40,910

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.

\$ 13,975

Total Tax Allocation Bonds

\$ 54,885

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 to increased safety salaries, in lieu of reducing this obligation over a number of years directly through PERS.

\$ 15,315

Compensated absences

Governmental activities - Governmental funds accumulated vacation, universal, in-lieu and sick leave accrual is reported in the government-wide statement of net assets. For the fiscal Year Ended June 30, 2013, the noncurrent portions of the accrual consist of vacation leave of \$7,609, sick leave of \$2,740, and in-lieu time of \$1,407, and the current portion of \$1,408.

\$ 13,164

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Outstanding Claims Payable - Self-Insurance

The Risk Management fund total outstanding claims are \$4,939. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$2,336 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 4,939

The Workers' Compensation fund total outstanding claims are \$30,421. The current portion of the outstanding claims are reported in the current liability section of the statement of net assets, of which \$6,427 is recorded as claims payable and the remainder is included in long-term liabilities.

\$ 30,421

Total long-term liabilities for self-insurance

\$ 35,360

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, 2013, the accrual consists of vacation leave of \$135, sick leave of \$29 and in-lieu time of \$42 and the current portion of \$42.

\$ 248

Total governmental activities

\$ 118,972

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.

\$ 14,110

Plus original issue premium

\$ 409

Total Wastewater Revenue bonds

\$ 14,519

Waste Disposal

\$6,315 Waste Disposal Refunding Revenue Bonds of 2012 Series

These bonds are due in installments ranging from \$480 to \$725 from May 1, 2013, to May 1, 2022, with an interest rate of 3.00%, payable semiannually on May 1 and November 1. The 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.

\$ 5,835

Plus original issue premium

\$ 590

Total Waste Disposal revenue bonds

\$ 6,425

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Burbank Water and Power Revenue Bonds

\$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.

\$ 31,045

\$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 and New 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.

\$ 7,415

\$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

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

\$9,810 Burbank Water and Power Electric Revenue Refunding Bonds, 2012 Series A

These bonds were issued to refund on a current basis all of the outstanding 2002 Electric Bonds and to pay the costs of issuance of the Series 2012A Bonds. Payable in installments ranging from \$375 to \$1,145. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2022. The bonds are secured by a pledge of net revenues of the electric enterprise fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The advance refunding was undertaken to reduce annual debt service payments averaging \$284 over the next ten years for a total savings of \$2,843.

\$ 8,840

Plus original issue premium

\$ 5,088

Less original issue discount

\$ (496)

Total Burbank Water and Power revenue bonds

\$ 132,502

Total Enterprise revenue bonds

\$ 153,446

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, 2013 represents the cumulative amount reported to date based on the use of 46 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of \$21,990 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Using the 2013 inflation factor of 1.018 percent, the adjusted closure and postclosure costs for 2013 are \$35,800. 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, 2013, \$14,538 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.

\$ 16,193

State Water Resources Control Board Loan (SWRCB) #1:

This loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is estimated to be \$1,916, of which \$521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.

\$ 241

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

State Water Resources Control Board Loan (SWRCB) #2:

This loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is estimated to be \$1,916, of which \$521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.

\$ 497

State Water Resources Control Board Loan (SWRCB) #3:

This loan was issued for the purpose of constructing the Valhalla Recycled Water Main Extension. This pipeline extends the existing recycled water distribution system to Valhalla Memorial Park and Cemetery and other recycled water customers in its vicinity. The cost of the project is estimated to be \$5,062, of which \$3,709 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2031.

\$ 3,481

State Water Resources Control Board Loan #4:

This loan was issued for the purpose of constructing the Studio District Recycled Water Main Extension. This pipeline extends the existing recycled water distribution system to Warner Brothers, Disney and NBC Studios and other recycled water customers in its vicinity. The cost of the project is estimated to be \$5,161, of which \$3,240 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2032.

\$ 3,041

Total other long-term liabilities

\$ 23,453

Compensated absences :

All the Enterprise fund types accumulated vacation, universal, in-lieu and sick leave accrual is reported in the respective Enterprise fund. For the fiscal year ended June 30, 2013, the noncurrent portions of the accrual consist of vacation leave of \$3,920, sick leave of \$1,484 and in-lieu time of \$569 and the current portion of \$496.

\$ 6,469

Total business-type activities

\$ 183,368

Total long-term liabilities at June 30, 2013

\$ 448,369

City of Burbank
Year Ended June 30, 2013

(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, 2013 are as follows :

Fiduciary activities

| Year ending June 30 | CFD Bond | | Fiduciary Tax Allocation | |
|------------------------|-----------|----------|-----------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | 345 | 238 | 6,100 | 6,920 |
| 2015 | 365 | 221 | 8,650 | 6,541 |
| 2016 | 380 | 203 | 9,080 | 6,097 |
| 2017 | 400 | 185 | 9,550 | 5,614 |
| 2018 | 415 | 165 | 10,055 | 6,425 |
| 2019-2023 | 2,430 | 474 | 51,675 | 16,762 |
| 2024-2028 | 565 | 15 | 18,250 | 6,636 |
| 2029-2033 | - | - | 6,700 | 4,589 |
| 2034-2038 | - | - | 6,905 | 3,002 |
| 2039-2043 | - | - | 8,170 | 1,369 |
| 2044 | - | - | 1,860 | 42 |
| Premium | - | - | 4,134 | - |
| Totals | \$ 4,900 | 1,501 | 141,129 | 63,997 |

Governmental activities

| Year ending June 30 | Governmental Tax Allocation | | POB Bond | |
|------------------------|--------------------------------|----------|-----------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | 3,815 | 2,673 | 995 | 908 |
| 2015 | 4,000 | 2,483 | 1,135 | 850 |
| 2016 | 4,195 | 2,279 | 1,290 | 782 |
| 2017 | 4,395 | 2,063 | 1,455 | 706 |
| 2018 | 4,620 | 1,839 | 1,635 | 620 |
| 2019-2023 | 26,825 | 5,349 | 8,805 | 1,400 |
| 2024-2028 | 7,035 | 218 | - | - |
| 2029-2033 | - | - | - | - |
| 2034-2038 | - | - | - | - |
| 2039-2043 | - | - | - | - |
| 2044 | - | - | - | - |
| Premium | - | - | - | - |
| Totals | 54,885 | 16,904 | \$ 15,315 | 5,266 |

City of Burbank
Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(8) LONG-TERM LIABILITIES, (continued)

Business-type activities

| Year ending June 30 | Revenue Bonds | | Other Liabilities | |
|--------------------------------|----------------------|-----------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2014 | 5,275 | 6,292 | 507 | 190 |
| 2015 | 5,710 | 6,101 | 346 | 175 |
| 2016 | 5,955 | 5,863 | 317 | 166 |
| 2017 | 6,210 | 5,607 | 327 | 158 |
| 2018 | 6,470 | 5,344 | 334 | 150 |
| 2019-2023 | 33,700 | 23,723 | 1,808 | 612 |
| 2024-2028 | 20,685 | 22,883 | 2,056 | 365 |
| 2029-2033 | 23,125 | 16,757 | 1,565 | 93 |
| 2034-2038 | 28,030 | 9,130 | - | - |
| 2039-2040 | 12,695 | 1,177 | - | - |
| Discount | (87) | - | - | - |
| Premium | 5,678 | - | - | - |
| Totals | \$ 153,446 | 102,877 | 7,260 | 1,909 |

City of Burbank

Year Ended June 30, 2013

(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> |
|---------------------------------------|---|---|--|
| Water Revenues | 26,727 | 2,381 | 8.91% |
| Electric Revenues | 212,123 | 7,603 | 3.58% |
| Water Rec. & Sewer | 16,606 | 1,419 | 8.55% |
| Refuse Collection & Disposal | 16,365 | 557 | 3.40% |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(9) RECEIVABLES

Receivables at June 30, 2013 consist of the following :

| | <u>General Fund</u> | <u>Low/Mod Housing</u> | <u>General Cap. Proj.</u> |
|---------------------------|-------------------------|----------------------------|-------------------------------|
| Governmental activities : | | | |
| Accounts receivable, net | \$ 1,491 | 11 | 122 |
| Interest receivable | 165 | - | 100 |
| Taxes receivable, net | 8,309 | - | - |
| Notes receivable | - | 37,703 | - |
| Total | <u>\$ 9,965</u> | <u>37,714</u> | <u>222</u> |

| | <u>Public Fin. Authority</u> | <u>Nonmajor Govt'l Funds</u> | <u>Internal Service Funds</u> | <u>Total Govern- mental</u> |
|---------------------------|----------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
| Governmental activities : | | | | |
| Accounts receivable, net | - | 1,825 | 338 | 3,787 |
| Interest receivable | 27 | 81 | 219 | 592 |
| Taxes receivable, net | - | - | - | 8,309 |
| Notes receivable | - | - | - | 37,703 |
| Total | <u>27</u> | <u>1,906</u> | <u>557</u> | <u>50,391</u> |

| | <u>Water Reclam. & Sewer</u> | <u>Electric</u> | <u>Water</u> | <u>Refuse Collect. & Disposal</u> | <u>Nonmajor Prop. Funds</u> | <u>Total Business Type</u> |
|----------------------------|--|-----------------|--------------|---|-------------------------------------|------------------------------------|
| Business-type activities : | | | | | | |
| Accounts receivable, net | \$ 1,759 | 15,062 | 3,193 | 1,989 | 52 | 22,055 |
| Interest receivable | 82 | 138 | 19 | 80 | 1 | 320 |
| Total | <u>\$ 1,841</u> | <u>15,200</u> | <u>3,212</u> | <u>2,069</u> | <u>53</u> | <u>22,375</u> |

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, 2013). 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, 2013, the notes receivable balance was \$37,703, net of an allowance for doubtful accounts of \$17,432. For the fiscal year ended June 30, 2013, the allowance for doubtful accounts increased \$1,003.

City of Burbank

Year Ended June 30, 2013

(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, 2013 was \$0, net of an allowance for doubtful accounts of \$2,081, in both the governmental activities and the governmental funds. The notes receivable balance for HOME as of June 30, 2013 is \$0, net of an allowance for doubtful accounts of \$8,244, in both the governmental activities and the governmental funds.

(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 that 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, 2013, the City received \$3,273 in revenue which was paid to the developer under this agreement.

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 \$3,420 for CIS upgrade, \$1,415 for Sanitary sewer upgrade and \$1,016 for Citywide seismic retrofit.

City of Burbank

Year Ended June 30, 2013

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

During the fiscal years ended June 30, 2013 and 2012, respectively, the Electric Fund made payments totaling \$63,749 and \$62,326 for "take or pay" contracts, and \$1,181 and \$2,689 for the "take and pay" contract.

(a) 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.

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 SCPPA in return for SCPPA's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. SCPPA 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.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Southern Transmission System Project

Pursuant to an agreement dated as of May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the 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 SCPPA, serves as project manager and operating agent of the Intermountain Power Project (IPP). The City's ownership share of this project is 4.5%.

Mead-Phoenix

SCPPA 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 SCPPA 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

SCPPA 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, SCPPA 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% (9.7MW).

Magnolia Power Project

In March 2003, the City of Burbank entered into a power sales agreement with SCPPA 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 242 megawatts, but can boost its output to 310 MW, if needed. The City is obligated for 97.6 megawatts or 30.992% of its output. The City's share of outstanding debt is 32.35%, which excludes debt relating solely to the City of Cerritos. The City of Burbank is also MPP's operating agent.

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena). The City's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the City's gas requirements for MPP. The City has no obligation under the natural gas supply agreement to pay for gas not delivered.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over 366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the City and the City of Pasadena, California) acquired 100% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20-year delivery term, with a guaranteed annual quantity in each year. The City's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100% of entitlement shares. Each of the two project participants, the City and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual generation from this plant is approximately 48,000 megawatt hours (MWh). The City is also Tieton's operating agent.

Natural Gas Project (NGP)

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the City's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the City, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The City has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

A summary of the City of Burbank "take or pay" contracts and related projects and its contingent liability at June 30, 2013 is shown on the following page :

City of Burbank

Year Ended June 30, 2013

(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 |
|------------------------------------|-----------------------------------|---------------------------------|---|--|
| Intermountain Power Project | \$ 1,848,701 | 3.371% | 62,320 | 73,838 |
| SCPPA | | | | |
| Hoover | \$ 8,369 | 15.957% | 1,335 | 1,525 |
| Southern Transmission System | 708,515 | 4.498% | 31,869 | 42,669 |
| Mead-Adelanto | 126,167 | 11.534% | 14,552 | 17,290 |
| Mead-Phoenix | 38,390 | 15.400% | 5,912 | 6,893 |
| Palo Verde | 47,460 | 4.400% | 2,088 | 2,221 |
| Magnolia Power Project (Project A) | 324,924 | 32.350% | 105,113 | 156,182 |
| Natural Gas Pinedale | 6,690 | 100.000% | 6,690 | 9,950 |
| Natural Gas Barnett | 20,720 | 100.000% | 20,720 | 30,818 |
| Natural Gas Prepaid Project #1 | 313,903 | 33.099% | 103,899 | 183,358 |
| Milford I Wind Project | 213,645 | 5.000% | 10,682 | 16,041 |
| Tieton Hydropower Project | 50,485 | 50.000% | 25,243 | 47,678 |
| SCPPA Total | <u>1,859,268</u> | <u>17.089%</u> | <u>328,103</u> | <u>514,625</u> |
| Total | <u>\$ 3,707,969</u> | <u>10.072%</u> | <u>\$ 390,423</u> | <u>\$ 588,463</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 :

| | 2013/14 | | 2014/15 | | 2015/16 | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | 4,978 | 2,215 | 6,786 | 2,032 | 8,205 | 1,914 |
| SCPPA | | | | | | |
| Hoover | 290 | 69 | 304 | 55 | 320 | 39 |
| Southern Transmission System | 2,289 | 1,428 | 2,368 | 1,348 | 2,358 | 1,290 |
| Mead-Adelanto | 2,051 | 681 | 1,994 | 583 | 2,074 | 484 |
| Mead-Phoenix | 834 | 251 | 813 | 212 | 849 | 173 |
| Palo Verde | 499 | 52 | 514 | 40 | 529 | 27 |
| Magnolia Pwr. Project | 3,329 | 3,639 | 3,461 | 3,507 | 3,614 | 3,357 |
| Natural Gas Pinedale | 549 | 375 | 549 | 349 | 541 | 319 |
| Natural Gas Barnett | 1,701 | 1,160 | 1,701 | 1,081 | 1,674 | 987 |
| Natural Gas Prepaid Project #1 | 1,300 | 5,287 | 1,323 | 5,222 | 1,389 | 5,156 |
| Milford I Wind Project | 423 | 521 | 441 | 503 | 459 | 485 |
| Tieton Hydropower Project | 408 | 1,273 | 420 | 1,259 | 435 | 1,244 |
| Total | <u>18,651</u> | <u>16,951</u> | <u>20,674</u> | <u>16,191</u> | <u>22,447</u> | <u>15,475</u> |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

| | 2016/17 | | 2017/18 | | 2018/23 | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | 3,704 | 1,701 | 6,644 | 1,549 | 31,617 | 2,105 |
| SCPPA | | | | | | |
| Hoover | 337 | 22 | 85 | 4 | - | - |
| IPP STS | 2,388 | 1,208 | 2,468 | 1,089 | 14,375 | 3,572 |
| Mead-Adelanto | 2,128 | 411 | 2,213 | 305 | 4,092 | 273 |
| Mead-Phoenix | 872 | 144 | 905 | 101 | 1,639 | 101 |
| Palo Verde | 546 | 14 | - | - | - | - |
| Magnolia Pwr. Project | 2,239 | 3,189 | 2,342 | 3,087 | 13,586 | 13,686 |
| Natural Gas Pinedale | 480 | 289 | 433 | 263 | 1,780 | 986 |
| Natural Gas Barnett | 1,485 | 895 | 1,342 | 813 | 5,515 | 3,054 |
| Natural Gas Prepaid Project #1 | 1,483 | 5,087 | 1,691 | 5,013 | 13,896 | 23,385 |
| Milford I Wind Project | 481 | 463 | 504 | 439 | 2,915 | 1,803 |
| Tieton Hydropower Project | 455 | 1,225 | 475 | 1,204 | 2,773 | 5,629 |
| Total | 16,598 | 14,648 | 19,102 | 13,867 | 92,188 | 54,594 |
| | | | | | | |
| | 2023/28 | | 2028/33 | | 2033/38 | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | 385 | 3 | - | - | - | - |
| SCPPA | | | | | | |
| Hoover | \$ - | - | - | - | - | - |
| IPP STS | 5,623 | 866 | - | - | - | - |
| Mead-Adelanto | - | - | - | - | - | - |
| Mead-Phoenix | - | - | - | - | - | - |
| Palo Verde | - | - | - | - | - | - |
| Magnolia Pwr. Project | 20,049 | 10,763 | 24,475 | 7,362 | 32,019 | 2,480 |
| Natural Gas Pinedale | 1,388 | 536 | 970 | 145 | - | - |
| Natural Gas Barnett | 4,297 | 1,659 | 3,005 | 448 | - | - |
| Natural Gas Prepaid Project #1 | 25,780 | 18,583 | 41,807 | 10,460 | 15,231 | 1,266 |
| Milford I Wind Project | 3,706 | 1,012 | 1,755 | 133 | - | - |
| Tieton Hydropower Project | 4,560 | 4,625 | 4,873 | 3,466 | 6,218 | 2,120 |
| Total | 65,788 | 38,047 | 76,885 | 22,014 | 53,468 | 5,866 |

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(11) POWER SUPPLY EXPENSES, (continued)

| | 2038/43 | | Total | |
|--------------------------------|--------------|------------|----------------|----------------|
| | Principal | Interest | Principal | Interest |
| Intermountain Power Project | \$ - | - | 62,319 | 11,519 |
| SCPPA | | | | |
| Hoover | - | - | 1,335 | 189 |
| IPP STS | - | - | 31,869 | 10,801 |
| Mead-Adelanto | - | - | 14,552 | 2,737 |
| Mead-Phoenix | - | - | 5,912 | 982 |
| Palo Verde | - | - | 2,088 | 133 |
| Magnolia Pwr. Project | - | - | 105,114 | 51,070 |
| Natural Gas Pinedale | - | - | 6,690 | 3,262 |
| Natural Gas Barnett | - | - | 20,720 | 10,097 |
| Natural Gas Prepaid Project #1 | - | - | 103,899 | 79,459 |
| Milford I Wind Project | | | 10,682 | 5,359 |
| Tieton Hydropower Project | 4,628 | 391 | 25,243 | 22,436 |
| Total | <u>4,628</u> | <u>391</u> | <u>390,423</u> | <u>198,044</u> |

(12) ACCRUED LIABILITIES

Accrued liabilities for Governmental and Business Type Activities June 30, 2013, consist of the following:

| | Governmental Activities | Business Type Activities |
|----------------------|----------------------------|-----------------------------|
| Accrued expenditures | \$ 973 | \$ 14,645 |
| Accrued payroll | 4,963 | - |
| Other liabilities * | 3,628 | - |
| Total | <u>\$ 9,564</u> | <u>\$ 14,645</u> |

* Includes employer and employee paid PERS contributions.

City of Burbank

Year Ended June 30, 2013

(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, 2013, the City's deferred compensation plan had accumulated assets of \$117,284 under the 457 plan, and \$645 under the 457p plan.

(14) BOND DEFEASANCE

The City 2002 Waste Disposal Revenue Bonds were defeased during the fiscal year. The difference in the debt service payments totaled \$1,317. An economic gain of \$1,260 resulted due to the refunding.

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, 2013, the following represents the amounts still outstanding on bonds considered defeased :

| | | |
|----|--------|--|
| \$ | 23,200 | 2003 Golden State Subordinated Tax Allocation Bonds, 2003 Series A |
| \$ | 7,760 | 2002 Waste Disposal Revenue Bonds (Tax-Exempt), 2002 Series B |

(15) PREPAID ITEMS AND DEPOSITS

The City shows a total of \$23,978 in prepaid items and deposits. \$23,848 of the prepaid items are in the Electric Utility and \$94 in the Governmental funds (\$63 in the general fund), with incidental amounts in other funds. The composition of these prepaid items include \$19,033 in prepaid fuel held by SCPPA and the Tieton Hydro Power Plant Project, \$638 related to the Warner Brothers lease, as fully described in note 17.

City of Burbank

Year Ended June 30, 2013

(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, 2013, \$4,939 was accrued for general liability claims, and \$30,421 accrued for workers compensation claims. These amounts were determined by an actuarial study, 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, 2013, 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 \$2,000 in excess of self-insurance limits per claim. 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)

Since of July 1, 2004, the City has been 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 | |
|---------------------------------|-----------------------|-----------------------|
| | <u>2011/12</u> | <u>2012/13</u> |
| Beginning liability, July 1 | \$ 31,277 | 32,752 |
| Claims and changes in estimates | 11,061 | 4,522 |
| Claims payments during the year | (9,586) | (1,914) |
| Ending liability, June 30 | <u>\$ 32,752</u> | <u>35,360</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, 2013

(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 assets or liabilities in the City's statement of net assets.

Golf Carts

The City has entered into an agreement for a four year lease of 80 golf carts and one beverage cart for the period through 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 |
|------------------------------|----------------------|
| 2014 | 82 |
| 2015 | 75 |
| Total minimum lease payments | <u>\$ 157</u> |

The lease expense for the year ended June 30, 2013 was \$82.

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, 2013, the electric fund amortized \$75 on this prepaid lease, leaving a balance of \$638 (see note 15).

City of Burbank

Year Ended June 30, 2013

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 ranges from \$300 to \$600 in reimbursements per month based on years of service, 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 currently pays \$115 per month for all miscellaneous and safety employees. In addition, the City pays \$186 per month for 21 management retirees, and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$186 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 12 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is \$600/month for fiscal year 2012-13, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2012-13, the City contributed \$92. The City's ARC was \$185 (in thousands) for the fiscal year 2012-13.

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 2012-13, the City contributed \$1,325 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2012-13.

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 2012-13, the City contributed \$1,937 (in thousands), including \$698 (in thousands) in benefit payments and \$1,239 (in thousands) deposit to CERBT. The City's ARC was \$1,151 (in thousands) for the fiscal year 2012-13.

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, 2013

(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, 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 | 1,151 | 185 |
| Interest on net OPEB obligation/(asset) | (97) | (638) | (290) |
| Adjustment to annual required contribution | 140 | 505 | 251 |
| Annual OPEB cost | 1,588 | 1,018 | 146 |
| Contributions made | (1,325) | (1,937) | (92) |
| Decrease in net OPEB obligation | 263 | (919) | 54 |
| Net OPEB obligation/(asset) - beginning of year | (1,673) | (8,346) | (3,657) |
| Net OPEB obligation/(asset) - end of year | \$ (1,410) | (9,265) | (3,603) |

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 Asset |
|--------|------------|------------------|------------------------------|----------------|
| 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) |
| BERMT | 6/30/2013 | \$ 1,588 | 83.4% | \$ (1,410) |
| PEMHCA | 6/30/2013 | 1,018 | 190.3% | (9,265) |
| URMT | 6/30/2013 | 146 | 63.0% | (3,603) |

City of Burbank

Year Ended June 30, 2013

(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, 2013 was:

| | BERMT | PEMHCA | URMT |
|---|--------------|---------------|-------------|
| Actuarial accrued liability (a) | \$ 46,187 | 23,475 | 6,277 |
| Actuarial value of plan assets (b) | 20,010 | 14,755 | 6,429 |
| Unfunded actuarial accrued liability (funding excess) (a)-(b) | 26,177 | 8,720 | (152) |
| Funded ratio (b) / (a) | 43.3% | 62.9% | 102.4% |
| Covered payroll (c) | 92,690 | 120,803 | 17,909 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c)) | 28.2% | 7.2% | -0.8% |

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 | 6/30/2011 | 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 asset method | 5 year smoothed >=80% and =< 120% of market value | 5 year smoothed >=80% and =< 120% of market value | 5 year smoothed >=80% and =< 120% of market value |

City of Burbank

Year Ended June 30, 2013

(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 Scale AA from 2010 | CalPERS 1997-2007 Scale AA from 2010 | CalPERS 1997-2007 Scale AA from 2010 | |
| 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 | 6/30/2013 | \$ 20,010 | \$ 46,187 | \$ 26,177 |
| PEMHCA | 6/30/2013 | 14,755 | 23,475 | 8,720 |
| URMT | 6/30/2013 | 6,429 | 6,277 | (152) |
| | | | | Funded Ratio (a/b) |
| | | | | Covered Payroll (c) |
| | | | | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
| | | | | 43.3% |
| | | | | 62.9% |
| | | | | 102.4% |
| | | | | \$ 92,690 |
| | | | | 120,803 |
| | | | | 17,909 |
| | | | | 28.2% |
| | | | | 7.2% |
| | | | | -0.8% |

(19) PENSION/OPEB ASSET

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|--------|
| Net OPEB asset - end of year BERMT | \$ 1,410 | - | 1,410 |
| Net OPEB asset - end of year PEMHCA | 9,265 | - | 9,265 |
| Net OPEB asset - end of year URMT | - | 3,603 | 3,603 |
| Net Pension Asset (amortized over the life of the asset) (Original amount \$30,121) | 32,027 | 7,769 | 39,796 |
| | \$ 42,702 | 11,372 | 54,074 |

City of Burbank

Year Ended June 30, 2013

(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.

Unavailable Revenues

The General fund records deferred revenue of \$1,300 for sales taxes related to the "Triple Flip" and sales tax true up as of June 30, 2013. This amount is a component of net assets in the government-wide financial statements.

Deficit fund balances

The Agency Fiduciary Trust fund has a deficit fund balance of \$148,944, 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 \$399, which is expected to be offset by future revenues. Tieton Hydro had a deficit fund balance of \$165, which is expected to be offset by future revenues. The Workers-Compensation Self-Insurance fund also has a deficit fund balance of \$7,314, which is expected to be offset by future rate increases.

(21) RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, Assembly Bills 1 x 26 (the "Dissolution Act") and 1 x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 31, 2012, the City elected to serve as the Successor Agency of the Burbank Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on January 31, 2012 to serve as the Housing Successor Agency.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(21) RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Low/Mod Income Housing Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (the "CAC"), the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB 1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$60.367 to the CAC as a result of the due diligence reviews.

The DOF issued a Finding of Completion on May 16, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

City of Burbank

Year Ended June 30, 2013

(in thousands)

NOTES TO BASIC FINANCIAL STATEMENTS

(22) RESTATEMENT OF NET POSITION

Note 1 describes the GASB pronouncements the City is adopting for this and the prior fiscal years. There is a financial impact for the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". Implementation of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", reclassifies certain assets and liabilities to deferred inflows and outflows.

The implementation of GASB Statement No. 65 recognizes cost of issuance and is applied retroactively by restating financial statements, if practical for all periods presented. The implementation of GASB No. 65 resulted in reducing net position of the Successor Agency-Private-Purpose-Trust-Fund in the amount of \$1,950 as of July 1, 2012, to remove bond issue costs reported as deferred costs.

City of Burbank

Year Ended June 30, 2013

(in thousands)

REQUIRED SUPPLEMENTARY INFORMATION

(A) SCHEDULE OF PENSION FUNDING PROGRESS (Unaudited)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | (Excess) Unfunded AAL (UAAL) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll {(B-A)/C} |
|--------------------------------|---------------------------------|--|---------------------------------------|--------------------------|---------------------------|--|
| | (A) | (B) | (B-A) | | | |
| 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 | <u>876,293</u> | <u>1,017,725</u> | <u>141,432</u> | 86.1% | <u>112,417</u> | 125.8% |
| 6/30/2011 | | | | | | |
| 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 | 192,000 | 225,519 | 33,519 | 85.1% | 15,932 | 210.4% |
| Total | <u>921,547</u> | <u>1,069,856</u> | <u>148,309</u> | 86.1% | <u>110,891</u> | 133.7% |
| 6/30/2012 | | | | | | |
| Misc. | 586,477 | 687,957 | 101,480 | 85.2% | 78,437 | 129.4% |
| Fire | 169,515 | 181,789 | 12,274 | 93.2% | 13,359 | 91.9% |
| Police | 196,601 | 233,258 | 36,657 | 84.3% | 16,620 | 220.6% |
| Total | <u>952,593</u> | <u>1,103,004</u> | <u>150,411</u> | 86.4% | <u>108,416</u> | 138.7% |

(B) SCHEDULE OF OPEB FUNDING PROGRESS (Unaudited)

Burbank Employees Retiree Medical Trust (BERMT)

| | | | | | | |
|-----------|--------|--------|--------|-------|--------|-------|
| 6/30/2013 | 20,010 | 46,187 | 26,177 | 43.3% | 92,690 | 28.2% |
| 6/30/2012 | 16,782 | 42,891 | 26,109 | 39.1% | 89,722 | 29.1% |
| 6/30/2011 | 13,892 | 37,067 | 23,175 | 37.5% | 80,511 | 28.8% |

CalPERS Healthcare (PEMHCA)

| | | | | | | |
|-----------|--------|--------|-------|-------|---------|------|
| 6/30/2013 | 14,755 | 23,475 | 8,720 | 62.9% | 120,803 | 7.2% |
| 6/30/2012 | 13,390 | 21,953 | 8,563 | 61.0% | 117,001 | 7.3% |
| 6/30/2011 | 11,449 | 18,706 | 7,257 | 61.2% | 108,908 | 6.7% |

Utility Retiree Medical Trust (URMT)

| | | | | | | |
|-----------|-------|-------|-------|--------|--------|-------|
| 6/30/2013 | 6,429 | 6,277 | (152) | 102.4% | 17,909 | -0.8% |
| 6/30/2012 | 5,866 | 5,677 | (189) | 103.3% | 17,345 | -1.1% |
| 6/30/2011 | 5,401 | 4,912 | (489) | 110.0% | 15,704 | -3.1% |

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:

- **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
PUBLIC FINANCING AUTHORITY DEBT SERVICE

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 96 | 96 | 4,007 | 3,911 |
| Total revenues | <u>96</u> | <u>96</u> | <u>4,007</u> | <u>3,911</u> |
| Expenditures : | | | | |
| Principal retirement | 3,640 | 3,640 | 3,640 | - |
| Interest and finance charges | 2,850 | 2,850 | 2,959 | (109) |
| Total expenditures | <u>6,490</u> | <u>6,490</u> | <u>6,599</u> | <u>(109)</u> |
| Net change in fund balances | (6,394) | (6,394) | (2,592) | 3,802 |
| Fund balance, July 1, 2012 | <u>88,021</u> | <u>88,021</u> | <u>88,021</u> | - |
| Fund balance, June 30, 2013 | <u>\$ 81,627</u> | <u>81,627</u> | <u>85,429</u> | <u>3,802</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 Low and Moderate Income Housing Fund, the Public Financing Authority Debt Service Fund, and the General 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.

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.

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.

Tieton Hydro - To account for the operation of Southern California Public Power Authority's (SCPPA) joint power plant located in Washington State.

City Of Burbank
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(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 | \$ 2,226 | 901 | 186 | 148 | 564 | 927 |
| Accounts receivable | - | 37 | - | 30 | 430 | - |
| Interest receivable | 5 | 3 | - | - | 2 | - |
| Interfund receivables | - | - | - | - | - | 1 |
| Intergovernmental receivables | - | - | 33 | - | - | - |
| Inventories | - | - | - | - | - | - |
| Prepaid items and deposits | - | - | 1 | - | - | - |
| Total assets | \$ 2,231 | 941 | 220 | 178 | 996 | 928 |
| Liabilities : | | | | | | |
| Accounts payable | \$ 25 | 113 | 1 | - | 4 | 5 |
| Interfund payable | - | - | - | - | - | 167 |
| Deposits | - | - | 9 | - | - | - |
| Advances payable | - | - | - | - | - | - |
| Total liabilities | 25 | 113 | 10 | - | 4 | 172 |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | 1 | - | - | - |
| Inventory | - | - | - | - | - | - |
| Restricted : | | | | | | |
| Transportation | 2,206 | 828 | - | - | - | - |
| Federal and state grants | - | - | 209 | 178 | 992 | 756 |
| Public safety | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Committed : | | | | | | |
| Transportation | - | - | - | - | - | - |
| Unassigned (deficit) | | | | | | |
| Total fund balances (deficit) | 2,206 | 828 | 210 | 178 | 992 | 756 |
| Total liabilities and fund balances | \$ 2,231 | 941 | 220 | 178 | 996 | 928 |

See accompanying independent auditors' report.

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(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 | \$ 1,628 | - | 274 | 124 | 26 | 1,192 |
| Accounts receivable | - | - | 234 | - | - | - |
| Interest receivable | 5 | - | 1 | 1 | - | 3 |
| Interfund receivable | - | - | - | - | - | - |
| Intergovernmental receivable | - | - | - | 37 | - | - |
| Inventories | - | - | 250 | - | - | - |
| Prepaid items and deposits | - | - | - | - | - | - |
| Total assets | <u>\$ 1,633</u> | <u>-</u> | <u>759</u> | <u>162</u> | <u>26</u> | <u>1,195</u> |
| Liabilities : | | | | | | |
| Accounts payable | \$ 493 | - | 134 | - | 2 | 4 |
| Interfund payable | - | - | - | - | - | - |
| Deposits | - | - | 8 | - | - | - |
| Advances payable | - | - | - | - | - | - |
| Total liabilities | <u>493</u> | <u>-</u> | <u>142</u> | <u>-</u> | <u>2</u> | <u>4</u> |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | - | - | - | - |
| Inventory | - | - | 250 | - | - | - |
| Restricted | | | | | | |
| Transportation | 1,140 | - | - | - | - | - |
| Federal and state grants | - | - | - | - | 24 | - |
| Public safety | - | - | - | 162 | - | 1,191 |
| Capital projects | - | - | - | - | - | - |
| Committed : | | | | | | |
| Transportation | - | - | 367 | - | - | - |
| Unassigned (deficit) | | | | | | |
| Total fund balances (deficit) | <u>1,140</u> | <u>-</u> | <u>617</u> | <u>162</u> | <u>24</u> | <u>1,191</u> |
| Total liabilities and fund balances | <u>\$ 1,633</u> | <u>-</u> | <u>759</u> | <u>162</u> | <u>26</u> | <u>1,195</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING BALANCE SHEET, CONTINUED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(in thousands)

| | <u>Special Revenue Funds</u> | | | <u>Capital Projects Fund</u> | | |
|-------------------------------------|------------------------------|-------------------------------------|-------------------------|------------------------------|------------------------------|----------------------------|
| | <u>Measure R</u> | <u>Magnolia Power Plant</u> | <u>Tieton Hydro</u> | <u>Public Improve.</u> | <u>Parking Authority</u> | <u>Youth Endowment</u> |
| Assets : | | | | | | |
| Pooled cash and investments | \$ 2,050 | 1,541 | - | 16,908 | 1,043 | 2,100 |
| Accounts receivable | - | 774 | - | 294 | 26 | - |
| Interest receivable | 5 | 3 | 3 | 46 | 3 | 1 |
| Interfund receivable | - | 51 | - | - | - | - |
| Intergovernmental receivable | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | - |
| Prepaid items and deposits | - | - | - | - | - | - |
| Total assets | <u>\$ 2,055</u> | <u>2,369</u> | <u>3</u> | <u>17,248</u> | <u>1,072</u> | <u>2,101</u> |
| Liabilities : | | | | | | |
| Accounts payable | \$ 377 | 2,768 | 117 | 237 | 33 | - |
| Interfund payable | - | - | 51 | - | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Deposits | - | - | - | 2 | - | - |
| Advances payable | - | - | - | 323 | - | - |
| Total liabilities | <u>377</u> | <u>2,768</u> | <u>168</u> | <u>562</u> | <u>33</u> | <u>-</u> |
| Fund balances : | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - |
| Restricted | | | | | | |
| Transportation | 1,678 | - | - | - | - | - |
| Federal and state grants | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Capital projects | - | - | - | - | 1,039 | 2,101 |
| Committed | | | | | | |
| Transportation | - | - | - | 16,686 | - | - |
| Unassigned (deficit) | - | (399) | (165) | - | - | - |
| Total fund balances (deficit) | <u>1,678</u> | <u>(399)</u> | <u>(165)</u> | <u>16,686</u> | <u>1,039</u> | <u>2,101</u> |
| Total liabilities and fund balances | <u>\$ 2,055</u> | <u>2,369</u> | <u>3</u> | <u>17,248</u> | <u>1,072</u> | <u>2,101</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING BALANCE SHEET, CONCLUDED
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013
(in thousands)

| | Total Nonmajor Govern- mental Funds |
|-------------------------------------|--|
| Assets : | |
| Pooled cash and investments | \$ 31,838 |
| Accounts receivable | 1,825 |
| Interest receivable | 81 |
| Interfund receivable | 52 |
| Intergovernmental receivable | 70 |
| Inventories | 250 |
| Prepaid items and deposits | <u>1</u> |
| Total assets | <u><u>\$ 34,117</u></u> |
| Liabilities : | |
| Accounts payable | 4,313 |
| Interfund payable | 218 |
| Deposits | 19 |
| Advances payable | <u>323</u> |
| Total liabilities | <u>4,873</u> |
| Fund balances : | |
| Nonspendable: | |
| Prepaid items | 1 |
| Inventory | 250 |
| Restricted | |
| Transportation | 5,852 |
| Federal and state grants | 2,159 |
| Public safety | 1,353 |
| Capital projects | 3,140 |
| Committed | |
| Transportation | 17,053 |
| Unassigned (deficit) | <u>(564)</u> |
| Total fund balances (deficit) | <u>29,244</u> |
| Total liabilities and fund balances | <u><u>\$ 34,117</u></u> |

See accompanying independent auditors' report.

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------|------------|-----------------|--------------------------------|----------------------|
| | Transp. Prop. A | Transp. Prop. C | AQMD | Home Program | Commun. Dev Block Grants | Housing Authority |
| Revenues : | | | | | | |
| Taxes | \$ 1,769 | 1,392 | - | - | - | - |
| Use of money or property | (34) | - | (2) | 1 | (6) | 3 |
| Intergovernmental | 77 | - | 126 | 485 | 1,008 | 8,393 |
| Charges for services | 51 | 163 | - | - | 183 | - |
| Total revenues | <u>1,863</u> | <u>1,555</u> | <u>124</u> | <u>486</u> | <u>1,185</u> | <u>8,396</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | - | - |
| Public safety : | | | | | | |
| Police | - | - | - | - | - | - |
| Environmental : | | | | | | |
| Community development | 1,058 | 2,121 | 113 | 484 | 991 | 9,032 |
| Capital outlay : | | | | | | |
| Street improvements | - | - | - | - | - | - |
| General capital improvements | - | - | - | - | - | - |
| Total capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,058</u> | <u>2,121</u> | <u>113</u> | <u>484</u> | <u>991</u> | <u>9,032</u> |
| Excess (deficiency) of revenues over expenditures | <u>805</u> | <u>(566)</u> | <u>11</u> | <u>2</u> | <u>194</u> | <u>(636)</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | - | - | - | - |
| Transfers out (note 7) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 805 | (566) | 11 | 2 | 194 | (636) |
| Fund balance, July 1, 2012 | 1,401 | 1,394 | 199 | 176 | 798 | 1,392 |
| Fund balance, June 30, 2013 | <u>\$ 2,206</u> | <u>828</u> | <u>210</u> | <u>178</u> | <u>992</u> | <u>756</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Special Revenue Funds | | | | | |
|--|-----------------------|-------------|----------------|--------------------|-----------|---------------------|
| | State | Disaster | Street | Sup Law | Comm. | Drug |
| | Gas Tax | Relief | Lighting | Enforce Service | Services | Asset Forfeiture |
| Revenues : | | | | | | |
| Taxes | \$ - | - | - | - | - | - |
| Use of money or property | (8) | - | 90 | (7) | 13 | (9) |
| Intergovernmental | 2,522 | - | - | 195 | - | 116 |
| Charges for services | - | - | 86 | - | - | - |
| Total revenues | <u>2,514</u> | <u>-</u> | <u>176</u> | <u>188</u> | <u>13</u> | <u>107</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | - | - |
| Public safety : | | | | | | |
| Police | - | - | - | 253 | - | 163 |
| Environmental : | | | | | | |
| Community development | - | - | - | - | 7 | - |
| Capital outlay : | | | | | | |
| Street improvements | 3,239 | - | 2,498 | - | - | - |
| General capital improvements | - | - | - | - | - | - |
| Total capital outlay | <u>3,239</u> | <u>-</u> | <u>2,498</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>3,239</u> | <u>-</u> | <u>2,498</u> | <u>253</u> | <u>7</u> | <u>163</u> |
| Excess (deficiency) of revenues over expenditures | <u>(725)</u> | <u>-</u> | <u>(2,322)</u> | <u>(65)</u> | <u>6</u> | <u>(56)</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | 2,408 | - | - | - |
| Transfers out (note 7) | - | (72) | (40) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(72)</u> | <u>2,368</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (725) | (72) | 46 | (65) | 6 | (56) |
| Fund balance, July 1, 2012 | 1,865 | 72 | 571 | 227 | 18 | 1,247 |
| Fund balance, June 30, 2013 | <u>\$ 1,140</u> | <u>-</u> | <u>617</u> | <u>162</u> | <u>24</u> | <u>1,191</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)**

| | Special Revenue Funds | | | Capital Projects Funds | | |
|--|-----------------------|----------------|-----------------|------------------------|----------------------|--------------------|
| | Magnolia | | | Public Improve. | Parking Authority | Youth Endowment |
| | Measure R | Power Plant | Tieton Hydro | | | |
| Revenues : | | | | | | |
| Taxes | \$ 1,041 | - | - | - | - | - |
| Use of money or property | (10) | 2 | (13) | (86) | 675 | 8 |
| Intergovernmental | - | - | - | 3,738 | - | - |
| Charges for services | - | 21,627 | 870 | 343 | - | - |
| Total revenues | <u>1,031</u> | <u>21,629</u> | <u>857</u> | <u>3,995</u> | <u>675</u> | <u>8</u> |
| Expenditures : | | | | | | |
| General government : | | | | | | |
| Administrative services | - | - | - | - | 792 | - |
| Public safety : | | | | | | |
| Police | - | - | - | - | - | - |
| Environmental : | | | | | | |
| Community development | - | 21,632 | 876 | 6,454 | - | - |
| Capital outlay : | | | | | | |
| Street improvements | 709 | - | - | - | - | - |
| General capital improvements | 902 | - | - | - | - | - |
| Total capital outlay | <u>1,611</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,611</u> | <u>21,632</u> | <u>876</u> | <u>6,454</u> | <u>792</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(580)</u> | <u>(3)</u> | <u>(19)</u> | <u>(2,459)</u> | <u>(117)</u> | <u>8</u> |
| Other financing sources (uses) : | | | | | | |
| Transfers in (note 7) | - | - | - | - | - | 2,100 |
| Transfers out (note 7) | - | - | - | - | - | (525) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,575</u> |
| Net change in fund balance | (580) | (3) | (19) | (2,459) | (117) | 1,583 |
| Fund balance, July 1, 2012 | 2,258 | (396) | (146) | 19,145 | 1,156 | 518 |
| Fund balance, June 30, 2013 (deficit) | <u>\$ 1,678</u> | <u>(399)</u> | <u>(165)</u> | <u>16,686</u> | <u>1,039</u> | <u>2,101</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Total Nonmajor Govern- mental Funds |
|--|--|
| Revenues : | |
| Taxes | 4,202 |
| Use of money or property | 617 |
| Intergovernmental | 16,660 |
| Charges for services | 23,323 |
| Total revenues | <u>44,802</u> |
| Expenditures : | |
| General government : | |
| Administrative services | 792 |
| Public safety : | |
| Police | 416 |
| Environmental : | |
| Community development | 42,768 |
| Capital outlay : | |
| Street improvements | 6,446 |
| General capital improvements | 902 |
| Total capital outlay | <u>7,348</u> |
| Total expenditures | <u>51,324</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,522)</u> |
| Other financing sources (uses) : | |
| Transfers in (note 7) | 4,508 |
| Transfers out (note 7) | (637) |
| Total other financing sources (uses) | <u>3,871</u> |
| Net change in fund balance | (2,651) |
| Fund balance, July 1, 2012 | 31,895 |
| Fund balance, June 30, 2013 | <u>\$ 29,244</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION PROP A

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Other local taxes | \$ 1,571 | 1,571 | 1,769 | 198 |
| Use of money and property | 18 | 18 | (34) | (52) |
| Intergovernmental | 141 | 141 | 77 | (64) |
| Charges for services | 61 | 61 | 51 | (10) |
| Total revenues | <u>1,791</u> | <u>1,791</u> | <u>1,863</u> | <u>72</u> |
| Expenditures : | | | | |
| Community Development | 1,565 | 1,564 | 1,058 | 506 |
| Parks and recreation : | | | | |
| Special community services | 36 | 37 | - | 37 |
| Total expenditures | <u>1,601</u> | <u>1,601</u> | <u>1,058</u> | <u>543</u> |
| Net change in fund balance | 190 | 190 | 805 | 615 |
| Fund balance, July 1, 2012 | <u>1,401</u> | <u>1,401</u> | <u>1,401</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u>\$ 1,591</u> | <u>\$ 1,591</u> | <u>\$ 2,206</u> | <u>\$ 615</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL TRANSPORTATION PROP C

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Other local taxes | \$ 1,177 | 1,177 | 1,392 | 215 |
| Use of money and property | 19 | 19 | - | (19) |
| Intergovernmental | 101 | 101 | - | (101) |
| Charges for services | 182 | 182 | 163 | (19) |
| Total revenues | <u>1,479</u> | <u>1,479</u> | <u>1,555</u> | <u>76</u> |
| Expenditures : | | | | |
| Community Development | 3,278 | 3,466 | 2,121 | 1,345 |
| Parks and recreation : | | | | |
| Special community services | 107 | 107 | - | 107 |
| Total expenditures | <u>3,385</u> | <u>3,573</u> | <u>2,121</u> | <u>1,452</u> |
| Net change in fund balance | (1,906) | (2,094) | (566) | 1,528 |
| Fund balance, July 1, 2012 | <u>1,394</u> | <u>1,394</u> | <u>1,394</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u>\$ (512)</u> | <u>\$ (700)</u> | <u>\$ 828</u> | <u>\$ 1,528</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AQMD

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ 2 | 2 | (2) | (4) |
| Intergovernmental | 119 | 119 | 126 | 7 |
| Total revenues | 121 | 121 | 124 | 3 |
| Expenditures : | | | | |
| Community development | 144 | 156 | 113 | 43 |
| Excess (deficiency) of revenues over expenditures | (23) | (35) | 11 | 46 |
| Fund balance, July 1, 2012 | 199 | 199 | 199 | - |
| Fund balance, June 30, 2013 | \$ 176 | 164 | 210 | 46 |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOME PROGRAM

For the Year ended June 30, 2013
(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 | \$ 2 | 2 | 1 | (1) |
| Intergovernmental | 320 | 320 | 485 | 165 |
| Total revenues | 322 | 322 | 486 | 164 |
| Expenditures : | | | | |
| Community development | 1,097 | 1,123 | 484 | 639 |
| Excess (deficiency) of revenues over expenditures | (775) | (801) | 2 | 803 |
| Fund balance, July 1, 2012 | 176 | 176 | 176 | - |
| Fund balance, June 30, 2013 | <u>\$ (599)</u> | <u>(625)</u> | <u>178</u> | <u>803</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

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 6 | 6 | (6) | (12) |
| Intergovernmental | 731 | 731 | 1,008 | 277 |
| Charges for services | 87 | 87 | 183 | 96 |
| Total revenues | 824 | 824 | 1,185 | 361 |
| Expenditures : | | | | |
| Community development | 2,047 | 2,072 | 991 | 1,081 |
| Excess (deficiency) of revenues over expenditures | (1,223) | (1,248) | 194 | 1,442 |
| Fund balance (deficit), July 1, 2012 | 798 | 798 | 798 | - |
| Fund balance (deficit), June 30, 2013 | <u>\$ (425)</u> | <u>(450)</u> | <u>992</u> | <u>1,442</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL HOUSING AUTHORITY

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|---|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 8 | 8 | 3 | (5) |
| Intergovernmental | 9,460 | 9,460 | 8,393 | (1,067) |
| Total revenues | <u>9,468</u> | <u>9,468</u> | <u>8,396</u> | <u>(1,072)</u> |
| Expenditures : | | | | |
| Community development | <u>9,766</u> | <u>9,766</u> | <u>9,032</u> | <u>734</u> |
| Total expenditures | <u>9,766</u> | <u>9,766</u> | <u>9,032</u> | <u>734</u> |
| Excess (deficiency) of revenues over expenditures and other uses | (298) | (298) | (636) | (338) |
| Fund balance, July 1, 2012 | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 1,094</u> | <u>1,094</u> | <u>756</u> | <u>(338)</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL STATE GAS TAX

For the Year ended June 30, 2013
(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 | \$ 13 | 13 | (8) | (21) |
| Intergovernmental | 2,820 | 2,820 | 2,522 | (298) |
| Total revenues | <u>2,833</u> | <u>2,833</u> | <u>2,514</u> | <u>(319)</u> |
| Expenditures : | | | | |
| Capital outlay : | | | | |
| Street improvements | 1,570 | 1,653 | 3,239 | (1,586) |
| Total expenditures | <u>1,570</u> | <u>1,653</u> | <u>3,239</u> | <u>(1,586)</u> |
| Excess (deficiency) of revenues over expenditures | 1,263 | 1,180 | (725) | (1,905) |
| Other financing uses : | | | | |
| Transfers out | (1,923) | (1,923) | - | (1,923) |
| Net change in fund balance | (660) | (743) | (725) | (3,828) |
| Fund balance, July 1, 2012 | <u>1,865</u> | <u>1,865</u> | <u>1,865</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 1,205</u> | <u>1,122</u> | <u>1,140</u> | <u>(3,828)</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL STREET LIGHTING

For the Year ended June 30, 2013
(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 | \$ 60 | 60 | 90 | 30 |
| Charges for services | 180 | 180 | 86 | (94) |
| Total revenues | 240 | 240 | 176 | (64) |
| Expenditures : | | | | |
| Capital outlay : | | | | |
| Street improvements | 2,674 | 2,673 | 2,498 | 175 |
| Deficiency of revenues over expenditures | (2,434) | (2,433) | (2,322) | 111 |
| Other financing sources : | | | | |
| Transfers in | 2,408 | 2,408 | 2,408 | - |
| Net change in fund balance | (66) | (65) | 46 | 111 |
| Fund balance, July 1, 2012 | 571 | 571 | 571 | - |
| Fund balance, June 30, 2013 | <u>\$ 505</u> | <u>506</u> | <u>617</u> | <u>111</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

For the Year ended June 30, 2013
(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 | \$ 3 | 3 | (7) | (10) |
| Intergovernmental | 208 | 208 | 195 | (13) |
| Total revenues | 211 | 211 | 188 | (23) |
| Expenditures : | | | | |
| Police | 160 | 333 | 253 | 80 |
| Net change in fund balance | 51 | (122) | (65) | 57 |
| Fund balance, July 1, 2012 | 227 | 227 | 227 | - |
| Fund balance (deficit), June 30, 2013 | <u>\$ 278</u> | <u>105</u> | <u>162</u> | <u>57</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL COMMUNITY SERVICES

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ - | - | 13 | 13 |
| Expenditures : | | | | |
| Community development | 14 | 14 | 7 | (7) |
| Total expenditures | 14 | 14 | 7 | (7) |
| Excess (deficiency) of revenues over expenditures | \$ (14) | (14) | 6 | 20 |
| Fund balance, July 1, 2012 | 18 | 18 | 18 | - |
| Fund balance, June 30, 2013 | <u>\$ 4</u> | <u>4</u> | <u>24</u> | <u>20</u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE R

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|-----------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | (10) | (10) |
| Other local taxes | - | - | 1,041 | 1,041 |
| Total revenues | - | - | 1,031 | 1,031 |
| Expenditures : | | | | |
| Street Improvements | 821 | 821 | 709 | 112 |
| Community development | 1,172 | 1,172 | 902 | 270 |
| Total expenditures | 1,993 | 1,993 | 1,611 | 382 |
| Net change in fund balance | (1,993) | (1,993) | (580) | 1,413 |
| Fund balance, July 1, 2012 | 2,258 | 2,258 | 2,258 | - |
| Fund balance, June 30, 2013 | <u>\$ 265</u> | <u>265</u> | <u>1,678</u> | <u>1,413</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL MAGNOLIA POWER PLANT

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | 2 | 2 |
| Charges for Services | <u>25,667</u> | <u>25,667</u> | <u>21,627</u> | <u>(4,040)</u> |
| Total revenues | 25,667 | 25,667 | 21,629 | (4,038) |
| Expenditures : | | | | |
| Community development | <u>27,739</u> | <u>27,738</u> | <u>21,632</u> | <u>6,106</u> |
| Total expenditures | <u>27,739</u> | <u>27,738</u> | <u>21,632</u> | <u>6,106</u> |
| Excess (deficiency) of revenues over expenditures | (2,072) | (2,071) | (3) | 2,068 |
| Fund balance (deficit), July 1, 2012 | <u>(396)</u> | <u>(396)</u> | <u>(396)</u> | <u>-</u> |
| Fund balance (deficit), June 30, 2013 | <u><u>\$ (2,468)</u></u> | <u><u>(2,467)</u></u> | <u><u>(399)</u></u> | <u><u>2,068</u></u> |

See accompanying independent auditors' report.

City Of Burbank
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TIETON HYDRO

For the Year ended June 30, 2013
(in thousands)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money or property | \$ - | - | (13) | (13) |
| Charges for Services | 1,508 | 1,508 | 870 | (638) |
| Total revenues | 1,508 | 1,508 | 857 | (651) |
| Expenditures : | | | | |
| Capital improvements | 300 | 300 | - | 300 |
| Community development | 1,275 | 1,275 | 876 | 399 |
| Total expenditures | 1,575 | 1,575 | 876 | 699 |
| Excess (deficiency) of revenues over expenditures | (67) | (67) | (19) | 48 |
| Fund balance, July 1, 2012 | (146) | (146) | (146) | - |
| Fund balance, June 30, 2013 (deficit) | \$ (213) | (213) | (165) | 48 |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL PARKING AUTHORITY CAPITAL PROJECTS

**For the Year ended June 30, 2013
(in thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Positive (Negative) |
|-----------------------------|----------------------------|-------------------------|---------------------------|--|
| Revenues : | | | | |
| Use of money and property | \$ 705 | 705 | 675 | (30) |
| Total revenues | <u>705</u> | <u>705</u> | <u>675</u> | <u>(30)</u> |
| Expenditures : | | | | |
| Administrative services | <u>1,830</u> | <u>1,547</u> | <u>792</u> | <u>755</u> |
| Total expenditures | <u>1,830</u> | <u>1,547</u> | <u>792</u> | <u>755</u> |
| Net change in fund balance | (1,125) | (842) | (117) | 725 |
| Fund balance, July 1, 2012 | <u>1,156</u> | <u>1,156</u> | <u>1,156</u> | <u>-</u> |
| Fund balance, June 30, 2013 | <u>\$ 31</u> | <u>314</u> | <u>1,039</u> | <u>725</u> |

See accompanying independent auditors' report.

City Of Burbank

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL YOUTH ENDOWMENT SERVICES

For the Year ended June 30, 2013
(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 | 8 | 2 |
| Expenditures : | | | | |
| Administrative services | - | - | - | - |
| General capital improvements | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | 6 | 8 | 2 |
| Other financing sources : | | | | |
| Transfers in | 2,100 | 2,100 | 2,100 | - |
| Transfers out | - | (525) | (525) | - |
| Total other financing sources | 2,100 | 1,575 | 1,575 | - |
| Net change in fund balance | 2,100 | 1,581 | 1,583 | 2 |
| Fund balance, July 1, 2012 | 518 | 518 | 518 | - |
| Fund balance, June 30, 2013 | <u>\$ 2,618</u> | <u>2,099</u> | <u>2,101</u> | <u>2</u> |

See accompanying independent auditors' report.

NONMAJOR ENTERPRISE FUND

This section of the CAFR provides information on non-major enterprise funds.

Golf Fund – To account for the operations of the City's Golf Course.

City Of Burbank
STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUND
June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|--|----------------------|---|
| Assets : | | |
| Current assets : | | |
| Pooled cash and investments | \$ 282 | 282 |
| Accounts receivable | 52 | 52 |
| Interest receivable | 1 | 1 |
| Prepaid expenses | 10 | 10 |
| | <u>345</u> | <u>345</u> |
| Total current assets | | |
| Capital assets : | | |
| Land | 11 | 11 |
| Land improvements | 1,036 | 1,036 |
| Buildings and improvements | 8,949 | 8,949 |
| Machinery and equipment | 391 | 391 |
| Construction in progress | 46 | 46 |
| Less accumulated depreciation | <u>(3,317)</u> | <u>(3,317)</u> |
| Total capital assets, net of accumulated depreciation | <u>7,116</u> | <u>7,116</u> |
| Total assets | <u>7,461</u> | <u>7,461</u> |
| Liabilities : | | |
| Accounts payable | 5 | 5 |
| Accrued expenses | 35 | 35 |
| | <u>40</u> | <u>40</u> |
| Total current liabilities | | |
| Long-term liabilities (net of Advances Payable | <u>3,184</u> | <u>3,184</u> |
| Total long-term liabilities | <u>3,184</u> | <u>3,184</u> |
| Total liabilities | <u>3,224</u> | <u>3,224</u> |
| Net position : | | |
| Net investment in capital assets | 7,116 | 7,116 |
| Unrestricted (deficit) | <u>(2,879)</u> | <u>(2,879)</u> |
| Total net position | <u>\$ 4,237</u> | <u>4,237</u> |

See accompanying independent auditors' report.

City Of Burbank

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)**

| | Golf Fund | Total Nonmajor Enterprise Fund |
|-------------------------------------|----------------------|---|
| Operating revenues : | | |
| Charges for services | <u>1,932</u> | <u>1,932</u> |
| Total operating revenues | <u>1,932</u> | <u>1,932</u> |
| | | |
| Operating expenses : | | |
| Operations and maintenance | 1,863 | 1,863 |
| Depreciation | <u>568</u> | <u>568</u> |
| Total operating expenses | <u>2,431</u> | <u>2,431</u> |
| | | |
| Operating (loss) | <u>(499)</u> | <u>(499)</u> |
| | | |
| Nonoperating income (expense) : | | |
| Interest income | (3) | (3) |
| Interest expense | <u>(29)</u> | <u>(29)</u> |
| | | |
| Total nonoperating income (expense) | <u>(32)</u> | <u>(32)</u> |
| | | |
| Change in net position | (531) | (531) |
| | | |
| Net position, July 1, 2012 | <u>4,768</u> | <u>4,768</u> |
| | | |
| Net position, June 30, 2013 | <u>\$ 4,237</u> | <u>4,237</u> |

See accompanying independent auditors' report.

City Of Burbank
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|---|----------------------|---|
| Cash flows from operating activities : | | |
| Cash received from customers | \$ 1,919 | 1,919 |
| Cash paid to suppliers | (1,924) | (1,924) |
| Net cash provided by (used in) operating activities | (5) | (5) |
| Cash flows from noncapital financing activities : | | |
| Received from City of Burbank | 30 | 30 |
| Net cash provided by (used in) noncapital financing activities | 30 | 30 |
| Cash flows from capital and related financing activities : | | |
| Acquisition and construction of assets | 5 | 5 |
| Interest paid | (29) | (29) |
| Net cash used in capital and related financing activities | (24) | (24) |
| Cash flows from investing activities : | | |
| Interest received | - | - |
| Net cash provided by investing activities | - | - |
| Net increase (decrease) in cash and cash equivalents | 1 | 1 |
| Cash and cash equivalents, July 1, 2012 | 281 | 281 |
| Cash and cash equivalents, June 30, 2013 | \$ 282 | 282 |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
STATEMENT OF CASH FLOWS, (concluded)
NONMAJOR ENTERPRISE FUND
For the Year ended June 30, 2013
(in thousands)

| | Golf Fund | Total Nonmajor Enterprise Fund |
|---|----------------------|---|
| Reconciliation of operating income (loss) to net cash provided by operating activities : | | |
| Operating income (loss) | \$ (499) | (499) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities : | | |
| Depreciation | 568 | 568 |
| GASB 31 market value adjustment | (3) | (3) |
| (Increase) in accounts receivable | (13) | (13) |
| Increase in accrued expense | (58) | (58) |
| Total adjustments | 494 | 494 |
| Net cash provided by (used in) operating activities | <u>\$ (5)</u> | <u>(5)</u> |
| Noncash investing, capital, and financing activities : | | |
| (Decrease) in fair value of investments | <u>\$ (3)</u> | <u>(3)</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 POSITION
INTERNAL SERVICE FUNDS

June 30, 2013
(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 | \$ 18,714 | 23,062 | 18,164 | 9,267 | 1,017 |
| Accounts receivable | - | - | 78 | - | 251 |
| Interest receivable | 49 | 62 | 49 | 26 | 4 |
| Interfund receivable | - | 2 | 1 | - | - |
| Inventories | - | - | 359 | - | - |
| Prepaid expenses | - | - | - | - | - |
| Total current assets | <u>18,763</u> | <u>23,126</u> | <u>18,651</u> | <u>9,293</u> | <u>1,272</u> |
| Capital assets : | | | | | |
| Buildings and improvements | - | - | 2,777 | - | 9,322 |
| Accumulated depreciation | - | - | (665) | - | (2,755) |
| Machinery and equipment | - | - | 31,819 | 3,450 | 2,786 |
| Accumulated depreciation | - | - | (19,942) | (2,825) | (1,517) |
| Construction in progress | - | - | 128 | - | 848 |
| Total capital assets | <u>-</u> | <u>-</u> | <u>14,117</u> | <u>625</u> | <u>8,684</u> |
| Total assets | <u>\$ 18,763</u> | <u>23,126</u> | <u>32,768</u> | <u>9,918</u> | <u>9,956</u> |
| Liabilities : | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 197 | 19 | 933 | 47 | 409 |
| Compensated absences | - | - | 23 | - | - |
| Deposits | 139 | - | - | - | 59 |
| Outstanding claims - self insurance | 2,336 | 6,427 | - | - | - |
| Total current liabilities | <u>2,672</u> | <u>6,446</u> | <u>956</u> | <u>47</u> | <u>468</u> |
| Long-term liabilities (net of current portion) | | | | | |
| Compensated absences | - | - | 101 | - | 3 |
| Outstanding claims - self insurance | 2,603 | 23,994 | - | - | - |
| Advances payable | - | - | - | - | - |
| Total long-term liabilities | <u>2,603</u> | <u>23,994</u> | <u>101</u> | <u>-</u> | <u>3</u> |
| Total liabilities | <u>5,275</u> | <u>30,440</u> | <u>1,057</u> | <u>47</u> | <u>471</u> |
| Net Position : | | | | | |
| Net investment in capital assets | - | - | 14,117 | 625 | 8,684 |
| Unrestricted (deficit) | 13,488 | (7,314) | 17,594 | 9,246 | 801 |
| Total net position | <u>\$ 13,488</u> | <u>(7,314)</u> | <u>31,711</u> | <u>9,871</u> | <u>9,485</u> |

(Continued)

City Of Burbank
COMBINING STATEMENT OF NET POSITION, (concluded)
INTERNAL SERVICE FUNDS

June 30, 2013
(in thousands)

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|--|--------------------------------------|--------------------------------------|--------------------|
| Current assets : | | | |
| Cash and investments | \$ 5,482 | 6,144 | 81,850 |
| Accounts receivable | 5 | 4 | 338 |
| Interest receivable | 14 | 15 | 219 |
| Interfund receivable | 1 | 7 | 11 |
| Inventories | 135 | - | 494 |
| Prepaid expenses | 4 | 8 | 12 |
| Total current assets | <u>5,641</u> | <u>6,178</u> | <u>82,924</u> |
| Capital assets : | | | |
| Buildings and improvements | 1,447 | - | 13,546 |
| Accumulated depreciation | (594) | - | (4,014) |
| Machinery and equipment | 11,137 | 14,276 | 63,468 |
| Accumulated depreciation | (8,927) | (12,122) | (45,333) |
| Construction in progress | 154 | 167 | 1,297 |
| Total capital assets | <u>3,217</u> | <u>2,321</u> | <u>28,964</u> |
| Total assets | <u>\$ 8,858</u> | <u>8,499</u> | <u>111,888</u> |
| Liabilities : | | | |
| Current liabilities | | | |
| Accounts payable | \$ 274 | 448 | 2,327 |
| Compensated absences | 19 | - | 42 |
| Deposits | - | - | 198 |
| Outstanding claims - self insurance | - | - | 8,763 |
| Total current liabilities | <u>293</u> | <u>448</u> | <u>11,330</u> |
| Long-term liabilities (net of current portion) | | | |
| Compensated absences | 100 | 2 | 206 |
| Outstanding claims - self insurance | - | - | 26,597 |
| Advances payable | - | 25 | 25 |
| Total long-term liabilities | <u>100</u> | <u>27</u> | <u>26,828</u> |
| Total liabilities | <u>393</u> | <u>475</u> | <u>38,158</u> |
| Net Position : | | | |
| Net investment in capital assets | 3,217 | 2,321 | 28,964 |
| Unrestricted | 5,248 | 5,703 | 44,766 |
| Total net position | <u>\$ 8,465</u> | <u>8,024</u> | <u>73,730</u> |

See accompanying independent auditors' report.

City Of Burbank

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

**For the Year ended June 30, 2013
(in thousands)**

| | Risk Mgmt. Self-Ins. | Workers Comp. Self-Ins. | Vehicle Equip. Rental | Office Equip. Rental | Muni. Bldg. Replace. |
|---|-------------------------------------|--|--------------------------------------|-------------------------------------|-------------------------------------|
| Operating revenues : | | | | | |
| Charges for services | \$ 6,123 | 10,783 | 7,588 | 89 | 951 |
| Total operating revenues | <u>6,123</u> | <u>10,783</u> | <u>7,588</u> | <u>89</u> | <u>951</u> |
| Operating expenses : | | | | | |
| Operations and maintenance | 5,681 | 10,086 | 5,239 | 184 | 1,997 |
| Depreciation | - | - | 2,426 | 282 | 812 |
| Total operating expenses | <u>5,681</u> | <u>10,086</u> | <u>7,665</u> | <u>466</u> | <u>2,809</u> |
| Operating income (loss) | <u>442</u> | <u>697</u> | <u>(77)</u> | <u>(377)</u> | <u>(1,858)</u> |
| Nonoperating income (expense) : | | | | | |
| Interest income | (178) | (225) | (165) | (72) | 15 |
| Other local taxes | - | - | - | - | 1,553 |
| Gain (loss) on disposal of fixed assets | - | - | 113 | (3) | - |
| Other income (expense) | - | - | 203 | 19 | 15 |
| Total nonoperating income (expense) | <u>(178)</u> | <u>(225)</u> | <u>151</u> | <u>(56)</u> | <u>1,583</u> |
| Income (loss) before transfers | 264 | 472 | 74 | (433) | (275) |
| Transfers in | 180 | - | - | - | - |
| Transfers out | - | - | - | (127) | (2,503) |
| Change in net position | 444 | 472 | 74 | (560) | (2,778) |
| Net position, July 1, 2012 (deficit) | <u>13,044</u> | <u>(7,786)</u> | <u>31,637</u> | <u>10,431</u> | <u>12,263</u> |
| Net position, June 30, 2013 (deficit) | <u>\$ 13,488</u> | <u>(7,314)</u> | <u>31,711</u> | <u>9,871</u> | <u>9,485</u> |

(Continued)

City Of Burbank
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION, (concluded)
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|---|--------------------------------------|--------------------------------------|----------------|
| Operating revenues : | | | |
| Charges for services | \$ 2,684 | 2,465 | 30,683 |
| Total operating revenues | <u>2,684</u> | <u>2,465</u> | <u>30,683</u> |
| Operating expenses : | | | |
| Operations and maintenance | 1,734 | 1,969 | 26,890 |
| Depreciation | 1,188 | 1,976 | 6,684 |
| Total operating expenses | <u>2,922</u> | <u>3,945</u> | <u>33,574</u> |
| Operating income (loss) | <u>(238)</u> | <u>(1,480)</u> | <u>(2,891)</u> |
| Nonoperating income (expense) : | | | |
| Interest income | (59) | (47) | (731) |
| Other local taxes | - | - | 1,553 |
| Gain (loss) on disposal of fixed assets | - | - | 110 |
| Other income (expense) | 20 | 11 | 268 |
| Total nonoperating income (expense) | <u>(39)</u> | <u>(36)</u> | <u>1,200</u> |
| Income (loss) before transfers | (277) | (1,516) | (1,691) |
| Transfer in | - | - | 180 |
| Transfer out | - | - | (2,630) |
| Change in net position | (277) | (1,516) | (4,141) |
| Net position, July 1, 2012 (deficit) | <u>8,742</u> | <u>9,540</u> | <u>77,871</u> |
| Net position, June 30, 2013 (deficit) | <u>\$ 8,465</u> | <u>8,024</u> | <u>73,730</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(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 | \$ 6,123 | 10,783 | 7,617 | 89 | 963 |
| Cash paid to suppliers | (4,947) | (8,657) | (3,872) | (325) | (1,762) |
| Cash paid to employees | - | - | (1,315) | - | (66) |
| Net cash provided by (used in) operating activities | <u>1,176</u> | <u>2,126</u> | <u>2,430</u> | <u>(236)</u> | <u>(865)</u> |
| Cash flows from noncapital financing activities : | | | | | |
| Proceeds from other funds | - | - | 203 | 19 | 1,513 |
| Transfers from other funds | 180 | - | - | - | - |
| Transfers to other funds | - | - | - | (127) | (2,503) |
| Net cash provided by (used in) noncapital financing activities | <u>180</u> | <u>-</u> | <u>203</u> | <u>(108)</u> | <u>(990)</u> |
| Cash flows from capital and related financing activities : | | | | | |
| Proceeds from sales of capital assets | - | - | 113 | (3) | - |
| Acquisition and construction of assets | - | - | (1,589) | (19) | (873) |
| Net cash used in capital and related financing activities | <u>-</u> | <u>-</u> | <u>(1,476)</u> | <u>(22)</u> | <u>(873)</u> |
| Cash flows from investing activities : | | | | | |
| Interest received | <u>165</u> | <u>207</u> | <u>166</u> | <u>92</u> | <u>19</u> |
| Net cash provided by investing activities | <u>165</u> | <u>207</u> | <u>166</u> | <u>92</u> | <u>19</u> |
| Net increase (decrease) in cash and cash equivalents | 1,521 | 2,333 | 1,323 | (274) | (2,709) |
| Cash and cash equivalents, July 1, 2012 | <u>17,193</u> | <u>20,729</u> | <u>16,841</u> | <u>9,541</u> | <u>3,726</u> |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 18,714</u> | <u>23,062</u> | <u>18,164</u> | <u>9,267</u> | <u>1,017</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year ended June 30, 2013
(in thousands)

| | Commun. Equip. Rental | Comp. Equip. Replace. | Total |
|---|--------------------------------------|--------------------------------------|----------------|
| Cash flows from operating activities : | | | |
| Cash received from customers | \$ 2,686 | 2,466 | 30,727 |
| Cash paid to suppliers | (863) | (2,345) | (22,771) |
| Cash paid to employees | (767) | (135) | (2,283) |
| Net cash provided by (used in) operating activities | <u>1,056</u> | <u>(14)</u> | <u>5,673</u> |
| Cash flows from noncapital financing activities : | | | |
| Proceeds from other funds | 20 | 11 | 1,766 |
| Transfers from other funds | - | - | 180 |
| Transfers to other funds | - | - | (2,630) |
| Net cash provided by (used in) noncapital financing activities | <u>20</u> | <u>11</u> | <u>(684)</u> |
| Cash flows from capital and related financing activities : | | | |
| Proceeds from sales of capital assets | - | - | 110 |
| Acquisition and construction of assets | (157) | (270) | (2,908) |
| Net cash used in capital and related financing activities | <u>(157)</u> | <u>(270)</u> | <u>(2,798)</u> |
| Cash flows from investing activities : | | | |
| Interest received | 46 | 60 | 755 |
| Net cash provided by investing activities | <u>46</u> | <u>60</u> | <u>755</u> |
| Net increase (decrease) in cash and cash equivalents | 965 | (213) | 2,946 |
| Cash and cash equivalents, July 1, 2012 | 4,517 | 6,357 | 78,904 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 5,482</u> | <u>6,144</u> | <u>81,850</u> |

See accompanying independent auditors' report.

(Continued)

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year ended June 30, 2013
(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 | \$ 442 | 697 | (77) | (377) | (1,858) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities : | | | | | |
| Depreciation | - | - | 2,426 | 282 | 812 |
| GASB 31 market value adjustment | (337) | (428) | (326) | (159) | 4 |
| (Increase) decrease in accounts receivable | - | - | 29 | - | 12 |
| (Increase) decrease in inventories | - | - | 70 | - | - |
| (Increase) decrease in prepaid items | 3 | - | 22 | - | - |
| Increase (decrease) in outstanding claims payable | 757 | 1,851 | - | - | - |
| Increase (decrease) in accounts payable | 172 | 6 | 324 | 18 | 189 |
| Increase (decrease) in compensated absences | - | - | (38) | - | - |
| Increase (decrease) in deferred revenue | - | - | - | - | (24) |
| Increase (decrease) in customer deposits | 139 | - | - | - | - |
| Total adjustments | <u>734</u> | <u>1,429</u> | <u>2,507</u> | <u>141</u> | <u>993</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,176</u> | <u>2,126</u> | <u>2,430</u> | <u>(236)</u> | <u>(865)</u> |
| Noncash investing, capital, and financing activities : | | | | | |
| Increase (decrease) in fair value of investments | <u>\$ (337)</u> | <u>(428)</u> | <u>(326)</u> | <u>(159)</u> | <u>4</u> |

See accompanying independent auditors' report.

City Of Burbank
COMBINING STATEMENT OF CASH FLOWS, (concluded)
INTERNAL SERVICE FUNDS

For the Year ended June 30, 2013
(in thousands)

| | <u>Commun. Equip. Rental</u> | <u>Comp. Equip. Replace.</u> | <u>Total</u> |
|---|--------------------------------------|--------------------------------------|----------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities : | | | |
| Operating loss | <u>(238)</u> | <u>(1,480)</u> | <u>(2,891)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities : | | | |
| Depreciation | 1,188 | 1,976 | 6,684 |
| GASB 31 market value adjustment | (105) | (104) | (1,455) |
| (Increase) decrease in accounts receivable | 2 | 1 | 44 |
| (Increase) decrease in inventories | (7) | - | 63 |
| (Increase) decrease in prepaid items | - | (7) | 18 |
| Increase (decrease) in outstanding claims payable | - | - | 2,608 |
| Increase (decrease) in accounts payable | 223 | (402) | 530 |
| Increase (decrease) in compensated absences | (7) | 2 | (43) |
| Increase (decrease) in deferred revenue | - | - | (24) |
| Total adjustments | <u>1,294</u> | <u>1,466</u> | <u>8,564</u> |
| Net cash provided by (used in) operating activities | <u>1,056</u> | <u>(14)</u> | <u>5,673</u> |
| Noncash investing, capital, and financing activities : | | | |
| Increase (decrease) in fair value of investments | <u>(105)</u> | <u>(104)</u> | <u>(1,455)</u> |

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 Position by Component
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

Governmental Activities :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 | 561,931 | 179,919 | 210,335 | 952,185 |
| 2011-12 | 750,743 | 86,936 | 204,378 | 1,042,057 |
| 2012-13 | 736,794 | 59,742 | 232,353 | 1,028,889 |

Business-type Activities :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 |
| 2011-12 | 278,893 | - | 130,394 | 409,287 |
| 2012-13 | 287,055 | - | 138,590 | 425,645 |

Primary Government :

| Fiscal Year | Investment in capital assets | Restricted | Unrestricted | Total |
|--------------------|-------------------------------------|-------------------|---------------------|--------------|
| 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 | 809,832 | 192,332 | 343,529 | 1,345,693 |
| 2011-12 | 1,029,636 | 86,936 | 334,772 | 1,451,344 |
| 2012-13 | 1,023,849 | 59,742 | 370,943 | 1,454,534 |

SOURCE : City Financial Services Department

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | | |
| Governmental activities : | | | | | |
| General government | 7,731 | - | 2,649 | 7,437 | 15,976 |
| Police | 46,718 | 45,118 | 43,161 | 48,453 | 50,557 |
| Fire | 34,426 | 32,169 | 31,648 | 31,543 | 32,743 |
| Public works | 27,365 | 47,947 | 55,699 | 39,573 | 51,496 |
| Community development | 25,917 | 46,785 | 70,264 | 68,778 | 46,976 |
| Parks & recreation | 21,983 | 30,113 | 20,363 | 19,803 | 18,526 |
| Library | 6,968 | 7,370 | 7,014 | 6,961 | 6,736 |
| Extraordinary Gain (Loss) | - | - | - | 37,354 | - |
| Interest on long-term debt | 28,087 | 21,781 | 21,970 | 13,936 | 2,955 |
| Total governmental activities expenses | 199,195 | 231,283 | 252,768 | 273,838 | 225,965 |
| Business-type activities : | | | | | |
| Water reclamation & sewer | 13,639 | 12,714 | 13,577 | 13,408 | 13,596 |
| Golf course | 21,208 | 20,290 | 2,669 | 2,576 | 2,460 |
| Electric utility | 270,341 | 218,051 | 214,840 | 186,279 | 199,755 |
| Water utility | 19,831 | 19,777 | 22,453 | 24,126 | 25,957 |
| Refuse collection & disposal | 12,768 | 13,796 | 14,117 | 14,810 | 16,172 |
| Total business-type activities expenses | 337,787 | 284,628 | 267,656 | 241,199 | 257,940 |
| Total primary government expenses | 536,982 | 515,911 | 520,424 | 515,037 | 483,905 |
| Program Revenues | | | | | |
| Governmental activities : | | | | | |
| Charges for services | | | | | |
| General government | 1,369 | 850 | 101 | 393 | 160 |
| Police | 4,483 | 4,207 | 3,956 | 3,763 | 3,729 |
| Fire | 3,208 | 3,170 | 3,522 | 3,174 | 3,691 |
| Public works | 2,142 | 1,728 | 1,426 | 1,361 | 1,354 |
| Community development | 9,152 | 7,833 | 16,828 | 11,467 | 21,399 |
| Parks and recreation | 3,774 | 3,725 | 3,918 | 4,188 | 3,467 |
| Library | 193 | 183 | 184 | 184 | 179 |
| Operating grants and contributions | 19,046 | 18,404 | 19,238 | 17,869 | 19,040 |
| Total governmental activities program revenues | 43,367 | 40,100 | 49,173 | 42,399 | 53,019 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank
Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|-----------------------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Business-type activities : | | | | | |
| Charges for services : | | | | | |
| Water reclamation & sewer | 14,171 | 14,459 | 14,941 | 15,915 | 16,606 |
| Golf course | 20,307 | 19,303 | 1,769 | 2,005 | 1,932 |
| Electric utility | 287,589 | 235,020 | 225,901 | 202,216 | 218,712 |
| Water utility | 21,372 | 22,118 | 23,281 | 26,682 | 27,724 |
| Refuse collection & disposal | 13,142 | 14,332 | 15,016 | 15,474 | 16,365 |
| Operating grants and contributions | 475 | 530 | 20 | 4,502 | 1,898 |
| Capital grants and contributions | 2,749 | 2,659 | 4,120 | 1,705 | 732 |
| Total business-type activities program revenues | <u>359,805</u> | <u>308,421</u> | <u>285,048</u> | <u>268,499</u> | <u>283,969</u> |
| Total primary government program revenues | <u>403,172</u> | <u>348,521</u> | <u>334,221</u> | <u>310,898</u> | <u>336,988</u> |
| Net (expense) / revenue | | | | | |
| Governmental activities | (155,828) | (191,183) | (203,595) | (231,439) | (172,946) |
| Business-type activities | <u>22,018</u> | <u>23,793</u> | <u>17,392</u> | <u>27,300</u> | <u>26,029</u> |
| Total primary government net expense | <u>(133,810)</u> | <u>(167,390)</u> | <u>(186,203)</u> | <u>(204,139)</u> | <u>(146,917)</u> |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|--|----------------------------|----------------|----------------|-----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Revenues and Other | | | | | |
| Changes in Net Assets | | | | | |
| Governmental activities : | | | | | |
| Property tax | 80,079 | 79,803 | 66,240 | 46,328 | 46,499 |
| Sales tax | 30,249 | 24,948 | 29,907 | 31,352 | 32,967 |
| Utility users tax | 20,236 | 19,908 | 18,524 | 19,784 | 20,237 |
| Motor-vehicle in-lieu tax | 8,596 | 4,212 | 4,559 | 4,631 | 5,021 |
| Franchise tax | 5,283 | 8,760 | 8,938 | 8,436 | 8,574 |
| Transient occupancy tax | 5,941 | 5,273 | 5,686 | 5,943 | 6,548 |
| Transient parking tax | 2,978 | 2,759 | 2,886 | 2,821 | 2,805 |
| Unrestricted investment earnings | 10,995 | 17,631 | 14,315 | 9,565 | 7,802 |
| Other | 7,654 | 7,412 | 22,389 | 29,789 | 17,142 |
| Extraordinary gain on dissolution of redevelopment agency | - | - | - | 116,599 | - |
| Transfers | 11,103 | 11,667 | 11,354 | 11,651 | 12,183 |
| Total governmental activities | 183,114 | 182,373 | 184,798 | 286,899 | 159,778 |
| Business-type activities : | | | | | |
| Unrestricted investment earnings | 3,119 | 3,771 | 3,327 | 2,358 | 43 |
| Other | 201 | 255 | 1,706 | (2,228) | 2,469 |
| Transfers | (11,103) | (11,667) | (11,354) | (11,651) | (12,183) |
| Total business-type activities | (7,783) | (7,641) | (6,321) | (11,521) | (9,671) |
| Total primary government | 175,331 | 174,732 | 178,477 | 275,378 | 150,107 |
| Change in Net Position | | | | | |
| Governmental activities | 27,286 | (8,810) | (18,797) | 89,872 | (13,168) |
| Business-type activities | 14,235 | 16,152 | 11,071 | 15,779 | 16,358 |
| Total primary government | 41,521 | 7,342 | (7,726) | 105,651 | 3,190 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2005 | 2006 | 2,007 | 2008 |
| Expenses | | | | | |
| Governmental activities : | | | | | |
| General government | 5,082 | 6,091 | 8,097 | 5,254 | 6,535 |
| Police | 33,102 | 34,363 | 38,925 | 41,345 | 43,759 |
| Fire | 25,306 | 26,129 | 26,993 | 29,955 | 33,262 |
| Public works | 33,354 | 15,136 | 22,048 | 26,163 | 25,977 |
| Community development | 32,125 | 25,746 | 22,796 | 26,953 | 37,322 |
| Parks & recreation | 18,616 | 17,040 | 19,583 | 19,533 | 20,945 |
| Library | 5,337 | 5,635 | 6,200 | 6,256 | 6,764 |
| Interest on long-term debt | 16,357 | 20,789 | 21,997 | 19,027 | 19,673 |
| Total governmental activities expenses | 169,279 | 150,929 | 166,639 | 174,486 | 194,237 |
| Business-type activities : | | | | | |
| Water reclamation & sewer | 13,174 | 13,154 | 12,249 | 14,573 | 13,680 |
| Golf course | 1,500 | 1,627 | 13,676 | 17,814 | 19,762 |
| Electric utility | 242,208 | 224,091 | 328,832 | 347,122 | 370,144 |
| Water utility | 15,060 | 15,332 | 15,708 | 17,064 | 20,657 |
| Refuse collection & disposal | 11,356 | 10,733 | 11,282 | 12,452 | 12,461 |
| Total business-type activities expenses | 283,298 | 264,937 | 381,747 | 409,025 | 436,704 |
| Total primary government expenses | 452,577 | 415,866 | 548,386 | 583,511 | 630,941 |
| Program Revenues | | | | | |
| Governmental activities : | | | | | |
| Charges for services | | | | | |
| General government | 20 | 219 | 179 | 737 | 917 |
| Police | 3,769 | 4,087 | 4,717 | 4,771 | 4,364 |
| Fire | 2,170 | 2,348 | 2,586 | 2,915 | 3,111 |
| Public works | 1,785 | 1,800 | 2,468 | 2,664 | 2,427 |
| Community development | 10,596 | 11,094 | 13,684 | 15,436 | 10,990 |
| Parks and recreation | 3,031 | 2,857 | 3,335 | 3,434 | 3,606 |
| Library | 185 | 202 | 205 | 190 | 189 |
| Operating grants and contributions | 13,985 | 17,833 | 23,306 | 20,238 | 19,859 |
| Total governmental activities program revenues | 35,719 | 41,112 | 50,480 | 50,385 | 45,463 |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Business-type activities : | | | | | |
| Charges for services : | | | | | |
| Water reclamation & sewer | 11,316 | 11,927 | 12,861 | 13,406 | 13,819 |
| Golf course | 1,962 | 1,815 | 13,591 | 17,821 | 19,316 |
| Electric utility | 271,175 | 251,835 | 345,158 | 368,760 | 382,167 |
| Water utility | 17,261 | 17,239 | 18,936 | 19,618 | 23,224 |
| Refuse collection & disposal | 9,858 | 9,899 | 10,469 | 11,075 | 11,827 |
| Capital grants and contributions | 5,264 | 3,971 | 2,414 | 3,181 | 2,635 |
| Total business-type activities program revenues | 316,836 | 296,686 | 403,429 | 433,861 | 453,179 |
| Total primary government program revenues | 352,555 | 337,798 | 453,909 | 484,246 | 498,642 |
| Net (expense) / revenue | | | | | |
| Governmental activities | (133,560) | (109,817) | (116,159) | (124,101) | (148,774) |
| Business-type activities | 33,538 | 31,749 | 21,682 | 24,836 | 16,475 |
| Total primary government net expense | (100,022) | (78,068) | (94,477) | (99,265) | (132,299) |

SOURCE : City Financial Services Department

(continued)

City Of Burbank

Table 2 - Changes in Net Position
Last ten fiscal years (accrual basis) *
(in thousands)
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|---------|---------|------------|-----------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities : | | | | | |
| Property tax | 49,122 | 51,301 | 55,947 | 65,559 | 69,483 |
| Sales tax | 26,222 | 19,883 | 29,509 | 31,904 | 33,419 |
| Utility users tax | 17,323 | 17,862 | 18,787 | 19,505 | 20,310 |
| Motor-vehicle in-lieu tax | 6,501 | 6,279 | 7,610 | 7,801 | 8,419 |
| Franchise tax | 2,276 | 3,776 | 4,798 | 5,073 | 5,130 |
| Transient occupancy tax | 4,238 | 4,606 | 5,632 | 5,691 | 5,981 |
| Transient parking tax | 1,765 | 2,515 | 3,238 | 3,526 | 3,651 |
| Unrestricted investment earnings | 1,566 | 3,788 | 3,966 | 21,283 | 19,627 |
| Other | 11,920 | 19,395 | 8,217 | 2,300 | 3,522 |
| Transfers | 3,541 | 9,363 | 9,870 | 10,721 | 10,728 |
| Total governmental activities | 124,474 | 138,768 | 147,574 | 173,363 | 180,270 |
| Business-type activities : | | | | | |
| Unrestricted investment earnings | 1,619 | 3,919 | 4,691 | 8,479 | 8,210 |
| Other | 1,856 | 940 | 720 | 1,622 | 924 |
| Transfers | (3,541) | (9,363) | (9,870) | (10,721) | (10,728) |
| Total business-type activities | (66) | (4,504) | (4,459) | (620) | (1,594) |
| Total primary government | 124,408 | 134,264 | 172,743 | \$ 172,743 | 178,676 |
| Change in Net Position | | | | | |
| Governmental activities | (9,086) | 28,951 | 31,415 | 49,262 | 180,270 |
| Business-type activities | 33,472 | 27,245 | 17,223 | 24,216 | (133,893) |
| Total primary government | 24,386 | 56,196 | 48,638 | 73,478 | 46,377 |

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 |
|--------------------|------------------------------|--------------------------------|---------------------------|--|-----------------------------------|------------------------------------|---|
| 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

| | General Fund Nonspendable | General Fund Restricted | General Fund Committed | General Fund Assigned | General Fund Unassigned | Total General Fund |
|---------|----------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------------|---------------------------|
| 2010-11 | 43,503 | 149 | - | 10,384 | 46,871 | 100,907 |
| 2011-12 | 30,822 | 107 | - | 8,538 | 47,098 | 86,565 |
| 2012-13 | 46,384 | 119 | - | 5,202 | 43,189 | 94,894 |

| | All Other Governmental Nonspendable | All Other Governmental Restricted | All Other Governmental Committed | All Other Governmental Assigned | All Other Governmental Unassigned | Total All Other Governmental Funds |
|---------|--|--|---|--|--|---|
| 2010-11 | 1,834 | 207,305 | 20,397 | 65,695 | (36,396) | 258,835 |
| 2011-12 | 352 | 138,120 | 19,364 | 54,744 | (542) | 212,038 |
| 2012-13 | 12,124 | 135,103 | 17,053 | 29,461 | (564) | 193,177 |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Sales tax | 30,249 | 24,948 | 29,789 | 31,352 | 32,967 |
| Property tax | 80,079 | 79,803 | 76,308 | 46,328 | 46,499 |
| Utility Users tax | 20,236 | 19,908 | 18,524 | 19,784 | 20,237 |
| Other | 14,102 | 13,279 | 12,230 | 24,786 | 13,529 |
| Total Taxes | <u>144,666</u> | <u>137,938</u> | <u>136,851</u> | <u>122,250</u> | <u>113,232</u> |
| Special Assessments | - | - | - | - | - |
| Licenses & Permits | 4,115 | 3,680 | 3,798 | 4,228 | 4,373 |
| Fines, forfeitures, and penalties | 2,974 | 2,597 | 2,340 | 2,590 | 2,308 |
| Use of money or property | 12,476 | 16,281 | 11,232 | 11,449 | 5,625 |
| Intergovernmental | 28,298 | 29,056 | 29,604 | 26,056 | 27,617 |
| Charges for services | 34,555 | 29,032 | 46,766 | 45,439 | 38,368 |
| Total revenues | <u>227,084</u> | <u>218,584</u> | <u>230,591</u> | <u>212,012</u> | <u>191,523</u> |
| Expenditures | | | | | |
| General government | 28,172 | 48,736 | 40,537 | 32,607 | 23,113 |
| Public Safety | 76,616 | 75,205 | 72,832 | 77,111 | 80,070 |
| Environmental | 37,573 | 37,856 | 60,374 | 59,325 | 60,377 |
| Culture and recreation | 29,391 | 30,527 | 25,213 | 25,032 | 23,066 |
| Capital outlay | 19,702 | 18,330 | 22,552 | 23,895 | 38,223 |
| Debt service : | | | | | |
| Principal | 8,330 | 9,115 | 9,590 | 15,280 | 4,500 |
| Other | - | - | - | - | - |
| Interest | 23,035 | 21,841 | 22,007 | 13,939 | 2,959 |
| Total expenditures | <u>222,819</u> | <u>241,610</u> | <u>253,105</u> | <u>247,189</u> | <u>232,308</u> |
| Excess of revenues over (under) expenditures | <u>4,265</u> | <u>(23,026)</u> | <u>(22,514)</u> | <u>(35,177)</u> | <u>(40,785)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 48,877 | 53,290 | 69,253 | 24,462 | 20,084 |
| Transfers out | (35,729) | (41,276) | (57,399) | (13,070) | (5,451) |
| Other revenues | - | - | - | - | #REF! |
| Total other financing sources (uses) | <u>13,148</u> | <u>12,014</u> | <u>11,854</u> | <u>11,392</u> | <u>#REF!</u> |
| Extraordinary gain/(loss) on dissolution of Redevelopment agency | - | - | - | (37,354) | - |
| Net change in fund balances | <u>17,413</u> | <u>(11,012)</u> | <u>(10,660)</u> | <u>(23,785)</u> | <u>#REF!</u> |
| Debt service as a percentage of noncapital expenditures | 15.4% | 13.9% | 13.7% | 13.1% | 3.8% |

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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-----------------|----------------|----------------|----------------|-----------------|
| Revenues | | | | | |
| Sales tax | 26,222 | 19,883 | 29,509 | 31,904 | \$ 33,419 |
| Property tax | 49,122 | 51,301 | 55,947 | 65,559 | 69,483 |
| Utility Users tax | 17,323 | 17,862 | 18,787 | 19,505 | 20,310 |
| Other | 10,477 | 18,216 | 14,266 | 13,614 | 14,124 |
| Total Taxes | <u>103,144</u> | <u>107,262</u> | <u>118,509</u> | <u>130,582</u> | <u>137,336</u> |
| Special Assessments | 237 | 236 | 236 | 234 | - |
| Licenses & Permits | 3,690 | 4,446 | 5,738 | 4,802 | 4,646 |
| Fines, forfeitures, and penalties | 2,849 | 2,995 | 3,287 | 3,222 | 2,617 |
| Use of money or property | 5,983 | 11,879 | 13,717 | 18,923 | 18,220 |
| Intergovernmental | 19,213 | 25,438 | 31,759 | 27,467 | 29,418 |
| Charges for services | 26,221 | 26,687 | 32,962 | 33,844 | 28,356 |
| Total revenues | <u>161,337</u> | <u>178,943</u> | <u>206,208</u> | <u>219,074</u> | <u>220,593</u> |
| Expenditures | | | | | |
| General government | 23,549 | 25,571 | 28,900 | 27,949 | 33,797 |
| Public Safety | 56,477 | 57,734 | 63,295 | 68,758 | 73,740 |
| Environmental | 34,422 | 35,157 | 39,359 | 35,099 | 35,999 |
| Culture and recreation | 22,282 | 21,331 | 23,602 | 25,172 | 27,349 |
| Capital outlay | 20,172 | 8,677 | 15,308 | 23,863 | 43,602 |
| Debt service : | | | | | |
| Principal | 8,146 | 6,945 | 12,535 | 8,456 | 8,440 |
| Other | 3,337 | - | 28 | 592 | - |
| Interest | 16,318 | 20,520 | 22,019 | 19,163 | 19,625 |
| Total expenditures | <u>184,703</u> | <u>175,935</u> | <u>205,046</u> | <u>209,052</u> | <u>242,552</u> |
| Excess of revenues over (under) expenditures | <u>(23,366)</u> | <u>3,008</u> | <u>1,162</u> | <u>10,022</u> | <u>(21,959)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 99,382 | 33,314 | 32,830 | 77,806 | 69,514 |
| Transfers out | (96,751) | (25,086) | (24,748) | (69,850) | (60,369) |
| Advances from City | - | - | - | - | - |
| Payment of unfunded actuarial liability | (24,947) | - | - | - | - |
| Bond proceeds | 80,930 | - | 6,155 | 52,325 | - |
| Total other financing sources (uses) | <u>58,614</u> | <u>8,228</u> | <u>14,237</u> | <u>60,281</u> | <u>9,145</u> |
| Net change in fund balances | <u>35,248</u> | <u>11,236</u> | <u>15,399</u> | <u>70,303</u> | <u>(12,814)</u> |
| Debt service as a percentage of noncapital expenditures | 16.9% | 16.4% | 18.2% | 15.2% | 14.1% |

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 |
|--------------------|--------------------|-------------------|-------------------------|-------------------|-----------------------------------|------------------|--------------|
| 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 |
| 2011-12 | 38,096 | 43,717 | 69,331 | - | 2,325 | 35,484 | 4,959 |
| 2012-13 | 41,404 | 44,617 | 70,123 | - | 2,399 | 44,295 | 6,628 |

Source : Burbank Water and Power

City Of Burbank

**Table 6 - Electricity Rates
Last ten fiscal years
(Unaudited)**

| Fiscal Year | Residential | Commercial | Large Commercial |
|--------------------|--------------------|-------------------|-----------------------------|
| 2003-04 | 0.12868 | 0.12243 | 0.10259 |
| 2004-05 | 0.12870 | 0.12567 | 0.10907 |
| 2005-06 | 0.12908 | 0.12106 | 0.10507 |
| 2006-07 | 0.12782 | 0.12748 | 0.10469 |
| 2007-08 | 0.13068 | 0.12768 | 0.11255 |
| 2008-09 | 0.13267 | 0.13279 | 0.11527 |
| 2009-10 | 0.13506 | 0.13482 | 0.11806 |
| 2010-11 | 0.14097 | 0.14224 | 0.12516 |
| 2011-12 | 0.14401 | 0.14319 | 0.12616 |
| 2012-13 | 0.14710 | 0.14346 | 0.12832 |

Source : Burbank Water and Power

City Of Burbank

**Table 7 - Largest Electrical Customers
Current Year and Ten Years Ago
(in thousands)
(Unaudited)**

| Taxpayer | 2013 | | 2007 (1) | |
|-----------------------|----------------------------|--|----------------------------|--|
| | Electricity charges | Percent of electric retail revenues | Electricity charges | Percent of electric retail revenues |
| Customer 1 | \$ 9,650 | 5.6% | \$ 10,235 | 6.7% |
| Customer 2 | 4,838 | 2.8% | 4,818 | 3.1% |
| Customer 3 | 4,241 | 2.5% | 3,232 | 2.1% |
| Customer 4 | 2,744 | 1.6% | 3,740 | 2.4% |
| Customer 5 | 2,518 | 1.5% | 3,094 | 2.0% |
| Customer 6 | 2,442 | 1.4% | 2,524 | 1.6% |
| Customer 7 | 2,275 | 1.3% | 2,263 | 1.5% |
| Customer 8 | 2,131 | 1.2% | - | 0.0% |
| Customer 9 | 2,057 | 1.2% | 2,247 | 1.5% |
| Customer 10 | 1,798 | 1.1% | - | 0.0% |
| Subtotal | 34,694 | 20.3% | 32,153 | 20.9% |
| Other users | 136,570 | 79.8% | 336,607 | 79.1% |
| Total for entire City | <u>\$ 171,264</u> | <u>100.0%</u> | <u>368,760</u> | <u>100.0%</u> |

(1) Earliest available data is 2007.

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 | Fiduciary Activities | Governmental Activities | | Total Total Govt'l Activities |
|--------------------|--|---|-------------------------------------|--|
| | Community Facilities District Bonds | Pension Obligation Bonds | Tax Allocation Bonds | |
| 2003-04 | 620 | 25,120 | 221,804 | 246,924 |
| 2004-05 | 430 | 25,120 | 215,474 | 240,594 |
| 2005-06 | 6,380 | 19,100 | 208,953 | 228,053 |
| 2006-07 | 6,155 | 18,840 | 229,503 | 248,343 |
| 2007-08 | 6,155 | 18,500 | 221,747 | 240,247 |
| 2008-09 | 6,155 | 18,070 | 214,257 | 232,327 |
| 2009-10 | 5,860 | 17,545 | 206,579 | 224,124 |
| 2010-11 | 5,555 | 16,915 | 198,581 | 215,496 |
| 2011-12 | 5,235 | 16,175 | 204,311 | 220,486 |
| 2012-13 | 4,900 | 15,315 | 196,014 | 211,329 |

Source : Financial Services Department

City Of Burbank

Table 8 - Ratios of Outstanding Debt by Type
Last ten fiscal years
(in thousands)
(Unaudited)

| Fiscal Year | Business-Type Activities | | | Total (3) Primary Govt. | Pct (1) Personal Income | Per Capita (1) |
|--------------------|---------------------------------|--------------|---|--|--|---------------------------|
| | Revenue Bonds | Loans | Total Bus. Type Activities | | | |
| 2003-04 | 149,357 | 1,857 | 151,214 | 302,428 | 9.12% | 2.87 |
| 2004-05 | 144,839 | 1,696 | 146,535 | 387,129 | 10.93% | 3.63 |
| 2005-06 | 133,856 | 1,531 | 135,387 | 363,440 | 9.21% | 3.4 |
| 2006-07 | 122,613 | 1,361 | 123,974 | 372,317 | 10.02% | 3.51 |
| 2007-08 | 111,902 | 1,186 | 113,088 | 353,335 | 8.75% | 3.27 |
| 2008-09 | 100,808 | 1,007 | 101,815 | 334,142 | 7.77% | 3.09 |
| 2009-10 | 137,762 | 823 | 138,585 | 362,709 | 7.91% | 3.34 |
| 2010-11 | 166,075 | 634 | 166,709 | 382,205 | 8.97% | 3.66 |
| 2011-12 | 160,487 | 961 | 161,448 | 381,934 | 8.75% | 3.66 |
| 2012-13 | 153,446 | 7,019 | 160,465 | 371,794 | 8.32% | 3.54 |

- (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.
- (3) Includes debt in Fidiuciary Trust Fund.

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) |
| 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 |
| 2011-12 | 204,311 | 16,175 | 220,486 | 1.21% | 2.11 |
| 2012-13 | (3) 196,014 | 15,315 | 211,329 | 1.15% | 2.00 |

(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.

(3) Tax allocation bonded debt of \$146,029 is reflected in the Fiduciary Trust Fund balance sheet.

Source : Financial Services Department

City Of Burbank

Table 10 - Schedule of Direct and Overlapping Debt
June 30, 2013
(in thousands)
(Unaudited)

| | | |
|--|--|-----------------------------|
| City Assessed Valuation | | \$ 18,449,609 |
| Redevelopment Agency Incremental Valuation | | <u>5,605,615</u> |
| Total Assessed Valuation | | <u><u>\$ 24,055,224</u></u> |

| | <u>Percentage Applicable (1)</u> | <u>Outstanding Debt 12/13</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|--------------------------------------|-----------------------------------|--|
| Burbank Unified School District | 100.000% | 94,991 | 94,991 |
| Los Angeles County | 1.542% | 79,696 | 1,229 |
| Los Angeles Community College District | 3.095% | <u>3,712,555</u> | <u>114,904</u> |
| Total overlapping debt | | <u><u>3,887,242</u></u> | <u>211,124</u> |
| City direct debt : | | | |
| Community Facilities District (2) | | 4,900 | |
| Burbank Redevelopment Tax Allocation (2) | | 194,886 | |
| Pension obligation bonds | | <u>15,315</u> | |
| Total City direct debt | | | <u>215,101</u> |
| Total direct and overlapping debt | | | <u><u>\$ 426,225</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.

(2) Community Facilities District and Burbank Redevelopment Tax Allocation debt is reflected in the Fiduciary Fund Balance Sheet.

Sources : City Financial Services Department
HDL Coren & Cone

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) |
|--------------------|-------------------|-----------------------|--------------------------|----------------|
| 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% |
| 2011-12 | 2,723,655 | 137,674 | 2,585,981 | 5.05% |
| 2012-13 | 2,767,712 | 131,563 | 2,636,149 | 4.75% |

(1) Full title : Total net debt applicable to the limit as a percentage of the debt limit

| | |
|---|--------------------------------|
| Net assessed value | <u>\$ 18,451,410</u> |
| Debt limit - 15% of assessed value | 2,767,712 |
| Amount of debt applicable to debt limit : | |
| Community facilities district bonds (1) | 4,900 |
| Redevelopment debt - tax allocation bonds (1) | <u>141,129</u> |
| Total | <u>146,029</u> |
| Less : | |
| Reserves in Debt Service funds available for payment of principal : | |
| Redevelopment debt (1) | <u>13,338</u> |
| Total | <u>13,338</u> |
| Total amount of debt applicable to debt limit | <u>132,691</u> |
| Legal debt margin | <u><u>\$ 2,635,021</u></u> |

(1) Reflected in the Fiduciary Trust Fund statements.

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 | | | | | |
| 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 |
| 2011-12 | 209,467 | 175,748 | 33,719 | 6,127 | 5.50 |
| 2012-13 | 223,176 | 182,461 | 40,715 | 7,603 | 5.36 |
| WATER UTILITY FUND | | | | | |
| 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 |
| 2011-12 | 27,404 | 21,085 | 6,319 | 2,386 | 2.65 |
| 2012-13 | 28,125 | 22,544 | 5,581 | 2,381 | 2.34 |
| WATER RECLAMATION AND SEWER FUND | | | | | |
| 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 |
| 2011-12 | 16,217 | 9,562 | 6,655 | 1,417 | 4.70 |
| 2012-13 | 16,622 | 10,408 | 6,214 | 1,419 | 4.38 |

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 | | | | | |
| 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 |
| 2011-12 | 16,564 | 13,922 | 2,642 | 964 | 2.74 |
| 2012-13 | 17,105 | 15,708 | 1,397 | 557 | 2.51 |

| Fiscal Year | Tax Increment | Debt Service | | Times coverage |
|-------------|------------------|--------------|----------|-------------------|
| | | Principal | Interest | |
| 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 |
| 2011-12 | 24,358 | 9,685 | 10,458 | 1.21 |
| 2012-13 | 22,928 | 6,120 | 8,828 | 1.53 |

- 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.

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) |
|--------------------|-----------------------|----------------------------|---------------------------------------|------------------------------|
| 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% |
| 2011-12 | 104,427 | 4,364,109 | 41,791 | 9.0% |
| 2012-13 | 104,982 | 4,468,454 | 42,564 | 7.5% |

- 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 Ten Years Ago *

(Unaudited)

| | 2013 | | 2004 | |
|-------------------------------------|------------------------|--------|------------------------|--------|
| | Number of Employees | % | Number of Employees | % |
| 1. The Walt Disney Company | 7,900 | 12.9% | 5,916 | 10.6% |
| 2. Warner Bros. Entertainment | 7,400 | 12.0% | 5,000 | 9.0% |
| 3. Providence St. Joseph's Hospital | 3,000 | 4.9% | 3,500 | 6.3% |
| 4. Bob Hope Airport | 2,400 | 3.9% | 1,400 | 2.5% |
| 5. ABC Inc | 2,300 | 3.7% | - | 0.0% |
| 6. Burbank Unified School District | 1,900 | 3.1% | 2,010 | 3.6% |
| 7. City of Burbank | 1,500 | 2.4% | 1,509 | 2.7% |
| 8. Foto-Kem Industries | 1,100 | 1.9% | 552 | 1.0% |
| 9. Yahoo! | 500 | 0.8% | - | - |
| 10. Crane/Hydro Air Company | 500 | 0.8% | 401 | 0.7% |
| Other employers | 32,932 | 53.6% | 35,523 | 63.6% |
| (1) | 61,432 | 100.0% | 55,811 | 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.

(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, | | | | |
|------------------------------|----------------------------|-------|-------|-------|-------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| General government | 163 | 161 | 166 | 166 | 169 |
| Police | 265 | 265 | 268 | 271 | 279 |
| Fire | 137 | 139 | 139 | 139 | 143 |
| Public works | 129 | 131 | 136 | 144 | 146 |
| Community development | 81 | 97 | 93 | 82 | 86 |
| Parks and recreation | 157 | 154 | 158 | 178 | 179 |
| Library | 63 | 62 | 64 | 67 | 69 |
| Water Reclamation and Sewer | 11 | 11 | 12 | 12 | 12 |
| Electric Utility | 286 | 288 | 288 | 278 | 275 |
| Water Utility | 51 | 51 | 51 | 50 | 50 |
| Refuse Collection & Disposal | 55 | 54 | 49 | 48 | 46 |
| | 1,398 | 1,413 | 1,424 | 1,435 | 1,454 |

| | Fiscal year ended June 30, | | | | |
|------------------------------|----------------------------|-------|-------|-------|-------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| General government | 165 | 164 | 164 | 166 | 145 |
| Police | 273 | 270 | 274 | 272 | 278 |
| Fire | 141 | 137 | 146 | 146 | 144 |
| Public works | 144 | 144 | 144 | 144 | 145 |
| Community development | 84 | 83 | 80 | 80 | 80 |
| Parks and recreation | 174 | 174 | 179 | 178 | 189 |
| Library | 69 | 67 | 67 | 66 | 67 |
| Water Reclamation and Sewer | 11 | 11 | 10 | 10 | 10 |
| Electric Utility | 275 | 273 | 263 | 263 | 271 |
| Water Utility | 50 | 48 | 52 | 52 | 51 |
| Refuse Collection & Disposal | 46 | 46 | 45 | 45 | 44 |
| | 1,432 | 1,417 | 1,424 | 1,422 | 1,424 |

(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, | | | | |
|--|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Police : | | | | | |
| Arrests | 5,628 | 5,443 | 5,492 | 7,417 | 8,674 |
| Reports taken | 12,387 | 12,359 | 11,953 | 12,209 | 13,559 |
| Service calls | 44,889 | 44,889 | 42,566 | 39,966 | 44,621 |
| Animals entering shelter (1) | 2,504 | 2,839 | 2,879 | 3,068 | 3,081 |
| Moving violations issued | 14,445 | 13,337 | 13,127 | 17,450 | 14,800 |
| Fire : | | | | | |
| Safety employees | 123 | 115 | 125 | 125 | 123 |
| Fire incidents | 1,218 | 1,260 | 1,243 | 1,293 | 1,348 |
| Medical incidents | 7,818 | 7,457 | 7,568 | 7,418 | 7,136 |
| Community Development : | | | | | |
| Building permits | 5,749 | 4,388 | 3,978 | 3,601 | 3,958 |
| Business licenses/business permits (3) | 1,005 | 1,020 | 799 | 2,000 | 2,000 |
| Business tax registrations | 12,620 | 12,333 | 11,757 | 14,000 | 15,000 |
| Parks and Recreation : | | | | | |
| Number of street trees | 28,788 | 28,758 | 28,656 | 28,643 | 28,670 |
| Sports participants | 15,507 | 17,540 | 17,619 | 16,489 | 16,326 |
| Afterschool and daycamp participants | 15,140 | 14,825 | 11,640 | 11,892 | 11,008 |
| Special interest participants | 13,258 | 11,585 | 7,871 | 8,718 | 10,362 |
| Burbank bus ridership (2) | 351,724 | 359,092 | 392,637 | 520,372 | 611,184 |
| RSVP volunteer hours served | 178,000 | 178,000 | 189,000 | 187,875 | 221,926 |
| Library : | | | | | |
| Number of books | 531,253 | 512,118 | 482,490 | 433,975 | 432,817 |
| Number of audiovisual recordings | 82,415 | 76,981 | 71,148 | 69,802 | 64,288 |
| Water Reclamation & Sewer : | | | | | |
| Customer accounts (4) | 55,883 | 48,044 | 47,690 | 47,413 | 57,526 |
| Electric Utility : | | | | | |
| Number of meters | 52,788 | 52,766 | 52,627 | 51,796 | 51,384 |
| Generating capacity (KW) | 211,000 | 211,000 | 225,000 | 225,000 | 225,000 |
| Peak demand (KW) | 294,000 | 305,000 | 322,000 | 286,000 | 289,000 |
| Water Utility : | | | | | |
| Number of meters | 26,853 | 26,815 | 26,792 | 26,506 | 26,486 |
| Average daily gallons used (millions) | 17,117 | 16,856 | 21,980 | 18,854 | 23,367 |
| Refuse collection & Disposal : | | | | | |
| Customer accounts | 48,331 | 53,536 | 51,650 | 50,307 | 50,132 |
| Golf Course : | | | | | |
| Rounds of full golf | 56,782 | 58,357 | 52,185 | 56,397 | 60,933 |
| Rounds of 3 par golf | 15,100 | 16,624 | 17,108 | 21,462 | 21,775 |

(continued)

City Of Burbank

**Table 16 - Operating Indicators by function
Last Ten Fiscal Years
(Unaudited)**

| | Fiscal year ended June 30, | | | | |
|--------------------------------------|----------------------------|---------|---------|---------|---------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| Police : | | | | | |
| Arrests | 9,076 | 8,879 | 8,284 | 7,255 | 6,551 |
| Reports taken | 13,667 | 13,667 | 13,809 | 13,976 | 13,911 |
| Service calls | 46,809 | 47,003 | 49,667 | 50,580 | 51,025 |
| Animals entering shelter (1) | 2,605 | 2,870 | 3,069 | 1,294 | 1,377 |
| Moving violations issued | 13,856 | 15,875 | 15,474 | 14,642 | 16,970 |
| Fire : | | | | | |
| Safety employees | 125 | 121 | 119 | 121 | 121 |
| Fire incidents | 1,554 | 1,447 | 1,532 | 1,349 | 1,326 |
| Medical incidents | 7,146 | 7,076 | 6,612 | 6,576 | 6,715 |
| Community Development : | | | | | |
| Building permits (3) | 4,713 | 4,864 | 6,970 | 2,757 | 2,686 |
| Business licenses | 700 | 790 | 534 | 617 | 614 |
| Business tax registrations | 16,534 | 16,311 | 15,991 | 15,579 | 15,446 |
| Parks and Recreation : | | | | | |
| Number of street trees | 29,000 | 28,489 | 25,422 | 25,418 | 25,365 |
| Sports participants | 15,837 | 16,214 | 15,760 | 15,922 | 16,112 |
| Afterschool and daycamp participants | 17,005 | 5,740 | 5,942 | 5,955 | 5,940 |
| Special interest participants | 10,545 | 10,500 | 10,750 | 10,549 | 10,400 |
| Burbank bus ridership (2) | 529,813 | 459,626 | 410,730 | 329,325 | 308,705 |
| RSVP volunteer hours served | 136,674 | 180,402 | 132,470 | 128,744 | 126,778 |
| Library : | | | | | |
| Number of books | 456,553 | 440,232 | 440,232 | 393,755 | 389,294 |
| Number of audiovisual recordings | 56,555 | 42,566 | 42,566 | 37,332 | 16,502 |
| Water Reclamation & Sewer : | | | | | |
| Customer accounts (4) | 56,499 | 56,335 | 45,451 | 45,409 | 45,181 |
| Electric Utility : | | | | | |
| Number of meters | 51,338 | 51,310 | 51,310 | 51,310 | 51,310 |
| Generating capacity (KW) | 225,000 | 225,000 | 225,000 | 225,000 | 201,000 |
| Peak demand (KW) | 308,000 | 285,000 | 285,000 | 285,000 | 284,000 |
| Water Utility : | | | | | |
| Number of meters | 26,455 | 26,391 | 26,351 | 26,346 | 26,325 |
| Average daily gallons used | 22,410 | 20,470 | 19,500 | 19,270 | 20,900 |
| Refuse collection & Disposal : | | | | | |
| Customer accounts | 47,212 | 29,000 | 30,659 | 30,576 | 30,849 |
| Golf Course : | | | | | |
| Rounds of full golf | 59,605 | 65,472 | 61,020 | 65,493 | N/A |
| Rounds of 3 par golf | 22,311 | 24,296 | 23,980 | 24,220 | 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, | | | | |
|---|----------------------------|-------|-------|-------|-------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| 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 | 368 | 368 | 367 | 367 | 367 |
| Street lights | 9,133 | 9,008 | 8,979 | 9,419 | 9,383 |
| Miles of storm drains | 61 | 61 | 61 | 61 | 61 |
| Signalized intersections | 196 | 196 | 196 | 194 | 190 |
| Parks and Recreation : | | | | | |
| Number of parks | 28 | 28 | 28 | 27 | 26 |
| Swimming pools | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 21 | 21 | 24 | 24 | 24 |
| Ballfields | 15 | 15 | 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) | 405 | 419 | 423 | 356 | 356 |
| Water Utility : | | | | | |
| Miles of water mains | 280 | 280 | 280 | 280 | 278 |

(continued)

City Of Burbank
Table 17 - Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

| | Fiscal year ended June 30, | | | | |
|---|----------------------------|-------|-------|-------|-------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| 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 | 366 | 366 | 366 |
| Street lights | 9,238 | 9,184 | 9,184 | 9,184 | 9,100 |
| Miles of storm drains | 61 | 61 | 61 | 61 | 61 |
| Signalized intersections | 183 | 183 | 183 | 183 | 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 | 223 | 223 | 240 |
| Electric Utility : | | | | | |
| Transmission & distribution lines (miles) | 410 | 410 | 410 | 410 | 410 |
| Water Utility : | | | | | |
| Miles of water mains | 278 | 278 | 277 | 276 | 274 |

City of Burbank

**Table 18 - City Employees with Earnings over \$200 Thousand
For Fiscal Year 2012-2013
(Unaudited)**

| Employee Position | Gross Earnings |
|---------------------------------|-----------------------|
| General Manager BWP | \$ 261 |
| Fire Battalion Chief | 234 |
| Fire Engineer | 220 |
| City Attorney | 220 |
| Fire Fighter | 214 |
| Police Lieutenant | 214 |
| Police Chief | 212 |
| Fire Captain | 212 |
| Fire Battalion Chief | 212 |
| Line Mechanic Supervisor | 209 |
| Power System Operator II | 206 |
| Line Mechanic Supervisor | 206 |
| Fire Engineer | 205 |
| Assistant General Manager - BWP | 205 |
| Fire Captain | 204 |
| Fire Ballation Chief | 200 |

Source : City Financial Services Department

City Of Burbank

Table 19 - Schedule of Credits

June 30, 2013

(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 Enterprise Funds |
| Heidi Okimoto, Principal Accountant | Governmental Funds : General Fund Special Revenue Funds Inventory Notes to Financial Statements |
| Angela O'Connor, Senior Accountant | Successor Agency - Private Purpose Trust Fund Redevelopment Capital Projects & Debt Service Funds Public Financing Authority Internal Service Funds Notes to Financial Statements |
| Eva Felipe Accountant | Projects Enterprise Funds |
| Craig Wood, Financial Systems Manager | General Overview Systems Programming Grant Activity Report (Single Audit) |
| Monina Marin Accountant | Fixed Assets Accounting Bank Reconciliations Fuel Notes to Financial Statements |
| Cathy Jaramillo Account Clerk | Bond Cash Reconciliations Fuel |
| Kassandra Wildermuth Administrative Analyst I | Statistical Section Cover Photos / Design |
| Mike McDaniel, Reprographics Supervisor | Reprographic Services |
| Cassidy Allen, Graphic Illustrator | Cover design |

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"). The Bonds are being issued pursuant to an indenture of trust, dated as of June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., 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 1, 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.

"*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.

"*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 10), commencing

with the report for the 2013-14 Fiscal Year, which is due not later than March 31, 2015, 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:

(i) Principal amount of Bonds, Parity Obligations and State revolving fund loans outstanding as of the end of the most recently completed fiscal year;

(ii) Updated information set forth in the following tables of the Official Statement (in all cases, information for only the most recently completed fiscal year is required):

(A) Table 1 (Customer Accounts and Percentage of Sewer Service Charge Revenues),

(B) Table 2 (Revenues by Customer Type),

(C) Table 3 (Major Sewer Accounts),

(D) Table 4 (Average Daily Flow of Enterprise),

(E) Table 5 (Five-Year History of Sewer Service and Sewer Facilities Charges), and

(F) Table 12 (Historical Summary Statement of Revenues, Expenses and Debt Service Coverage); and

(iii) So long as the dispute with Los Angeles described in the Official Statement continues, an update on its status.

(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 Owner, 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 Owners; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners 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 Owner 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 _____
Cindy Giraldo
Financial 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: City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014

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: The Bank of New York Mellon Trust Company, N.A., as trustee

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 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 2012-13 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, 2013, California's Public Employees' Pension Reform Act (PEPRA) went into effect. New miscellaneous members contribute 6.75% of their annual covered salary, new fire members contribute 11.25% and new police members contribute 12.75%.

Employees who were CalPERS members before January 1, 2013 are considered "classic" members and miscellaneous members are required to contribute 8% of their annual covered salary and safety employees contribute 9%. For classic members, the City makes the following partial contribution required of City employees on their behalf and for their account: BCEA 4.0%, BMA 0.0%, BCAA 6.0%, unrepresented managers 4.0%, executives 4.0%, BPOA 3.5%, BFF 4.5% and BFFCOU 0.0%. The City is required to contribute at an actuarially determined rate; for miscellaneous employees the rate is 16.527%; for fire employees the rate is 20.008%; for police employees the rate is 33.031% for fiscal year 2013-14. 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 17.954% for fiscal year 2014-15 and 19.500% for fiscal year 2015-16; fire employees 21.136% for fiscal year 2014-15 and 23.700% for fiscal year 2015-16; for police employees 35.214% for fiscal year 2014-15 and 37.600% for fiscal year 2015-16.

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 | 17.954 |
| 2015-16 | 19.5 |
| 2016-17 | 21.0 (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 | 21.136 |
| 2015-16 | 23.700 |
| 2016-17 | 26.400 (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 | 35.214 |
| 2015-16 | 37.6 |
| 2016-17 | 40.1 (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} |
|---------------------------------|--|--|---|-------------------------------|--------------------------------|---|
| 6/30/09: | | | | | | |
| 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 |
| 6/30/12: | | | | | | |
| Misc. | 586,477 | 687,957 | 101,480 | 85.2 | 78,437 | 129.4 |
| Fire | 169,515 | 181,789 | 12,274 | 93.2 | 13,359 | 91.9 |
| Police | <u>196,601</u> | <u>233,258</u> | <u>36,657</u> | 84.3 | <u>16,620</u> | 220.6 |
| Total | <u>952,593</u> | <u>1,103,004</u> | <u>150,411</u> | 86.4 | <u>108,416</u> | 138.7 |

A summary of the principal assumptions and methods used to determine the annual required contribution (ARC) for the year ended June 30, 2013 is shown below:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2010 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Amortization Period | Closed |
| 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, 2012 is set forth below:

| Plan | Market Value as of 6/30/12 |
|---------------|-----------------------------------|
| Miscellaneous | \$489,124,626 |
| Fire | 141,263,443 |
| Police | 163,876,005 |

Recent CalPERS Actions. On March 14, 2012, the CalPERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.25%. As a result of such discount rate decrease, among other things, in fiscal year 2012-13, (i) the amounts of CalPERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans and (ii) the amounts of CalPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning in fiscal year 2013-14. More information about the CalPERS discount rate adjustment can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.

The CalPERS Board adjustment has been undertaken in order to address underfunding of the CalPERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. 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.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and

losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for fiscal year 2015-16. The City cannot predict how this change in amortization and smoothing policies will affect its contribution levels.

On February 18, 2014, the CalPERS Board approved new demographic actuarial assumptions based on the 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The CalPERS Board also assumed earlier retirements (Police 3% at age 50; Fire 3% at age 55; and Miscellaneous 2.7% at age 55 and 3% at age 60), which will increase costs for those groups. Finally, the CalPERS Board projected higher pay increases for long-service Safety members, which will also increase Safety costs. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the 6/30/14 valuation) with full impact in fiscal year 2020-21. CalPERS staff estimates that local governments could see costs rise up to 5% of payroll for average state employees and up to 9% for Safety classifications in year 5 of the phase-in.

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 went 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 represented employees. 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 ranges from \$300 to \$600 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 \$119 per month for all retired employees enrolled in a CalPERS medical plan. In addition, the City pays \$71.43 per month for 21 management retirees and pays \$188 per month for 9 IBEW retirees. The PEMHCA minimum required contribution is included in the \$190.43 paid to management retirees but is paid in addition to the \$188 for IBEW retirees for a total of \$307. 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 fiscal year 2008-09 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 2013-14, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2012-13, the City contributed \$92. The City's ARC was \$185 (in thousands) for the fiscal year 2012-13.

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 2012-13, the City contributed \$1,325 (in thousands) to BERMT. The City's ARC was \$1,545 (in thousands) for BERMT in the fiscal year 2012-13.

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 2012-13, the City contributed \$1,937 (in thousands), including \$698 (in thousands) in benefit payments and \$1,239 (in thousands) deposit to CERBT. The City's ARC

was \$1,151 (in thousands) for the fiscal year 2012-13. 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, 2013, 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 (dollars in thousands):

| | BERMT | PEMHCA | URMT |
|---|------------------|------------------|------------------|
| Annual required contribution | \$1,545 | \$1,151 | \$185 |
| Interest on net OPEB obligation/(asset) | (97) | (638) | (290) |
| Adjustment to annual required contribution | 140 | 505 | 251 |
| Annual OPEB cost | 1,588 | 1,018 | 146 |
| Contributions made | (1,325) | (1,937) | (92) |
| Decrease in net OPEB obligation | 263 | (919) | 54 |
| Net OPEB obligation/(asset) - beginning of year | (1,673) | (8,346) | (3,657) |
| Net OPEB asset - end of year | <u>\$(1,410)</u> | <u>\$(9,265)</u> | <u>\$(3,603)</u> |

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 (dollars in thousands):

| | Year Ended | Annual OPEB Cost | Pct of OPEB cost Contributed | Net OPEB Obligation |
|--------|-------------------|-------------------------|-------------------------------------|----------------------------|
| 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) |
| BERMT | 6/30/2013 | 1,588 | 83.4 | (1,410) |
| PEMHCA | 6/30/2013 | 1,018 | 190.3 | (9,265) |
| URMT | 6/30/2013 | 146 | 630.0 | (3,603) |

The funded status of the plans (dollars in thousands) as of June 30, 2013 was:

| | BERMT | PEMHCA | URMT |
|--|--------------|---------------|-------------|
| Actuarial accrued liability (a) | \$46,187 | \$23,475 | \$6,277 |
| Actuarial value of plan assets (b) | 20,010 | 14,755 | 6,429 |
| Unfunded actuarial accrued liability (funding excess) (a)-(b) | 26,177 | 8,720 | (152) |
| Funded ratio (b) / (a) | 43.3% | 62.9% | 102.4% |
| Covered payroll (c) | 92,690 | 120,803 | 17,909 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c) | 28.2% | 7.2% | (0.8)% |

The market value of the assets in the three plans as of June 30, 2013 was:

| | BERMT | PEMHCA | URMT |
|-----------------------------|--------------|---------------|-------------|
| Market value of plan assets | \$20,266 | \$16,873 | \$6,907 |
| Unfunded ratio | 43.9% | 71.9% | 110.0% |

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, 2013 actuarial valuation (dollars in thousands):

| 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) | | | | | | |
| 6/30/2013 | \$19,872 | \$43,228 | \$23,356 | 46.0% | \$74,296 | 31.4% |
| CalPERS Healthcare (PEMHCA) | | | | | | |
| 6/30/2013 | 16,085 | 23,229 | 7,144 | 69.2 | 106,075 | 6.7 |
| Utility Retiree Medical Trust (URMT) | | | | | | |
| 6/30/2013 | 6,635 | 6,119 | (516) | 108.4 | 16,753 | (3.1) |

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 | 6/30/2013 | 6/30/2013 | 6/30/2013 |
| 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% | 7.25% | 7.25% |
| General inflation | 3.00 | 3.00 | 3.00 |
| Aggregate payroll increases | 3.25 | 3.25 | 3.25 |
| COLA | 0.00 | 4.50 | 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 March 2014 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 March 31, 2014, had a market value of \$324,963,545. The following table illustrates the investments as of March 31, 2014:

| Type | Par Value | Book Value | Market Value |
|------------------------------------|----------------------|----------------------|----------------------|
| Agency-US Federal Agency | \$197,085,000 | \$197,115,833 | \$194,968,686 |
| Corporates-Medium Term Notes | 58,948,000 | 59,639,268 | 57,675,307 |
| Local Agency Investment Fund | 41,000,000 | 41,000,000 | 41,013,002 |
| Municipal Bonds | 5,890,000 | 5,963,144 | 5,923,314 |
| Negotiable Certificates of Deposit | 25,385,000 | 25,379,488 | 25,383,236 |
| Total | \$328,308,000 | \$329,097,733 | \$324,963,545 |

Source: City of Burbank.

The maturity schedule of the City's pooled investment portfolio as of March 31, 2014 is set forth below:

| Maturity | Percentage |
|-----------------------------|-------------------|
| Due in 1st year | 18.6% |
| Due in 2nd year | 6.7 |
| Due in 3rd year | 13.7 |
| Due in 4th year | 40.2 |
| Due in 5 th year | 17.5 |
| Due over 5 years | 3.3 |
| Cumulative | 100.0% |

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 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| City of Burbank | 103,116 | 103,363 | 104,193 | 104,480 | 104,982 |
| Los Angeles County | 9,801,096 | 9,822,121 | 9,847,712 | 9,889,520 | 9,958,091 |
| State of California | 36,966,713 | 37,223,900 | 37,427,946 | 37,668,804 | 37,966,471 |

Source: State of California, Department of Finance.

The tables below lists employment by industry group for Los Angeles County and the City for the years 2009 through 2013 and the annual average labor force for the City during the same period.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------|-----------|-----------|-----------|-----------|
| Civilian Labor Force | 4,907,600 | 4,916,300 | 4,936,400 | 4,901,300 | 4,960,300 |
| Employment | 4,339,300 | 4,298,500 | 4,331,500 | 4,365,800 | 4,470,700 |
| Unemployment | 568,300 | 617,900 | 604,900 | 535,500 | 489,600 |
| Unemployment Rate | 11.6% | 12.6% | 12.3% | 10.9% | 9.9% |
| <u>Wage and Salary Employment:</u> ⁽¹⁾ | | | | | |
| Agriculture | 6,200 | 6,200 | 5,600 | 5,400 | 5,500 |
| Natural Resources and Mining | 4,100 | 4,100 | 4,000 | 4,300 | 4,600 |
| Construction | 117,300 | 104,500 | 105,000 | 109,100 | 116,500 |
| Manufacturing | 389,200 | 373,200 | 366,800 | 367,200 | 366,500 |
| Wholesale Trade | 204,500 | 203,000 | 205,200 | 211,300 | 217,800 |
| Retail Trade | 387,000 | 386,400 | 392,900 | 400,900 | 405,900 |
| Trans., Warehousing, Utilities | 151,200 | 150,500 | 151,800 | 154,400 | 156,900 |
| Information | 191,200 | 191,500 | 191,900 | 191,400 | 197,300 |
| Financial and Insurance | 142,300 | 137,800 | 136,800 | 138,600 | 137,100 |
| Real Estate, Rental & Leasing | 73,800 | 71,700 | 71,600 | 72,100 | 74,700 |
| Professional and Business Services | 529,800 | 527,500 | 542,900 | 570,000 | 590,300 |
| Educational and Health Services | 639,900 | 637,200 | 643,100 | 674,100 | 713,400 |
| Leisure and Hospitality | 385,500 | 384,800 | 394,600 | 415,300 | 436,700 |
| Other Services | 137,900 | 136,700 | 136,900 | 141,600 | 145,500 |
| Federal Government | 48,700 | 51,600 | 49,000 | 48,100 | 47,300 |
| State Government | 82,000 | 80,700 | 82,700 | 83,100 | 83,400 |
| Local Government | 465,200 | 447,300 | 433,800 | 425,600 | 418,600 |
| Total All Industries ⁽²⁾ | 3,955,600 | 3,894,600 | 3,914,600 | 4,012,300 | 4,118,000 |

(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.

CITY OF BURBANK
Annual Average Labor Force

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|--------|--------|--------|--------|--------|
| Civilian Labor Force | 60,200 | 60,200 | 60,500 | 60,200 | 61,100 |
| Employment | 54,500 | 54,000 | 54,400 | 54,900 | 56,200 |
| Unemployment | 5,700 | 6,200 | 6,000 | 5,300 | 4,900 |
| Unemployment Rate | 9.4% | 10.2% | 10.0% | 8.9% | 8.0% |

City of Burbank.

The table below lists the major employers in the City. Major private employers in the City include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include the Burbank Unified School District and the City.

**CITY OF BURBANK
Major Employers by Number of Employees
2014**

| Business Name | Number of Employees | Industry |
|--|----------------------------|-----------------|
| Walt Disney Pictures | 7,900 | Media |
| W B Studio Enterprises Inc | 7,400 | Media |
| Providence St. Joseph Hospital | 2,850 | Medical |
| Bob Hope Airport | 2,400 | Aero |
| ABC, Inc. | 2,300 | Media |
| Burbank Unified School District | 1,800 | School |
| City of Burbank | 1,700 | Civic |
| Deluxe Shared Services LLC | 1,684 | Media |
| Entertainment Partners | 757 | Media |
| Foto-Kem Industries Inc | 665 | Media |
| Nickelodeon Animation | 547 | Media |
| Crane Co, Hydro-Aire Division | 540 | Aero |
| Senior Aerospace - SSP | 512 | Aero |
| Diagnostic Laboratories | 420 | Medical |
| Target Store #T-1362 | 420 | Retail |
| Yahoo! Inc | 413 | Media |
| Capgemini U S LLC | 410 | Info Tech |
| Cartoon Network | 375 | Media |
| Ikea California LLC | 356 | Retail |
| Modern Videofilm Inc | 346 | Media |
| National Broadcasting Company | 324 | Media |
| Aramark Uniform Service, Inc | 320 | Office |
| La Graphico | 320 | Media |
| Automobile Club of Southern California | 303 | Office |
| Macy's | 271 | Retail |
| Fry's Electronics, Inc | 251 | Retail |
| Costco Wholesale #677 | 236 | Retail |
| Vallarta Supermarket #17 | 214 | Retail |
| Film Roman LLC | 205 | Media |
| Ameriflight LLC | 202 | Aero |

Source: City of Burbank.

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 calendar year 2012 in the City were reported to be \$2,716,027,000, a 1.41% increase over the total taxable sales of \$2,678,390,000 reported during calendar year 2011.

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 |
|---------------------|-----------------------------|--|----------------------------|--|
| 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 |
| 2011 ⁽¹⁾ | 2,368 | 2,018,393 | 3,934 | 2,678,390 |
| 2012 ⁽¹⁾ | 2,261 | 2,030,869 | 3,755 | 2,716,027 |

(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 calendar year 2012 in the County were reported to be \$135,295,581,000, a 7.00% increase over the total taxable sales of \$126,440,737,000 reported during calendar year 2011.

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 |
|---------------------|-----------------------------|--|----------------------------|--|
| 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 |
| 2011 ⁽¹⁾ | 179,872 | 89,251,447 | 266,868 | 126,440,737 |
| 2012 ⁽¹⁾ | 175,369 | 95,318,603 | 259,539 | 135,295,581 |

(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 Los Angeles County for calendar years 2008 through 2012.

**CITY OF BURBANK
New Construction
(dollars in thousands)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$8,615.3 | \$3,306.3 | \$6,854.6 | \$2,139.5 | \$3,621.6 |
| New Multi-family | 30,348.0 | 1,196.5 | 555.2 | 3,091.0 | 4,967.0 |
| Res. Alterations/Additions | <u>21,509.4</u> | <u>15,751.2</u> | <u>13,461.1</u> | <u>23,653.4</u> | <u>17,550.1</u> |
| Total Residential | 60,472.7 | 20,254.0 | 20,870.9 | 28,883.9 | 26,138.7 |
| New Commercial | 44,786.7 | 15,076.2 | 631.0 | 6,381.4 | 39,753.2 |
| New Industrial | 0.0 | 0.0 | 0.0 | 1,000.0 | 59,945.6 |
| New Other | 19,812.5 | 5,573.5 | 1,533.5 | 0.0 | 0.0 |
| Com. Alterations/Additions | <u>38,572.5</u> | <u>48,569.0</u> | <u>22,045.7</u> | <u>49,935.7</u> | <u>31,419.4</u> |
| Total Nonresidential | 103,171.7 | 69,218.7 | 24,210.2 | 57,317.1 | 131,118.2 |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 47 | 9 | 15 | 6 | 6 |
| Multiple Family | <u>272</u> | <u>6</u> | <u>3</u> | <u>15</u> | <u>20</u> |
| TOTAL | 319 | 15 | 18 | 21 | 26 |

Source: Construction Industry Research Board, Building Permit Summary

**LOS ANGELES COUNTY
New Construction
(dollars in thousands)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Permit Valuation</u> | | | | | |
| New Single-family | \$1,134,121.1 | \$798,305.0 | \$922,092.0 | \$1,026,679.4 | \$1,127,916.8 |
| New Multi-family | 1,409,062.3 | 521,793.7 | 810,621.4 | 1,225,553.4 | 1,484,648.9 |
| Res. Alterations/Additions | <u>1,411,332.6</u> | <u>1,073,157.9</u> | <u>1,109,768.6</u> | <u>1,431,581.5</u> | <u>1,208,758.1</u> |
| Total Residential ⁽¹⁾ | 3,954,515.9 | 2,393,256.6 | 2,842,482.0 | 3,683,814.3 | 3,821,323.8 |
| New Commercial | 1,517,965.4 | 513,381.3 | 521,995.6 | 612,800.9 | 1,364,188.7 |
| New Industrial | 134,587.0 | 40,084.0 | 55,772.9 | 135,976.2 | 202,882.5 |
| New Other | 680,228.1 | 462,139.0 | 436,807.8 | 286,119.7 | 107,608.9 |
| Com. Alterations/Additions | <u>2,157,857.2</u> | <u>1,657,939.6</u> | <u>1,662,362.9</u> | <u>1,774,207.9</u> | <u>2,199,249.7</u> |
| Total Nonresidential ⁽¹⁾ | 4,490,637.8 | 2,673,543.9 | 2,676,939.1 | 2,809,104.7 | 3,873,929.8 |
| <u>New Dwelling Units</u> | | | | | |
| Single Family | 3,539 | 2,131 | 2,439 | 2,338 | 2,820 |
| Multiple Family | <u>10,165</u> | <u>3,522</u> | <u>5,029</u> | <u>8,052</u> | <u>8,895</u> |
| TOTAL | 13,704 | 5,653 | 7,468 | 10,390 | 11,715 |

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 2008 through 2012.

**COUNTY OF LOS ANGELES
Effective Buying Income
2008 through 2012**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|--------------------|---|---|
| 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 |
| 2012 | City of Burbank | \$2,791,428 | \$49,139 |
| | Los Angeles County | 210,048,048 | 44,384 |
| | California | 864,088,828 | 47,307 |
| | United States | 6,737,867,730 | 41,358 |

Source: The Nielsen Company (US), Inc.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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: \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014

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 \$10,575,000 Wastewater Refunding Revenue Bonds, Series 2014 (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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution adopted by the City Council of the City on May 6, 2014 (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 XIIC and XIID 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.

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 following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or 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. 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.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (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 issue of the Securities, each 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 a 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.

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 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 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 Issuer or Agent, 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, Agent, or Issuer, 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 Issuer or Agent, 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 Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]



Printed by: ImageMaster, LLC
www.imagemaster.com

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF DELIVERY TO CDIAAC

I, Katherine Lee Reed, 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: June 10, 2014

By 
Katherine Lee Reed,
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#: 2014-0561

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: Wastewater Refunding Revenue Bonds, Series 2014

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: May 20, 2014 PRINCIPAL SOLD: \$10,575,000.00
(Date Purchase Agreement Signed/ Bid Acceptance)

DATED DATE: June 10, 2014

IS ANY PORTION OF THE DEBT FOR REFUNDING? ¹

No Yes, refunding amount (including costs) \$ 10,575,000.00

Issuer Contact:

Name: Cindy Giraldo Title: Financial Services Director
Address: 275 East Olive Avenue City, State, Zip: Burbank, CA, 91510
Phone: 818-238-5500 ISSUER LOCATED IN Los Angeles COUNTY
Email: cgiraldo@ci.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: 900 Larkspur Landing Circle, Suite 270 City, State, Zip: Larkspur, CA 94939
Phone: (415) 925-4200 E-Mail: bquint@qtlp.com
Send acknowledgment/copies to: Katherine Reed E-mail: kreed@qtlp.com

Name of individual to whom an invoice for the CDIAC issue fee should be sent: ²

Name: Robbie Breck-Specter Firm/Agency: Raymond James & Associates Inc.
Address: Tower Three, 3rd Floor, 800 Carillon Parkway City, State, Zip: St. Petersburg, FL 33716
Phone: (727) 567-1293 E-Mail: robbie.specter@raymondjames.com

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.

CDIAC: Report of Final Sale

Page 2

FINANCING PARTICIPANTS (Firm name)FINANCIAL ADVISOR: Ross FinancialLEAD UNDERWRITER/PURCHASER: Raymond James & Associates, Inc.BOND COUNSEL: Quint & Thimmig LLP

CO-BOND COUNSEL: _____

TRUSTEE/PAYING AGENT: The Bank of New York Mellon Trust Company, San Francisco, 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: 6/1/2033FIRST OPTIONAL CALL DATE: 6/1/2025SENIOR/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 RatedStandard & Poor's: AA+

Fitch: _____

Moody's: Aa2

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)

OFFICE LOCATION (City/State)San Francisco, CASt. Petersburg, FLLarkspur, CASan Francisco, CA**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: 2.04332 % VariableCAPITAL APPRECIATION BOND: Yes No**ISSUANCE COSTS AND FEES:**

| | | |
|---------------------------------------|----|---------------------|
| A) Management Fee | \$ | _____ |
| B) Total Takedown | \$ | _____ |
| C) Underwriter Expenses | \$ | _____ |
| Underwriter Spread or Discount | \$ | 38,070.00 |
| D) Bond Counsel | \$ | 52,009.00 |
| E) Co-Bond Counsel | \$ | 0.00 |
| F) Disclosure Counsel | \$ | 45,000.00 |
| G) Financial Advisor | \$ | 45,814.05 |
| H) Rating Agency | \$ | 37,000.00 |
| I) Credit Enhancement | \$ | 0.00 |
| J) Trustee Fee | \$ | 4,250.00 |
| K) Placement Agent | \$ | 0.00 |
| L) Other Expenses | \$ | 32,077.87 |
| Total Issuance Costs | \$ | 216,150.92 |
| ORIGINAL ISSUE PREMIUM | \$ | _____ |
| ORIGINAL ISSUE DISCOUNT | \$ | _____ |
| NET ORIGINAL ISSUE | \$ | 1,614,641.85 |

DISCOUNT/PREMIUM

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

INCUMBENCY AND SIGNATURE CERTIFICATE

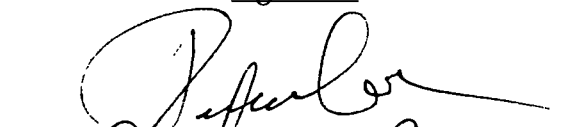

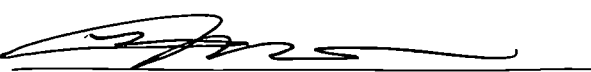
The undersigned hereby state and certify:

(i) that the undersigned are the duly elected or appointed, qualified and acting Financial Services Director and City Clerk, respectively, of the City of Burbank (the "City"), a chartered city and municipal corporation duly 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>Members</u> | <u>Beginning Date of Current Term</u> | <u>Ending Date of Current Term</u> |
|--------------------------------|---|--|
| Dr. David Gordon, <i>Mayor</i> | May, 2013 | April, 2017 |
| Bob Frutos, <i>Vice Mayor</i> | May, 2013 | April, 2017 |
| Emily Gabel-Luddy | May, 2011 | April, 2015 |
| Gary Bric | May, 2011 | April, 2015 |
| Jess Talamantes | May, 2013 | April, 2017 |

(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> |
|---|--|
| Dr. David Gordon, <i>Mayor</i> |  |
| Cindy Giraldo, <i>Financial Services Director</i> |  |
| Zizette Mullins, <i>City Clerk</i> |  |

(iv) that the above-named Financial Services Director is hereby designated as a "Designated Officer" as defined in Section 2(b) of Resolution No. 14-28,681 adopted by the City Council on May 6, 2014;

(v) that the bonds issued by the City designated "City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014," in the aggregate principal amount of \$10,575,000 and 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 City Clerk;

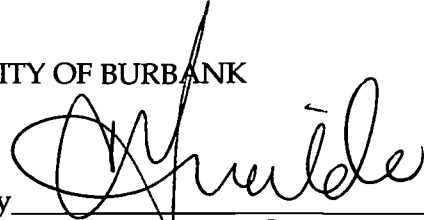
(vi) that for and on behalf of the City, the within-named Financial Services Director has executed, and the within-named City Clerk has attested to, the Indenture of Trust, dated as of June 10, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, and the Escrow Deposit and Trust Agreement, dated June 10, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow bank; and

(vii) that for and on behalf of the City, the within-named Financial Services Director has executed the Continuing Disclosure Certificate, dated as of June 10, 2014, by and between the City and NBS Government Finance Group, dba NBS, as dissemination agent, and the Official Statement, dated May 20, 2014, relating to the Bonds.

Dated: June 10, 2014

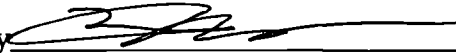
CITY OF BURBANK

By



Cindy Giraldo,
Financial Services Director

By



Zizette Mullins,
City Clerk

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE AS TO ARBITRAGE

The undersigned Financial 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 \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (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 June 1, 2014 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in order to provide funds to refund, on a current basis, the portion of the City's Wastewater Revenue Bonds, 2004 Series A, originally issued in the principal amount of \$19,130,000, of which \$14,110,000 remains outstanding (the "2004 Bonds"), maturing on and after August 1, 2015, in the principal amount of \$13,330,000 (the "Refunded 2004 Bonds") which 2004 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 wastewater 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.

(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 Raymond James & Associates, Inc. (the "Purchaser"), at their face amount (\$10,575,000), plus a net original issue premium of \$1,614,641.85, less Purchaser's discount of \$38,070.00, for a resulting amount of \$12,151,571.85, to be remitted to the Trustee. There is no accrued interest. No reserve fund is being funded for the Bonds. Of said amount (i) \$216,150.924 will be deposited in the Costs of Issuance Fund held by the Trustee under the Indenture, and (ii) \$11,935,420.93 will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), to be applied to the defeasance and redemption of the Refunded 2004 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 Ross Financial, the City's financial advisor, 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 August 10, 2014, 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 Refunded 2004 Bonds, dated June 10, 2014 (the "Escrow Agreement"). In addition to the Bond proceeds deposited in the Escrow Fund (\$11,935,420.93), the City has arranged for the Escrow Bank, as trustee for the 2004 Bonds (the "2004 Bonds Trustee"), to transfer \$3,294.40 held by the 2004 Bonds Trustee in the debt service fund for the 2004 Bonds and \$1,423,750.00 held by the 2004 Bonds Trustee in the reserve fund maintained by the 2004 Bonds Trustee for the 2004 Bonds, for a total amount of \$1,427,044.40 to the Escrow Bank for deposit in the Escrow Fund, causing the total amount deposited therein to be \$13,362,465.33. 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 Refunded 2004 Bonds in full on June 20, 2014, which date is the first date upon which the 2004 Bonds may be redeemed on an optional basis, at a redemption price equal to the outstanding principal amount of the Refunded 2004 Bonds, plus accrued interest to such date. Amounts, if any, remaining in the Escrow Fund following the final redemption of the 2004 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 2004 Bonds is not longer than reasonably necessary for refunding of the 2004 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 June 2 through June 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 2004 Bonds.* The 2004 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 1.99232%, determined on the basis of regularly scheduled principal and interest payments on the Bonds, discounted to \$12,189,641.85, representing the issue price of the Bonds (being the face amount of the Bonds of \$10,575,000, plus net original issue premium of \$1,614,641.85). The Purchaser has represented that (i) based upon reasonable expectations and actual facts which existed on the date the Purchaser 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 2004 Bonds is to lower debt service and to enable the removal of the lien of the 2004 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 2004 Bonds or established from the proceeds of the 2004 Bonds.

(q) *No Hedge Bonds.* The Bonds do not constitute "hedge bonds" because the 2004 Bonds were not hedge bonds. The 2004 Bonds were not hedge bonds because on the date of issuance of the 2004 Bonds, the City reasonably expected that eighty-five percent (85%) of the net sale proceeds of the 2004 Bonds would be used within three (3) years of the date of issuance of the 2004 Bonds for payment of Project costs and not more than fifty percent (50%) of the proceeds of the 2004 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.

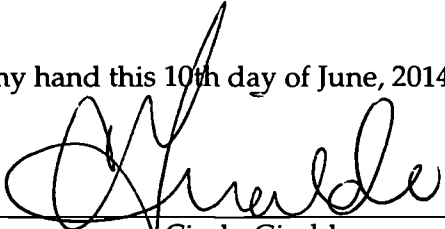
If any investment becomes gross proceeds of the Bonds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes gross proceeds of the Bonds. If any investment is retained after the date the 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 10th day of June, 2014.



Cindy Giraldo,
Financial Services Director

EXHIBIT A

| <u>Maturity June 1</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>Yield</u> |
|-----------------------------------|------------------------------------|---------------------------------|---------------------|---------------------|
| 2015 | \$760,000 | 5.000% | 104.733% | 0.140% |
| 2016 | 785,000 | 2.000 | 103.304 | 0.320 |
| 2017 | 800,000 | 5.000 | 113.112 | 0.550 |
| 2018 | 835,000 | 5.000 | 116.101 | 0.870 |
| 2019 | 885,000 | 5.000 | 118.617 | 1.140 |
| 2020 | 920,000 | 5.000 | 120.565 | 1.400 |
| 2021 | 975,000 | 5.000 | 121.838 | 1.670 |
| 2022 | 1,020,000 | 5.000 | 122.673 | 1.920 |
| 2023 | 1,070,000 | 5.000 | 123.424 | 2.120 |
| 2024 | 1,130,000 | 5.000 | 124.447 | 2.250 |
| 2026 | 240,000 | 2.500 | 99.486 | 2.550 |
| 2028 | 310,000 | 2.750 | 99.884 | 2.760 |
| 2031 | 490,000 | 3.000 | 100.000 | 3.000 |
| 2033 | 355,000 | 3.000 | 97.171 | 3.200 |

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF THE CITY

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Financial 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 June 10, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee;

(iii) that on May 6, 2014, the City Council of the City duly adopted Resolution No. 14-28,681 (the "Resolution"), entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$8,000,000 PRINCIPAL AMOUNT OF CITY OF BURBANK (LOS ANGELES COUNTY, CALIFORNIA) WASTEWATER REFUNDING REVENUE BONDS, SERIES 2014, 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) Wastewater Refunding Revenue Bonds, Series 2014, in the aggregate principal amount of \$10,575,000 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 May 20, 2014 (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 June 10, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow bank, and
- (c) Continuing Disclosure Certificate, dated as of June 10, 2014, 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;

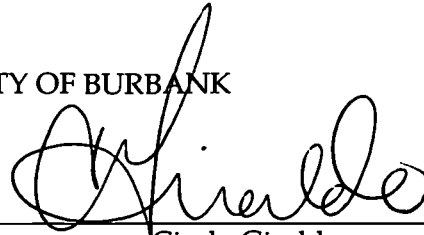
(viii) that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(ix) that the employer identification number of the City, for federal tax purposes, is 95-6000683.

Dated: June 10, 2014

CITY OF BURBANK

By



Cindy Giraldo,
Financial Services Director

\$10,555,000*
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

**CERTIFICATE REGARDING
PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

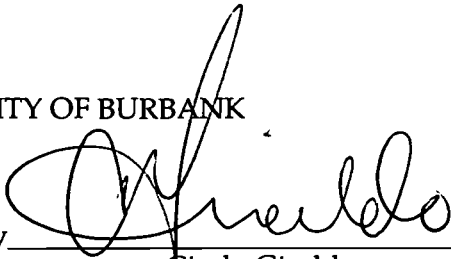
(i) that the undersigned is the duly appointed, qualified and acting Financial Services Director of the City of Burbank (the "City"), a chartered city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and as such, is familiar with 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 Raymond James & Associates, Inc., as purchaser (the "Purchaser"), a Preliminary Official Statement, dated May 13, 2014, 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 Purchaser of the Preliminary Official Statement.

Dated: May 13, 2014

CITY OF BURBANK

By 
Cindy Giraldo,
Financial Services Director

* Preliminary, subject to change.

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE REGARDING USE OF PROCEEDS

The undersigned hereby state and certify as follows:

(i) that the undersigned is the duly appointed, qualified and acting Financial 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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, (the "Trustee"), the City is issuing on the date hereof \$10,575,000 principal amount of its Wastewater Refunding Revenue Bonds, Series 2014 (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 \$11,935,420.93 to The Bank of New York Mellon Trust Company, N.A., as escrow bank, to be used to refund, on a current basis, a portion of the outstanding City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A (the "2004 Bonds");

(iv) that the proceeds of the 2004 Bonds were used to refinance prior obligations of the City related to the City's municipal wastewater enterprise (the "2004 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 2004 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 2004 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 2004 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;

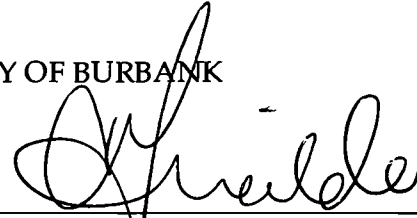
(ix) that to the best knowledge of the undersigned the above statements are reasonable and there are no other facts, estimates or circumstances, other than those set forth herein, that would materially affect the statements made herein; and

(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 10th day of June, 2014.

CITY OF BURBANK

By



Cindy Giraldo,
Financial Services Director

EXHIBIT A

I. Description of the 2004 Project

A portion of the proceeds of the 2004 Bonds were used to finance the Burbank Water Reclamation Plant Biological Nutrient Removal Improvements (the "2004 Project").

The 2004 Project was comprised of improvements to the Burbank Water Reclamation Plant to reliably meet discharge requirements and to enhance the safety at the facility. It included the following features:

- Return Activated Sludge Pump Station—upgrades to maximize overall treatment capacity and improve accuracy of flow control*
- Disinfection—conversion from chlorine gas to sodium hypochlorite for improved safety*
- Dechlorination—provide the ability to dechlorinate at the water reclamation plant for possible future regulations*
- Electrical/Security Enhancements—remove obsolete equipment for safety purposes*

These upgrades increased the reliability of the current treatment process and allow the City to meet future discharge permit requirements for chlorine residual.

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

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

REQUEST OF THE CITY TO TRUSTEE

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Financial 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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., 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 Wastewater Refunding Revenue Bonds, Series 2014," in the aggregate principal amount of \$10,575,000 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, Raymond James & Associates, Inc., as purchaser (the "Purchaser"), upon receipt from the Underwriter of \$12,151,571.85, which amount represents the purchase price for the Bonds (including the \$100,000.00 good faith deposit previously received by the Trustee from the Purchaser); and

(v) that such purchase price has been calculated as follows:

| | |
|------------------------|----------------------------------|
| \$10,575,000.00 | Principal Amount of Bonds |
| 1,614,641.85 | Plus: Net Original Issue Premium |
| <u>(38,070.00)</u> | Less: Underwriter's Discount |
| <u>\$12,151,571.85</u> | TOTAL PURCHASE PRICE |

Dated: June 10, 2014

CITY OF BURBANK

 By _____
 Cindy Giraldo,
 Financial Services Director

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

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 Financial 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 June 10, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., 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: June 10, 2014

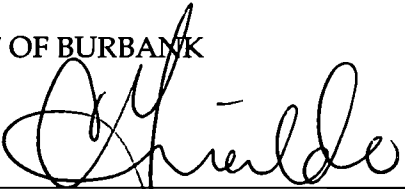
CITY OF BURBANK
By 
Cindy Giraldo,
Financial Services Director

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 c/o Wells Fargo Bank ABA No. 121000248 A/C No. 9312214423 | Bond Counsel Fee and Reimbursable Expenses | \$52,009.00 |
| Ross Financial c/o Citibank, N.A. ABA No. 021000089 FBO Charles Schwab & Co., Inc. A/C No. 4055-3953 For the Account of: Ross Financial Schwab Account No. 7637-5509 | Financial Advisor Fee and Reimbursable Expenses | \$45,814.05 |
| Jones Hall c/o Comerica Bank ABA No. 121137522 A/C No. 1894734241 | Disclosure Counsel Fee | \$45,000.00 |
| The Bank of New York Mellon Trust Company, N.A.: 400 South Hope Street, Suite 400 Los Angeles, CA 90071 | Trustee and Escrow Bank Fees | \$2,700.00 |
| Samuel D. Waldman c/o Citibank, N.A. ABA No. 321171184 A/C No. 40021240391 Ref: Burbank-2014 | Trustee/Escrow Bank Counsel Fee | \$1,550.00 |
| Standard & Poor's Rating Services 2542 Collection Center Drive Chicago, IL 60693 Invoice No. 10346719 | Rating Agency Fee | \$17,000.00 |
| Moody's Investors Services, Inc. P.O. Box 102597 Atlanta, GA 30368-0597 Invoice No. P0120037 | Rating Agency Fee | \$20,000.00 |
| ImageMaster, LLC 1182 Oak Valley Drive Ann Arbor, MI 48108-9624 | Official Statement Printing Fee | \$2,394.54 |
| NBS 32605 Temecula Parkway, Suite 100 Temecula, CA 92502 | Continuing Disclosure Compliance Fee | \$22,500.00 |

Quint & Thimmig LLP

Attorneys at Law

900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/925-4201

June 10, 2014

City of Burbank
275 East Olive Avenue
Burbank, California 91502

Re: \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding
Revenue Bonds, Series 2014

INVOICE

| | |
|--|--------------------|
| For Legal Services Rendered as Bond Counsel, inclusive of all out-of-pocket expenses, except as shown below | \$50,000.00 |
| Publication of Notice of Intention in the <i>Bond Buyer</i> | <u>2,009.00</u> |
| Total | <u>\$52,009.00</u> |

Please remit to:

By mail:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

By wire:

Wells Fargo Bank, N.A.
ABA No. 121000248
100 Bon Air Shopping Center
Greenbrae, CA 94904
(415) 461-4782

For Credit: Quint & Thimmig LLP
Acct No. 9312214423

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

June 10, 2014

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 \$10,575,000 City of Burbank Wastewater Refunding Revenue Bonds, Series 2014.

| | Amount |
|---------------------------------------|--------------------|
| Fee | \$45,000.00 |
| Expenses (See breakdown below) | 814.05 |
| TOTAL | \$45,814.05 |

| Date | Description | Amount | Charge |
|--------|--|---------------|--------------------------|
| 22-Jan | Fedex Kinkos | 56.25 | Burbank -- WW Refunding |
| 23-Jan | Air Tix | 108.00 | Burbank -- WW Refunding |
| 23-Jan | Oakland Parking + toll | 27.00 | Burbank -- WW Refunding |
| 23-Jan | Taxi - City Hall to Airport | 22.00 | Burbank -- WW Refunding |
| 23-Jan | Taxi - Bur Airport to City Hall | 24.00 | Burbank -- WW Refunding |
| 23-Jan | Internet on Plane | 16.00 | Burbank -- TAB Refunding |
| 23-Jan | Refreshment at BUR | 8.00 | Burbank -- WW Refunding |
| 23-Jan | Mileage - R/T Oak | 33.90 | Burbank -- WW Refunding |
| 21-Mar | Messenger to Jones Hall | 25.00 | Burbank -- TAB Refunding |
| 9-Apr | Messenger to Jones Hall | 25.00 | Burbank -- TAB Refunding |
| 6-May | Refreshment at Oak | 8.00 | Burbank -- WW Refunding |
| 6-May | Travel to Burbank for CC meeting - air tix | 336.00 | Burbank -- WW Refunding |
| 6-May | Oak parking + toll | 37.00 | Burbank -- WW Refunding |
| 6-May | Internet on plane | 8.00 | Burbank -- WW Refunding |
| 6-May | Taxi - City Hall to Airport | 22.00 | Burbank -- WW Refunding |
| 6-May | Taxi - Bur Airport to City Hall | 24.00 | Burbank -- WW Refunding |
| 6-May | Mileage - R/T Oak (60 x. 565) | 33.90 | Burbank -- TAB Refunding |
| | | <u>814.05</u> | |

Please wire funds in the amount of **\$45,814.05** 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

I very much appreciate the opportunity to serve the City on this very successful transaction. Thank you.



Peter J. Ross
Principal



JONES HALL

June 10, 2014

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: \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding
Revenue Bonds, Series 2014

INVOICE

For Legal Services Rendered Inclusive of Reimbursable Expenditures:

Disclosure Counsel: \$ 45,000.00

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. 1894734241



BNY MELLON

The Bank of New York Mellon
Trust Company, N.A.

INVOICE

Valere Boyd
400 S Hope Street, Suite 400
Los Angeles, CA 90071

000001

Invoice Number: 252-1790771
Account Number: BURBKWTR14
Invoice Date: 02-Jun-14
Cycle Date: 10-Jun-14
Administrator: Valere Boyd
Phone Number: 213-630-6247
Currency: USD

CITY OF BURBANK WASTEWATER REFUNDING REVENUE BONDS, SERIES 2014

| | <u>Quantity</u> | <u>Rate</u> | <u>Proration</u> | <u>Subtotal</u> | <u>Total</u> |
|--|-----------------|-------------|------------------|-----------------|--------------|
| Flat | | | | | |
| Trustee Administration Fee For the period: June 10, 2014 to June 09, 2015 | | | | | 1,800.00 |
| One Time Charges | | | | | |
| Acceptance Fee | | | | | 500.00 |
| Escrow Agent Fee | | | | | 400.00 |
| Invoice Total: | | | | 2,700.00 | |
| Satisfied To Date: | | | | 0.00 | |
| Balance Due | | | | 2,700.00 | |

Terms: Payable upon receipt. Please reference the invoice and account number with your remittance.
Our Tax ID Number is 95-3571558. Please fax Taxpayer Certification requests to (732) 667-9576.

Check Payment Instructions:
The Bank of New York Mellon
Corporate Trust Department
P.O. Box 392013
Pittsburgh, PA 15251-9013

Wire Payment Instructions:
The Bank of New York Mellon
ABA # 021000018
Account: GLA # 111-565
For further credit: TAS # 016760

Please enclose billing stub.

Please reference Invoice Number: 252-1790771

Billing Stub

CITY OF BURBANK WASTEWATER REFUNDING REVENUE
BONDS, SERIES 2014

Invoice Number: 252-1790771
Account Number: BURBKWTR14
Invoice Date: 02-Jun-14
Cycle Date: 10-Jun-14
Administrator: Valere Boyd
Phone Number: 213-630-6247
Amount: 2,700.00 USD

000000598670252D17907710000000000002700000

LAW OFFICES OF
SAMUEL D. WALDMAN

64 OAK KNOLL DR.
SAN ANSELMO, CALIFORNIA 94960
TELEPHONE: (415) 459-4535
FACSIMILE: (415) 459-4747

June 10, 2014

Ms. Deborah Young
The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #400
Los Angeles, CA 90071

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

STATEMENT

| | |
|--|-------------------|
| Services rendered in connection with the bond closing | \$1,500.00 |
| Printing/copying | 50.00 |
| Total | \$1,550.00 |

Submit payment to

Citibank, N A
ABA #: 321171184
Credit: A/C # 40021240391
Beneficiary: Samuel D Waldman
Ref: Burbank-2014

0201

MS. CINDY GIRALDO
 CITY OF BURBANK
 SUITE 222
 301 EAST OLIVE AVENUE
 BURBANK CA 91502

101321 ANALYTICAL SERVICES RENDERED IN CONNECTION WITH: \$17,000.00
 US\$10,575,000 Burbank, California, Wastewater
 Revenue Refunding Bonds Series 2014, due:
 June 1, 2033

FOR BILLING INQUIRIES PLEASE CALL:1-877-286-8897
 IL: PFFERSVCS@STANDARDANDPOORS.COM

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: 05/09/14 INVOICE TOTAL \$17,000.00 USD

Make Checks Payable To:
STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

Standard & Poor's Financial Services, LLC
 Federal I.D.: 26- 3740348

Invoice No.: 10346719
 Customer No.: 1000090043
 Invoice Date: 05/09/14

0201

Billed To:
 MS. CINDY GIRALDO
 CITY OF BURBANK
 SUITE 222
 301 EAST OLIVE AVENUE
 BURBANK CA 91502

Wire Transfer To:
 Please include invoice #
 Bank of America-San Francisco CA
 Standard & Poor's
 Account # 12334-02500
 ABA # 0260-0959-3
 Or E-mail: cashapps@mhfi.com

Remit To:
 STANDARD AND POOR'S
 2542 COLLECTION CENTER DRIVE
 CHICAGO, IL 60693

10000900431 10346719 01700000 1 700 10 07 0514 2

| |
|--|
| TOTAL AMOUNT DUE: \$17,000.00 USD AMOUNT ENCLOSED: |
|--|

MR. PETER J. ROSS
PRINCIPAL
ROSS FINANCIAL, INC.
1736 STOCKTON STREET
SUITE ONE
SAN FRANCISCO, CA 94133

Invoice

Recipient
ROSS FINANCIAL, INC.
1736 STOCKTON STREET
SUITE ONE
SAN FRANCISCO, CA 94133

Invoice No.: P0120037
Customer No.: 400005269
Invoice Date: June 05, 2014

| | | |
|-------------------------------|-----|-----------|
| Total Net Value: | USD | 20,000.00 |
| State and Local Taxes: | USD | 0.00 |
| Invoice Amount: | USD | 20,000.00 |

Inquiries Contact

Raymond Pedicone
Phone: 212-553-1766 Fax:
Email: raymond.pedicone@moodys.com

Moody's Investors Service, Inc. Taxpayer ID#: 13-1959883

Please do not contact your Analytic Team regarding this or any other fee-related matter.

Return This Portion With Your Payment

Invoice No.: P0120037
Moodys Ref No.: P0120037
Customer No.: 400005269
Invoice Date: June 05, 2014

Invoice Amount: USD 20,000.00
Invoice Payable in USD

Wire Payment with Invoice Number to

SunTrust Bank
Transit Routing # 061000104
ACH # 061000104
Moody's Account # 8801939847
For Customers wiring outside the U.S.: Swift Code: SNTRUS3A

Mail Payment with Invoice Stub To

Moody's Investors Service, Inc.
P.O. BOX 102597
ATLANTA, GEORGIA 30368-0597
USA

PAYMENT DUE UPON RECEIPT

Moody's Investors Service, Inc.
7WTC AT 250 GREENWICH STREET
NEW YORK, NY 10007
USA

Invoice No.: P0120037

Invoice Date: June 05, 2014

Invoice Supporting Detail

For Professional Services:

Local Governments, Initial Fee: **USD 20,000**

USD 10,575,000 BURBANK (CITY OF) CA-City of Burbank, CA, BURBANK (CITY OF) CA **USD 20,000**
SEWER ENTERPRISE-Burbank (City of) CA Sewer Enterprise, Wastewater Refunding
Revenue Bonds, Series 2014

Total: USD 20,000



Invoice

| Date | Invoice # |
|----------|-----------|
| 6/4/2014 | 36784 |

| 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 | 7/4/2014 |

| Description | Amount |
|---|----------|
| \$10,575,000 CITY OF BURBANK (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 | |
| Preliminary Official Statement and Official Statement: 40# opaque, 80# cover, black ink with 'red herring', 8 1/2 x 11, perfect bound with electronic distribution per quote specification with additional pages. | 2,160.00 |
| Shipping - FedEx | 234.54 |
| JP Morgan Chase Bank, ABA: 072000326 / Acct: 532558595 (ImageMaster LLC) Please put INVOICE NUMBER as the first thing in the reference field. | |

| | |
|--|-------------------------|
| Please remit to above address. For billing inquiries:734-821-2536. | Total \$2,394.54 |
|--|-------------------------|



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516 (P) 951.296.1997

nbsgov.com

Mr. Dino Balos
Accounting & Audit Manager
City of Burbank
Finance Department
301 East Olive Avenue
Burbank, CA 91502-1232

May 15, 2014

Project No: BURBANKHR.W3F01
Invoice No: 51400023

Continuing Disclosure Compliance

Research and Reporting for 21 bond issues at \$1,000 per issue - \$21,000
Remedial Disclosure Filings - \$1,500

Fee

22,500.00

TOTAL THIS INVOICE

\$22,500.00

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

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 Financial 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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

(iii) that the undersigned has read Sections 5.06, 6.11 through 6.16 of the Indenture, and the definitions contained in the Indenture of the capitalized terms used in said Sections;

(iv) that pursuant to Section 5.06 of the Indenture, the Trustee is hereby directed to invest the net proceeds of the above-captioned bonds 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;

(v) 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;

(vi) that the undersigned acknowledges that the investments listed on Exhibit A are Permitted Investments; and

(vii) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: June 10, 2014

CITY OF BURBANK

By 
Cindy Giraldo,
Financial Services Director

EXHIBIT A

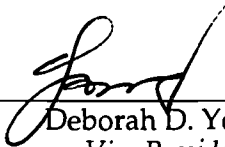
| <u>Account</u> | <u>Amount of Deposit</u> | <u>Invested Amount</u> | <u>Description by Name</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>Purchase Price</u> |
|------------------------|--------------------------|------------------------|---|-----------------|----------------------|-----------------------|
| Costs of Issuance Fund | \$216,150.92 | \$59,192.33* | Federated Treasury Obligation (Institutional) | Daily | Variable | 100% |

* This amount represents the total amount allocable to the Costs of Issuance Fund (\$216,150.92), less disbursements made on the date hereof in the amount of \$156,958.59, 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: June 10, 2014

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., *as Trustee*

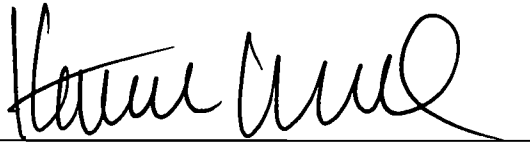
By  _____
Deborah D. Young,
Vice President

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF MAILING FORM 8038-G

I, Katherine Lee Reed, 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: June 10, 2014

By 
Katherine Lee Reed,
Project Manager,
Quint & Thimmig LLP

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

| | | | |
|--|--|--|---|
| 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 June 10, 2014 | |
| 8 Name of issue Wastewater Refunding Revenue Bonds, Series 2014 | | 9 CUSIP number 12082X AP8 | |
| 10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Cindy Giraldo Financial 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 | 12,189,641 | 85 |
| 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 | 6/1/2033 | \$ 12,189,641.85 | \$ 10,575,000.00 | .7060773 years | 1.99232 % |

| | | | | | |
|--|--|----|------------|------|---------------|
| 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 | | | 12,189,641.85 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 254,220 | 92 | |
| 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 | 11,935,420 | 93 | |
| 28 | Proceeds used to advance refund prior issues | 28 | | 0.00 | |
| 29 | Total (add lines 24 through 28) | 29 | | | 12,189,641.85 |
| 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 | 8.1773 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) | 06/20/2014 |
| 34 | Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY) 10/12/2004 | |

Part VI Miscellaneous

- | | | |
|------------|--|--|
| 35 | | |
| 36a | | |
| 37 | | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)
- 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
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box 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 ▶
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 41a** If the issuer has identified a hedge, check here 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 ▶
- 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 ▶
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ▶
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here 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 | 6/10/14 Date | Cindy Giraldo Financial 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 | | 6/10/14 | PTIN P01076323 |
| | Firm's name ▶ Quint & Thimmig LLP | Firm's EIN ▶ 94-3263256 | | |
| | Firm's address ▶ 900 Larkspur Landing Circle, Suite 270, Larkspur, CA 94939 | | Phone no. (415) 925-4200 | |



JONES HALL

650 California Street
18th Floor
San Francisco, CA 94108
t. 415.391.5780
f. 415.391.5784

June 10, 2014

City of Burbank
301 East Olive Avenue
Burbank, California 91502

Raymond James & Associates, Inc.
880 Carillon Parkway
Tower 3, 3rd Floor
St. Petersburg, Florida 33716

Re: \$10,575,000 City of Burbank (Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

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 June 1, 2014 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., 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.

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 for the Bonds 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 constitutes 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,

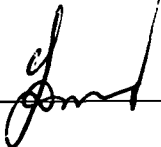
A handwritten signature in black ink that reads 'Jones Hall'.

A Professional Law Corporation

Certificate

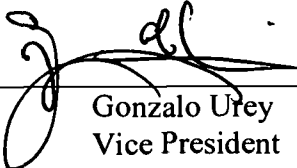
The Bank of New York Mellon Trust Company, N.A.

I, the undersigned Gonzalo Urey, Vice President of The Bank of New York Mellon Trust Company, N.A., a national banking association with its office at 400 South Hope Street, Suite 400, Los Angeles, CA 90071, DO HEREBY CERTIFY that Deborah Young, is a duly appointed and qualified Officer of The Bank of New York Mellon Trust Company, N.A. and I FURTHER CERTIFY that Deborah Young has been granted Limited Signing Powers which authorize him/her to sign certain documents on behalf of The Bank of New York Mellon Trust Company, N.A. in discharging or performing his duties within the Trust Division in accordance with Article V, Section 5.3 of the By-Laws of The Bank of New York Mellon Trust Company, N.A., and that his/her genuine signature is set above his/her name below.

| Name | Title | Signature |
|----------------------|-----------------------|--|
| <u>Deborah Young</u> | <u>Vice President</u> |  |

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon Trust Company, N.A. on this 10th day of June 2014.

The Bank of New York Mellon Trust Company, N.A.

By 
Name: Gonzalo Urey
Title: Vice President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

I, the undersigned, Mary Lou Olinski, Assistant Secretary of The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

| <u>Officer</u> | <u>Title</u> | <u>Signing Authority</u> |
|---|---|---------------------------|
| <u>LOS ANGELES, CA (400 South Hope Street)</u> | | |
| Maria E. Allison | Vice President & Assistant Secretary | B1, G, H,J, P11 |
| John A. (Alex) Briffett | Vice President | G, H, J |
| Eladia Burgos | Vice President | C2, I1, I2, N, P11 |
| Maria Rose Bystrom | Vice President & Assistant Secretary | B1, G, H, J, P11 |
| Fanny Chen | Vice President | B1, H, J, N |
| Gregory Chenail | Vice President | G, H, J |
| Patricia Cronin | Vice President | G, H, J |
| Christopher Davy | Vice President | G, H, J |
| Teresa Fructuoso | Vice President & Assistant Secretary | G, H, J |
| Cristina D. Garchitorena | Vice President | G, H, J |
| Mark A. Golder | Vice President & Assistant Secretary | A, J, N |
| Lisa Infusino | Vice President | A, J, N |
| Christopher Johnson | Vice President | B1, H, J, N |
| Daniel Marroquin | Vice President | A, J, N |
| Aaron Masters | Vice President | C2 |
| Jose M. Matamoros | Vice President | B1, H, J, N |
| Marina Meza | Vice President | G, H, J |
| Melinda Murrell | Vice President | G, H, J |
| Jacqueline Nowak | Vice President | A, J, N |
| Agnes Obando | Vice President | G, H, J |
| Samuel Oh | Vice President | N |
| Teresa Petta | Vice President | A, J, N |
| Johanna Tokunaga | Vice President & Assistant Secretary | G, H, J |
| Raymond Torres | Vice President | G, H, J |
| Fe R. Tuzon | Vice President | G, H, J |
| Gonzalo Urey | Vice President | A, J, N |
| Deborah D. Young | Vice President | A, J, N |
| Melonee Young | Vice President | A, J, N |
| Kitty Kwong | Senior Associate | A, C5, J, N, P2 |
| Icela Arms | Associate | C2, I1, I2, N |
| Valere D. Boyd | Associate | G, H, J |
| Justin Bui | Associate | A, C3, J, N, P3 |
| Alexander Dominguez | Associate | C2, I1, I2, N |
| Ty Jamaal Jordan | Associate | C2, I1, I2, N |
| Alfredo Miranda | Associate | C2, I1, I2, N |
| Norma Nkala-Hendon | Associate | B1, H, J, N |
| Erica Judd-Blair | As Agent | G, H, J |
| Jane Thang | As Agent | G, H, J |
| Matthew Moon | N/A | B1, H, J, N |

SAN FRANCISCO, CA (100 Pine Street, Suite 3100)

| | | |
|---------------------|--------------------------------------|--------------------|
| Sheila A. Bowman | Vice President | G, H, J |
| Milly P. Canessa | Vice President | G, H, J |
| Josephine Libunao | Vice President & Assistant Secretary | B1, H, J, N |
| Julia (Jing) Sun | Vice President | C2, I1, I2, N, P11 |
| Helen Hamilton Vial | Vice President | B1, H, J, N |
| Kelly Connolly | Associate | I1, I2 |
| Gordon Fung | Associate | G, H, J |

TEMPE, AZ (1225 W. Washington St., Suite 126)

| | | |
|--------------------|--------------------------------------|-------------|
| Mark Krietemeyer | Vice President & Assistant Secretary | A, J, N |
| Kevin Scott Miles | Vice President | B1, H, J, N |
| Deborah M. Scherer | Vice President | B1, H, J, N |
| Nancy Wakefield | Vice President | G, H, J |

DENVER, CO (1775 Sherman Street)

| | | |
|------------------|----------------|-------------|
| Donna Edmundson | Vice President | None |
| Elmo Morales | Vice President | None |
| Troy Pitman | Vice President | G, H, J |
| Ryan M. Pollihan | Vice President | B1, H, J, N |

SEATTLE, WA (601 Union Street)

| | | |
|------------------|--------------------------------------|---------------|
| Roy H. Davis | Vice President | B1, H, J, N |
| Michael A. Jones | Vice President | B1, H, J, N |
| Carol J. Nelson | Vice President & Assistant Secretary | A, J, N |
| Gene H. Romaine | Vice President | G, H, J |
| Diem Lam | Associate | C2, I1, I2, N |
| Anna McCully | Associate | I1, I2 |

I further certify that as of this date they have been authorized to sign on behalf of the Association in discharging or performing their duties in accordance with the senior and limited signing powers provided under Article V, Sections 5.2 and 5.3 of the By-Laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-Laws of the Association and the signing authority resolution, which have not been amended or revised since October 15, 2009 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon Trust Company, N.A. this 24th day of January 2014.


Mary Lou Olinski, Assistant Secretary

Extracts from By-Laws
of
The Bank of New York Mellon Trust Company, National Association
As Amended through October 15, 2009

ARTICLE V
SIGNING AUTHORITIES

Section 5.1 Real Property. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 5.2. Senior Signing Powers. Subject to the exception provided in Section 5.1, the President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

Section 5.3. Limited Signing Powers. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the President or any Executive Vice President, may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 5.4. Powers of Attorney. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the President, any Executive Vice President, or any Managing Director, provided that the execution by such Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 5.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Article V, Section 5.3 of the By-Laws Adopted October 15, 2009

RESOLVED that, pursuant to Section 5.3 of the By-Laws of the Association, authority be, and hereby is, granted to the President or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$500,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$500,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$500,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount in excess of \$100,000,000 but not to exceed \$500,000,000*.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$100,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$10,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$1,000,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$250,000.

(C10) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$50,000.

(C11) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

(P1) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in excess of \$10,000,000.

(P2) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$10,000,000.

(P3) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$5,000,000.

(P4) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$1,000,000.

(P5) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$250,000.

(P6) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$100,000.

(P7) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$50,000.

(P8) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$25,000.

(P9) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$10,000.

(P10) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$5,000.

(P11) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$3,000.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the President or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under that certain Indenture of Trust, dated as of June 1, 2014 (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 Raymond James & Associates, Inc., as purchaser of the Bonds, pursuant to the direction from the City;

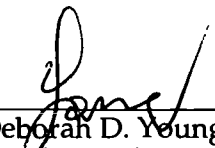
(v) that the Trustee is not in breach of or default under any law or administrative rule or regulation of the State of California or the United States of America, or of any department, division, agency or instrumentality thereof, or any applicable court or administrative decree or order, or any other 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: June 10, 2014

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., *as Trustee*

By _____


Deborah D. Young,
Vice President

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

**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 The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under that certain Indenture of Trust, dated as of June 1, 2014 (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 Raymond James & Associates, Inc., as purchaser (the "Purchaser") of the above-captioned bonds issued by the City (the "Bonds"), the amount of \$12,151,571.85, which amount represents the purchase price for the Bonds including the good faith deposit of \$100,000.00 previously received by the Trustee from the Purchaser, and has deposited or transferred such amount this date pursuant to Section 3.02 of the Indenture as follows:

| | |
|------------------------|---|
| \$ 216,150.92 | Deposited into the Costs of Issuance Fund |
| <u>11,935,420.93</u> | Deposited into a special fund and immediately transferred on the date hereof to The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank") |
| <u>\$12,151,571.85</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:

| | |
|------------------------|--|
| \$10,575,000.00 | Principal Amount of Bonds |
| 1,614,641.85 | Plus: Net Original Issue Premium |
| <u>(38,070.00)</u> | Less: Purchaser's Discount |
| \$12,151,571.85 | Total Purchase Price |
| <u>(100,000.00)</u> | Less: Good Faith Deposit Previously Paid by the Purchaser to the Trustee |
| <u>\$12,051,571.85</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: June 10, 2014

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., *as Trustee*

By _____

Deborah D. Young,
Vice President

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

CERTIFICATE OF ESCROW BANK

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of The Bank of New York Mellon Trust Company, N.A., acting as escrow bank (the "Escrow Bank") under that certain Escrow Deposit and Trust Agreement, dated June 10, 2014 (the "Escrow Agreement"), by and between the City of Burbank 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;

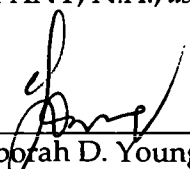
(iii) that the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trust of the Escrow Agreement; and

(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: June 10, 2014

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., *as Escrow Bank*

By _____


Deborah D. Young,
Vice President

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014

ESCROW BANK'S RECEIPT AND APPLICATION OF FUNDS

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of The Bank of New York Mellon Trust Company, N.A., acting as escrow bank (the "Escrow Bank") under that certain Escrow Deposit and Trust Agreement, dated June 10, 2014 (the "Escrow Agreement"), by and between the City of Burbank (the "City") and the Escrow Bank, and as successor prior trustee (the "Prior Trustee") under that certain Indenture of Trust, dated as of June 15, 1987, as amended (the "Prior Indenture"), by and between the City and the Prior Trustee, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Escrow Bank and the Prior Trustee;

(ii) that the Escrow Bank has established the escrow fund created pursuant to Section 2 of the Escrow Agreement (the "Escrow Fund");

(iii) that pursuant to Section 3(a) of the Escrow Agreement, the Escrow Bank has received on the date hereof and deposited into the Escrow Fund the total sum of \$13,362,465.33, which amount has been derived as follows:

- (a) \$11,935,420.93 from the proceeds of sale of the 2014 Bonds,
- (b) \$1,423,750 from the moneys on deposit in the reserve account established for the 2004 Bonds (the "Prior Reserve Account"), and
- (c) \$3,294.40 from the moneys on deposit in the debt service fund established for the 2004 Bonds (the "2004 Debt Service Fund");

(iv) that pursuant to Section 3 of the Escrow Agreement, the Escrow Bank holds the amount of \$13,362,465.33 in the Escrow Fund, in cash, uninvested, and will, as directed in Section 4 of the Escrow Agreement, apply said amount to the redemption of the Refunded 2004 Bonds on June 20, 2014;


(v) that pursuant to Section 5 of the Escrow Agreement, the Prior Trustee has transferred on the date hereof all amounts on deposit in the Prior Reserve Account and the Prior Debt Service Fund, and that after the amounts referenced in paragraph (iii) above have been transferred to the Escrow Fund, there will be no moneys remaining in any of the funds and accounts held by the Prior Trustee that were established under the Prior Indenture as of the date hereof (other than investment earnings not yet posted, as described in paragraph (vi) below);

(vi) that there are certain interest earnings yet to be received by the Prior Trustee, and when received, will be transferred to the Trustee of the 2014 Bonds in accordance with Section 3(d) of the Escrow Agreement; and

(vii) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Escrow Agreement.

Dated: June 10, 2014

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., *as Escrow Bank*
and as Prior Trustee

By  _____
Deborah D. Young,
Vice President

MOODY'S INVESTORS SERVICE

One Front Street, Suite 1900
San Francisco, CA 94111
+1.415.274.1700 tel
www.moody's.com

May 19, 2014

Ms. Cindy Giraldo
Financial Services Director
City of Burbank
301 East Olive Avenue
Burbank, CA 91502-1232

Dear Ms. Giraldo:

We wish to inform you that on May 12, 2014, Moody's Investors Service assigned a rating of Aa2 to City of Burbank, CA Sewer Enterprise, Wastewater Refunding Revenue Bonds, Series 2014.

In assigning such rating, Moody's has relied upon the truth, accuracy and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, on an ongoing basis, continue to provide Moody's with updated information necessary for the purposes of monitoring the rating, including current financial and statistical information.

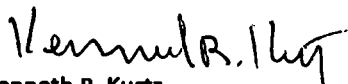
Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

In accordance with our usual policy, assigned ratings are subject to revision or withdrawal by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current rating, please visit www.moody's.com.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Michael Wertz at 415-274-1722.

Sincerely,



Kenneth B. Kurtz
Senior Vice President

KBK:MW/cm

cc: Peter Ross
Principal
Ross Financial
1736 Stockton Street
Suite One
San Francisco, CA 94133



One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1341806

May 1, 2014

City of Burbank
Burbank Water and Power
164 West Magnolia Boulevard
P. O. Box 631
Burbank, CA 91503
Attention: Mr. Bob A. Liu, Chief Financial Officer

Re: *US\$10,510,000 City of Burbank, California, Wastewater Revenue Refunding Bonds, Series 2014*

Dear Mr. Liu:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

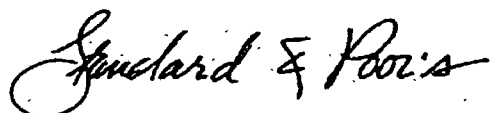
Please send hard copies to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

The logo for Standard & Poor's, featuring the company name in a stylized, cursive script.

Standard & Poor's Ratings Services

tw
enclosures

cc: Ms. Cindy Giraldo
Mr. Peter J. Ross



Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit 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 credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit 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 credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit 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 credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its 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."

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. Rating Services has not performed and will not perform 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 a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit 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 any person 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 a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit 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 a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

RatingsDirect®

Summary:

Burbank, California; Water/Sewer

Primary Credit Analyst:

Robert L Hannay, CFA, San Francisco (1) 415-371-5038; robert.hannay@standardandpoors.com

Secondary Contact:

Paul J Dyson, San Francisco (1) 415-371-5079; paul.dyson@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Burbank, California; Water/Sewer

Credit Profile

US\$10.510 mil wastewtr rev rfdg bnds ser 2014

Long Term Rating

AA+/Stable

New

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' rating to the City of Burbank, Calif.'s series 2014 wastewater refunding revenue bonds. At the same time, Standard & Poor's affirmed its 'AA+' long-term rating and underlying rating (SPUR) on the city's outstanding wastewater revenue bonds. The outlook is stable.

The ratings reflect our view of the system's:

- Strong debt service coverage (DSC) during the past three years;
- Very strong liquidity position in the wastewater fund; and
- Practice of raising rates annually in most years, which has led to increasing operating revenue.

These strengths are partly offset, in our view, by the uncertainty related to past and future payments owed to Los Angeles for treatment service. Burbank has not made a payment to Los Angeles since fiscal 2009 due to conflicting flow data and disagreement between the cities on how to calculate the payments due. We believe Burbank will eventually need to make back payments. The impact of this is mitigated by Burbank's decision to set aside funds to cover the future obligation.

The series 2014 bonds are being issued to refund the city's outstanding series 2004 wastewater revenue bonds for debt service savings.

The bonds are secured by the net revenues of the city's wastewater system. The bonds will not have a reserve fund. A rate covenant requires the system to generate DSC of at least 1.20x. An additional bonds test requires the city to certify that net revenues, including certain projected revenues from adopted rate increases or system expansion, provide 1.20x maximum annual debt service coverage. The system currently has \$14.11 million in series 2004 bonds outstanding. After the refunding of that series, the series 2014 bonds will be the system's only debt.

Burbank is located in Los Angeles County, about 12 miles north of downtown Los Angeles. Residents have access to employers within the city and to employment centers located throughout the Los Angeles area. We view the median household effective buying income as strong, at 119% of the national average.

The wastewater system provides sewage collection and treatment to residents and businesses within the city. As of 2013, the system provided wastewater service to 42,290 residential customers and 3,102 commercial and industrial customers. We view the customer base as very diverse, with the top 10 representing 7.5% of total operating revenue in fiscal 2013.

The majority of sewage is treated at the city's 12.5 million gallon per day (mgd) water reclamation plant, with the remaining sewage conveyed to Los Angeles' wastewater system for treatment at its Hyperion plant. In fiscal 2013, the system's average daily flow was 8.36 mgd. Peak daily flow in 2013 was 13.8 mgd.

Under a long-term agreement, Burbank pays a portion of the Los Angeles sewer system's operating and capital costs based on net sewage flows. However, since fiscal 2009, Burbank has not actually made these payments due to conflicting flow measurements taken by each city that began in 2009. The cities have not been able to agree on past annual flow amounts or on amounts due to Los Angeles under the contract. Burbank has internally set aside \$17.1 million in cash to cover past due amounts. The cities plan to hire an independent third party to assist in determining past and future flows and payment amounts, though one has not yet been selected. The disagreement has led to uncertainty regarding past and future operating costs for Burbank. However, in our view, the funds set aside mitigate the risk of a potential large payment to Los Angeles for past service. And we believe Burbank has set rates to cover its own costs and the likely payments to Los Angeles going forward.

The city has a history of implementing modest rate increases annually. Residential customers pay a flat monthly rate. Commercial and industrial customers are charged based on volume, type of industry and strength of wastewater. For fiscal 2014, a single-family residential customer pays \$22.79 per month, representing a 2% increase over the previous year. In its projections, the city is assuming 2.5% annual rate increases going forward. Wastewater charges are collected on the same bill as water and power. Water and power can be shut off for nonpayment, leading to a low delinquency rate.

The system's financial performance has been strong during the past three years, although the lack of payments to Los Angeles since 2010 has helped boost coverage. If the city had made payments to Los Angeles, we believe coverage would have likely still been strong. In fiscal 2013, operating revenues totaled \$16.5 million, up 5.7% over fiscal 2012. Operating expenses excluding depreciation increased 5.4% in fiscal 2013 to \$9.4 million. No payments were made to Los Angeles under the Hyperion contract in 2012 or 2013. Net revenues, including nonoperating income, provided very strong DSC of 4.96x in fiscal 2013, down from 5.16x in fiscal 2012. The city had budgeted \$2.3 million in payments to Los Angeles in fiscal 2012 and \$2.1 million in fiscal 2013. If the city had made those payments, coverage would have still been strong, in our view, at 3.54x and 3.48x in fiscal 2012 and fiscal 2013, respectively, as calculated by Standard & Poor's.

In the city's projections, payments to Los Angeles resume in fiscal 2015. DSC is projected to be strong at 3x or above through fiscal 2018. We view the projections as reasonable, with revenue growth based on assumed 2.5% annual rate increases. With Burbank and Los Angeles' continued disagreement over Burbank's payments related to the Hyperion plant, we believe there is uncertainty around the amount Burbank will pay in the future. However, this is partly mitigated by the high projected coverage.

The city has historically maintained a very strong cash position in the wastewater fund, though a portion of the current balance is set aside to cover payments to Los Angeles. As of June 30, 2013, unrestricted cash and investments totaled \$30.3 million, representing about 1,178 days of operating expenses on hand. Of that total, \$13.5 million was set aside for estimated back payments to Los Angeles. As of March 31, 2014, unrestricted cash and investments were higher, at \$33.8 million, with \$17.1 million set aside to for back payments. Because the payment dispute continues, the actual

back payment amount remains uncertain. Once past due payments are determined and paid, the wastewater system's liquidity will decline but likely still remain strong, in our view. The city has a reserve policy that targets maintaining working capital reserve of at least 60 days of operating expenses. The city also targets setting aside 20% of total projected capital spending for the next five years.

The wastewater capital improvement program covers \$23.7 million in projects in fiscal years 2014 through 2018. This includes \$6.4 million in capital funding provided to Los Angeles' Hyperion system. The largest project within Burbank's system is a force main replacement, totaling \$10.0 million. We understand that the city plans to use wastewater revenues and cash on hand for capital spending over this time period. According to management, no additional debt is planned.

Outlook

The stable outlook reflects our anticipation that DSC and liquidity will continue to be good to strong. If Burbank and Los Angeles resolve technical issues associated with flow and expense calculations and DSC and liquidity are strong during the next two years, we could raise the ratings. Given the system's strong financial metrics and practice of raising rates annually, we do not anticipate lowering the ratings during this time period.

Related Criteria And Research

Related Criteria

- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008
- USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

Related Research

U.S. State And Local Government Credit Conditions Forecast, April 7, 2014

Ratings Detail (As Of May 2, 2014)

Burbank wastewtr treatment rev bnds ser 2004A dtd 10/12/2004 due 06/01/2005-2024 2029 2034

Unenhanced Rating

AA+(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

**\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014**

CERTIFICATE OF PURCHASER

The undersigned is an authorized signatory of Raymond James & Associates, Inc., as purchaser (the "Purchaser"), and as such I hereby certify as follows, based upon the information available to the Purchaser:

1. After competitive bidding, the Purchaser has agreed to purchase from the City of Burbank (the "City") the \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"), on May 20, 2014 (the "Sale Date").

2. On the Sale Date, all of the Bonds were 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, and our experience with the bonds similar to the Bonds, 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.

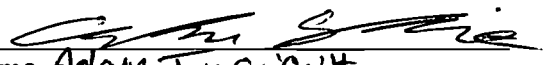
3. As of the Sale Date, the Purchaser reasonably expected (a) that the first sale to the Public of an amount of Bonds of each maturity equal to ten percent or more of such maturity of the Bonds (the "First Substantial Block") would be at the First Offer Price for such maturity and (b) that no Bonds of 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.

The City may rely on the statements made herein in connection with its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended. Quint & Thimmig LLP, as Bond Counsel, may also rely on this Certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law. Accordingly, the Purchaser makes no representations as to the legal sufficiency of the factual matters set forth herein.

Dated: June 10, 2014

RAYMOND JAMES & ASSOCIATES, INC.,
as Purchaser

By 
Name Adam Theriault
Title _____

APPENDIX A

TO CERTIFICATE OF PURCHASER

Re: \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds")

The Bonds are dated June 10, 2014, and are due on June 1 of the years, in the amounts, bearing interest at the rates, and first offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

| <u>Maturity</u> <u>June 1</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Price</u> | <u>Yield</u> |
|--|---|--|---------------------|---------------------|
| 2015 | \$760,000 | 5.000% | 104.733% | 0.140% |
| 2016 | 785,000 | 2.000 | 103.304 | 0.320 |
| 2017 | 800,000 | 5.000 | 113.112 | 0.550 |
| 2018 | 835,000 | 5.000 | 116.101 | 0.870 |
| 2019 | 885,000 | 5.000 | 118.617 | 1.140 |
| 2020 | 920,000 | 5.000 | 120.565 | 1.400 |
| 2021 | 975,000 | 5.000 | 121.838 | 1.670 |
| 2022 | 1,020,000 | 5.000 | 122.673 | 1.920 |
| 2023 | 1,070,000 | 5.000 | 123.424 | 2.120 |
| 2024 | 1,130,000 | 5.000 | 124.447 | 2.250 |
| 2026 | 240,000 | 2.500 | 99.486 | 2.550 |
| 2028 | 310,000 | 2.750 | 99.884 | 2.760 |
| 2031 | 490,000 | 3.000 | 100.000 | 3.000 |
| 2033 | 355,000 | 3.000 | 97.171 | 3.200 |

\$10,575,000
CITY OF BURBANK
(Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014


RECEIPT FOR BONDS

The undersigned, on behalf of Raymond James & Associates, Inc., as purchaser (the "Purchaser"), hereby acknowledges receipt this date of the following described bonds issued by the City of Burbank:

"City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014," in the aggregate principal amount of \$10,575,000 and dated the date hereof, issued as fully registered book-entry only bonds, without coupons, and duly authenticated by The Bank of New York Mellon Trust Company, N.A., as trustee.

Dated: June 10, 2014

RAYMOND JAMES & ASSOCIATES, INC.,
as Purchaser

By 
Name Adam Theriault
Title _____

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2015 | June 10, 2014 | 12082X AA1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED SIXTY 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 2.000% | June 1, 2016 | June 10, 2014 | 12082X AB9 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2017 | June 10, 2014 | 12082X AC7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2018 | June 10, 2014 | 12082X AD5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED THIRTY-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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
 State of California
 County of Los Angeles

CITY OF BURBANK
 Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2019 | June 10, 2014 | 12082X AE3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2020 | June 10, 2014 | 12082X AF0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED TWENTY 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2021 | June 10, 2014 | 12082X AG8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2022 | June 10, 2014 | 12082X AH6 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWENTY 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2023 | June 10, 2014 | 12082X AJ2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SEVENTY 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 5.000% | June 1, 2024 | June 10, 2014 | 12082X AK9 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 2.500% | June 1, 2026 | June 10, 2014 | 12082X AL7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 2.750% | June 1, 2028 | June 10, 2014 | 12082X AM5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 3.000% | June 1, 2031 | June 10, 2014 | 12082X AN3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR 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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

United States of America
State of California
County of Los Angeles

CITY OF BURBANK
Wastewater Refunding Revenue Bond, Series 2014

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|---------------|---------------|---------------|------------|
| 3.000% | June 1, 2033 | June 10, 2014 | 12082X AP8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY-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 June 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 November 15, 2014, 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 December 1, 2014. The principal amount of this Bond is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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 of Trust (the "Indenture"), dated as of June 1, 2014, by and between the City and the Trustee.

This Bond is one of a series of Bonds of various maturities designated as "City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014" (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 (the "Refunding Bond Law") in the aggregate principal amount of \$10,575,000, 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 the Indenture and approved by the City by Resolution No. 14-28,681, adopted by the City Council of the City on May 6, 2014. 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 Refunding 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 (the "Net Revenues") of the City's municipal wastewater enterprise (the "Enterprise"), as more particularly described in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Refunding 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 taken and subsequent Owner hereof shall have recourse to all of the provisions of the Refunding 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. The Bonds are special obligations of the City and are payable, as to interest thereon and principal thereof, from the Net Revenues. 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 maturing on or after June 1, 2025, are subject to redemption prior to their respective maturity dates, at the option of the City, as a whole or in part on any date or in part, in such order of maturity as shall be selected by the City (or in inverse order of maturity if the City shall fail to select a particular order) and by lot within a maturity, on or after June 1, 2024, from any source of available funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Bonds maturing on June 1, 2026 (the "2026 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2025, and June 1, 2026, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2026

Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2026 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2025 | \$ 90,000 |
| 2026† | 150,000 |

† Maturity.

The Bonds maturing on June 1, 2028 (the "2028 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2027, and June 1, 2028, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2028 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2028 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2027 | \$155,000 |
| 2028† | 155,000 |

† Maturity.

The Bonds maturing on June 1, 2031 (the "2031 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on September 1, 2029, and on each September 1 thereafter to and including September 1, 2031, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2031 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2031 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2029 | \$160,000 |
| 2030 | 165,000 |
| 2031† | 165,000 |

† Maturity.

The Bonds maturing on June 1, 2033 (the "2033 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2032, and June 1, 2033, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2033 Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2033 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Successor Agency with the Trustee.

| Redemption Date (June 1) | Principal Amount |
|-----------------------------|---------------------|
| 2032 | \$175,000 |
| 2033† | 180,000 |

† 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.

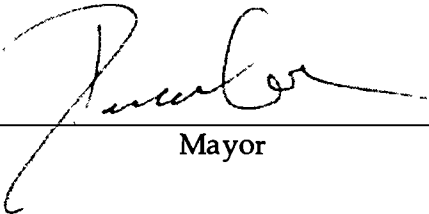
It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by law and that the amount of this Bond, 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 City Clerk all as of the Dated Date stated above.

CITY OF BURBANK

By 
Mayor

ATTEST:


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 _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., 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

900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/ 925-4201

June 10, 2014

City Council of the
City of Burbank
275 East Olive Avenue
Burbank, California 91502

OPINION: \$10,575,000 City of Burbank (Los Angeles County, California) Wastewater Refunding Revenue Bonds, Series 2014

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 \$10,575,000 Wastewater Refunding Revenue Bonds, Series 2014 (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 June 1, 2014 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Resolution No. 14-28,681, adopted by the City Council of the City on May 6, 2014 (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.

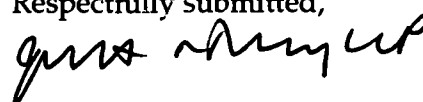
5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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.

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,

A handwritten signature in black ink, appearing to read "Gus Arroyo", is written over the typed text "Respectfully submitted,".



Attorneys at Law

900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/925-4201

June 10, 2014

Raymond James & Associates, Inc.
Tower Three, 3rd Floor
880 Carillon Parkway
St. Petersburg, Florida 33716

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071

DEFEASANCE OPINION: City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A

Ladies and Gentlemen:

We have acted as bond counsel to the City of Burbank, California (the "City") in connection with the issuance and sale of its \$10,575,000 City of Burbank Wastewater Refunding Revenue Bonds, Series 2014 (the "Bonds"). The Bonds are being issued 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 and an Indenture of Trust, dated as of June 1, 2014, by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds were issued for the purpose of refunding the outstanding City of Burbank Wastewater Treatment Revenue Bonds, 2004 Series A maturing on and after June 1, 2015, in the principal amount of \$13,330,000 (the "Refunded 2004 Bonds") in full on June 20, 2014.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in that certain Escrow Deposit and Trust Agreement, (the "Escrow Agreement"), dated the date hereof, by and between the City and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Bank"), relating to the Refunded 2004 Bonds.

On the date hereof the Escrow Bank has received irrevocable instructions from the City under and pursuant to the Escrow Agreement, and the Escrow Bank has agreed to comply with such instructions, to hold moneys deposited with it, in trust, for the payment and redemption of the Refunded 2004 Bonds.

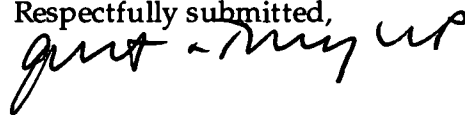
We have examined the law, the Escrow Agreement and such certified proceedings and other papers as we deem necessary to render this opinion.

As the result of such examination, it is our opinion, under existing law, that upon the deposit of moneys into the escrow fund created pursuant to the Escrow Agreement, the City will have done all that is required to defease the lien of the Refunded 2004 Bonds and all obligations of City in respect of the Refunded 2004 Bonds shall cease, terminate and be

discharged and satisfied and the owners thereof shall thereafter be entitled only to payment out of the moneys deposited with the Escrow Bank in said escrow fund.

We have not undertaken to verify independently the sufficiency of the amounts held by the Escrow Bank for the purpose of paying in full the principal of, interest on and redemption price of the Refunded 2004 Bonds to and including the date of redemption of the 2005 Refunded 2004 Bonds as provided in the Escrow Agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John A. May, Jr.", written in a cursive style.

Quint & Thimmig LLP

Attorneys at Law

900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/925-4201

June 10, 2014

Raymond James & Associates, Inc.
Tower Three, 3rd Floor
880 Carillon Parkway
St. Petersburg, Florida 33716

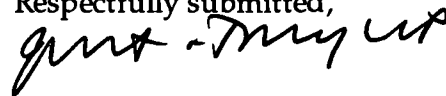
***RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$10,575,000 City of Burbank (Los Angeles County, California)
Wastewater Refunding Revenue Bonds, Series 2014***

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 Raymond James & Associates, Inc., as underwriter, to the same extent as if such opinion were addressed to it.

Respectfully submitted,



Quint & Thimmig LLP

Attorneys at Law

900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/925-4201

June 10, 2014

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, California 90071

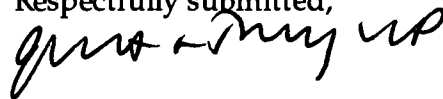
RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$10,575,000 City of Burbank (Los Angeles County, California) Wastewater
Refunding Revenue Bonds, Series 2014

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 The Bank of New York Mellon Trust Company, N.A., as trustee, to the same extent as if such opinion were addressed to it.

Respectfully submitted,



City of Burbank
Wastewater Refunding Revenue Bonds, Series 2014
Final Numbers 5/20/14


| | |
|----------------------------------|-------------------------------|
| Principal | \$10,575,000.00 |
| Plus: Net Original Issue Premium | 1,614,641.85 |
| Less: Underwriter's Discount | <u>(38,070.00)</u> |
| Total Proceeds | \$12,151,571.85 |
| Plus: Released 2004 DS Funds | 3,294.40 |
| Plus: Released 2004 Reserve Fund | <u>1,423,750.00</u> |
| Total Sources | <u><u>\$13,578,616.25</u></u> |

| Application of Proceeds and 2004 Moneys | | | | |
|---|----------------------|-----------------|---------------------|----------------------|
| | Proceeds | 2004 DS Funds | 2004 Reserve | Total |
| Deposit to Escrow Fund | 11,935,420.93 | 3,294.40 | 1,423,750.00 | 13,362,465.33 |
| Deposit to Costs of Issuance Fund | 216,150.92 | 0.00 | 0.00 | 216,150.92 |
| Total Uses | <u>12,151,571.85</u> | <u>3,294.40</u> | <u>1,423,750.00</u> | <u>13,578,616.25</u> |

| | |
|-----------------------------------|-------------------------------|
| Deposit to Escrow Fund | [1] \$13,362,465.33 |
| Deposit to Costs of Issuance Fund | <u>216,150.92</u> |
| Total Uses | <u><u>\$13,578,616.25</u></u> |

[1] Represents gross amount required to redeem the 2004 Bonds in full on 6/20/14.

Dated Date is June 10, 2014
Sale Date is May 20, 2014
Closing Date is June 10, 2014
Underwriter is Raymond James & Associates, Inc.
Arbitrage yield is 1.99232%
Weighted average maturity is 7.060773 years
TIC is 2.04332%
NIC is 2.23599%
Remaining weighted average maturity of 2004 Bonds is 8.1773 years

Prepared by Brian D. Quint, *Quint & Thimmig* 

\$10,575,000
CITY OF BURBANK
Wastewater Refunding Revenue Bonds, Series 2014

Debt Service Schedule

| Date | Principal | Coupon | Interest | Period Total | Fiscal Total | Reoffering Price |
|----------|------------------------|--------|-----------------------|------------------------|------------------------|------------------|
| 12/01/14 | | | \$225,779.38 | \$225,779.38 | | |
| 06/01/15 | \$760,000.00 | 5.000% | 237,662.50 | 997,662.50 | \$1,223,441.88 | 104.733 |
| 12/01/15 | | | 218,662.50 | 218,662.50 | | |
| 06/01/16 | 785,000.00 | 2.000% | 218,662.50 | 1,003,662.50 | 1,222,325.00 | 103.304 |
| 12/01/16 | | | 210,812.50 | 210,812.50 | | |
| 06/01/17 | 800,000.00 | 5.000% | 210,812.50 | 1,010,812.50 | 1,221,625.00 | 113.112 |
| 12/01/17 | | | 190,812.50 | 190,812.50 | | |
| 06/01/18 | 835,000.00 | 5.000% | 190,812.50 | 1,025,812.50 | 1,216,625.00 | 116.101 |
| 12/01/18 | | | 169,937.50 | 169,937.50 | | |
| 06/01/19 | 885,000.00 | 5.000% | 169,937.50 | 1,054,937.50 | 1,224,875.00 | 118.617 |
| 12/01/19 | | | 147,812.50 | 147,812.50 | | |
| 06/01/20 | 920,000.00 | 5.000% | 147,812.50 | 1,067,812.50 | 1,215,625.00 | 120.565 |
| 12/01/20 | | | 124,812.50 | 124,812.50 | | |
| 06/01/21 | 975,000.00 | 5.000% | 124,812.50 | 1,099,812.50 | 1,224,625.00 | 121.838 |
| 12/01/21 | | | 100,437.50 | 100,437.50 | | |
| 06/01/22 | 1,020,000.00 | 5.000% | 100,437.50 | 1,120,437.50 | 1,220,875.00 | 122.673 |
| 12/01/22 | | | 74,937.50 | 74,937.50 | | |
| 06/01/23 | 1,070,000.00 | 5.000% | 74,937.50 | 1,144,937.50 | 1,219,875.00 | 123.424 |
| 12/01/23 | | | 48,187.50 | 48,187.50 | | |
| 06/01/24 | 1,130,000.00 | 5.000% | 48,187.50 | 1,178,187.50 | 1,226,375.00 | 124.447 |
| 12/01/24 | | | 19,937.50 | 19,937.50 | | |
| 06/01/25 | 90,000.00 | 2.500% | 19,937.50 | 109,937.50 | 129,875.00 | 99.486 |
| 12/01/25 | | | 18,812.50 | 18,812.50 | | |
| 06/01/26 | 150,000.00 | 2.500% | 18,812.50 | 168,812.50 | 187,625.00 | 99.486 |
| 12/01/26 | | | 16,937.50 | 16,937.50 | | |
| 06/01/27 | 155,000.00 | 2.750% | 16,937.50 | 171,937.50 | 188,875.00 | 99.884 |
| 12/01/27 | | | 14,806.25 | 14,806.25 | | |
| 06/01/28 | 155,000.00 | 2.750% | 14,806.25 | 169,806.25 | 184,612.50 | 99.884 |
| 12/01/28 | | | 12,675.00 | 12,675.00 | | |
| 06/01/29 | 160,000.00 | 3.000% | 12,675.00 | 172,675.00 | 185,350.00 | 100.000 |
| 12/01/29 | | | 10,275.00 | 10,275.00 | | |
| 06/01/30 | 165,000.00 | 3.000% | 10,275.00 | 175,275.00 | 185,550.00 | 100.000 |
| 12/01/30 | | | 7,800.00 | 7,800.00 | | |
| 06/01/31 | 165,000.00 | 3.000% | 7,800.00 | 172,800.00 | 180,600.00 | 100.000 |
| 12/01/31 | | | 5,325.00 | 5,325.00 | | |
| 06/01/32 | 175,000.00 | 3.000% | 5,325.00 | 180,325.00 | 185,650.00 | 97.171 |
| 12/01/32 | | | 2,700.00 | 2,700.00 | | |
| 06/01/33 | 180,000.00 | 3.000% | 2,700.00 | 182,700.00 | 185,400.00 | 97.171 |
| | <u>\$10,575,000.00</u> | | <u>\$3,254,804.38</u> | <u>\$13,829,804.38</u> | <u>\$13,829,804.38</u> | |

| | |
|-----------------------------------|----------------|
| Accrued Interest | \$0.00 |
| Days of Accrued Interest | 0 |
| Original Issue Premium/(Discount) | 1,614,641.85 |
| Arbitrage Yield | 1.992320% |
| Weighted Average Life | 7.060773 years |
| Dated Date | 6/10/14 |
| Closing Date | 6/10/14 |

| |
|-------------------------------------|
| \$240,000 Term maturity (2025-2026) |
| \$310,000 Term maturity (2027-2028) |
| \$490,000 Term maturity (2029-2031) |
| \$355,000 Term maturity (2032-2033) |

| |
|--|
| City of Burbank, California Wastewater Treatment Revenue Refunding Bonds, 2014 Series A (2004 Series A) |
|--|

Sources and Uses of Funds (FINAL NUMBERS)

Sources of Funds

| | |
|----------------------------------|----------------------|
| Par Amount of Bonds | 10,575,000.00 |
| Plus: Accrued Interest | - |
| Less: (OID) Plus: OIP | 1,614,641.85 |
| Less: Underwriter's Discount (1) | (38,070.00) |
| Net Proceeds at Closing | 12,151,571.85 |
| Prior Issue Reserve Fund | 1,423,750.00 |
| Other Source of Funds | 3,294.40 |
| Total Prior Issue Funds | 1,427,044.40 |
| Total Sources of Funds | 13,578,616.25 |

Uses of Funds

| | |
|-------------------------------|----------------------|
| Cost to Payoff Prior Issue | 13,362,465.33 |
| Beginning Escrow Cash Balance | - |
| Reserve Fund (2) | - |
| Surety Bond Premium (3) | - |
| Bond Insurance Premium (4) | - |
| Costs of Issuance (5) | 216,150.92 |
| Accrued Interest | - |
| Total Uses of Funds | 13,578,616.25 |
| Rounding Adjustment | - |

Assumptions

-
- (1) 0.36% (\$3.60/bond) of the Par Amount of Bonds
 - (2) Not Applicable
 - (3) Not Applicable
 - (4) Not Applicable
 - (5) Final Budget

Run Date
Run Time

May 20, 2014
10:00 AM

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Summary Statistics

| | |
|-------------------------|-------------|
| Arbitrage Yield | 1.99232 % |
| TIC | 2.04332 % |
| "All-In" TIC | 2.33751 % |
| Average Coupon | 4.33652 % |
| Net Interest Cost (NIC) | 2.23599 % |
| | |
| Average Life | 7.097 Years |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Price / Yield / Production Calculation

| | Principal | (OID) / OIP |
|-------------------|-------------------|---------------------|
| Serials | 9,180,000 | 1,626,278.00 |
| Term One | 240,000 | (1,233.60) |
| Term Two | 310,000 | (359.60) |
| Term Three | 490,000 | - |
| Term Four | 355,000 | (10,042.95) |
| Totals | 10,575,000 | 1,614,641.85 |

| Delivery Date | | | | Exceeds Safe Harbor | | | | | |
|----------------------|---------------|--------------|------------|----------------------------|------------|--------------|------------------|--------------------|--|
| 6/10/14 | | | | | | | | | |
| Mat Date | Coupon | Yield | PTC | | YTM | Price | Principal | (OID) / OIP | |
| 6/1/15 | 5.000 | 0.140 | | | 0.140 | 104.733 | 760,000 | 35,970.80 | |
| 6/1/16 | 2.000 | 0.320 | | | 0.320 | 103.304 | 785,000 | 25,936.40 | |
| 6/1/17 | 5.000 | 0.550 | | | 0.550 | 113.112 | 800,000 | 104,896.00 | |
| 6/1/18 | 5.000 | 0.870 | | | 0.870 | 116.101 | 835,000 | 134,443.35 | |
| 6/1/19 | 5.000 | 1.140 | | | 1.140 | 118.617 | 885,000 | 164,760.45 | |
| 6/1/20 | 5.000 | 1.400 | | | 1.400 | 120.565 | 920,000 | 189,198.00 | |
| 6/1/21 | 5.000 | 1.670 | | | 1.670 | 121.838 | 975,000 | 212,920.50 | |
| 6/1/22 | 5.000 | 1.920 | | | 1.920 | 122.673 | 1,020,000 | 231,264.60 | |
| 6/1/23 | 5.000 | 2.120 | | | 2.120 | 123.424 | 1,070,000 | 250,636.80 | |
| 6/1/24 | 5.000 | 2.250 | | | 2.250 | 124.447 | 1,130,000 | 276,251.10 | |
| 6/1/25 | 2.500 | 2.550 | | | 2.554 | 99.486 | 90,000 | (462.60) | |
| 6/1/26 | 2.500 | 2.550 | | | 2.550 | 99.486 | 150,000 | (771.00) | |
| 6/1/27 | 2.750 | 2.760 | | | 2.761 | 99.884 | 155,000 | (179.80) | |
| 6/1/28 | 2.750 | 2.760 | | | 2.760 | 99.884 | 155,000 | (179.80) | |
| 6/1/29 | 3.000 | 3.000 | | | 3.000 | 100.000 | 160,000 | - | |
| 6/1/30 | 3.000 | 3.000 | | | 3.000 | 100.000 | 165,000 | - | |
| 6/1/31 | 3.000 | 3.000 | | | 3.000 | 100.000 | 165,000 | - | |
| 6/1/32 | 3.000 | 3.200 | | | 3.208 | 97.171 | 175,000 | (4,950.75) | |
| 6/1/33 | 3.000 | 3.200 | | | 3.200 | 97.171 | 180,000 | (5,092.20) | |

Notes

(*) Assumes 6/1/2024 Call at 100%

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Gross Debt Service Schedule and Savings Calculation (NPV Basis)

| Date | Principal | Rate | Interest | Periodic Debt Service | Annual Debt Service | Prior Issue Periodic Debt Service | Prior Issue Annual Debt Service | Annual (Savings) / Cost | 1,99232 Present Value |
|---------------|-------------------|-------|---------------------|-----------------------|----------------------|---------------------------------------|---------------------------------|-------------------------|-----------------------|
| 6/10/14 | | | | 225,779.38 | | 307,566.25 | | | (81,020.33) |
| 12/1/14 | | | 237,662.50 | 997,662.50 | 1,223,441.88 | 1,112,566.25 | 1,420,132.50 | (196,690.63) | (112,704.10) |
| 6/1/15 | 760,000 | 5.000 | 218,662.50 | 218,662.50 | | 293,076.25 | | | (72,269.30) |
| 12/1/15 | | | 218,662.50 | 1,003,662.50 | 1,222,325.00 | 1,128,076.25 | 1,421,152.50 | (198,827.50) | (119,636.64) |
| 6/1/16 | 785,000 | 2.000 | 210,812.50 | 210,812.50 | | 277,628.75 | | | (63,618.98) |
| 12/1/16 | | | 210,812.50 | 1,010,812.50 | 1,221,625.00 | 1,142,628.75 | 1,420,257.50 | (198,632.50) | (124,266.78) |
| 6/1/17 | 800,000 | 5.000 | 190,812.50 | 190,812.50 | | 261,193.75 | | | (65,695.89) |
| 12/1/17 | | | 190,812.50 | 1,025,812.50 | 1,216,625.00 | 1,156,193.75 | 1,417,387.50 | (200,762.50) | (120,501.24) |
| 6/1/18 | 835,000 | 5.000 | 169,937.50 | 169,937.50 | | 238,818.75 | | | (63,033.66) |
| 12/1/18 | | | 169,937.50 | 1,054,937.50 | 1,224,875.00 | 1,183,818.75 | 1,422,637.50 | (197,762.50) | (116,776.75) |
| 6/1/19 | 885,000 | 5.000 | 147,812.50 | 147,812.50 | | 215,193.75 | | | (60,450.64) |
| 12/1/19 | | | 147,812.50 | 1,067,812.50 | 1,215,625.00 | 1,200,193.75 | 1,415,387.50 | (199,762.50) | (117,593.53) |
| 6/1/20 | 920,000 | 5.000 | 124,812.50 | 124,812.50 | | 195,493.75 | | | (62,166.48) |
| 12/1/20 | | | 124,812.50 | 1,099,812.50 | 1,224,625.00 | 1,225,493.75 | 1,420,987.50 | (196,362.50) | (109,450.49) |
| 6/1/21 | 975,000 | 5.000 | 100,437.50 | 100,437.50 | | 174,250.00 | | | (63,646.17) |
| 12/1/21 | | | 100,437.50 | 1,120,437.50 | 1,220,875.00 | 1,244,250.00 | 1,418,500.00 | (197,625.00) | (105,706.58) |
| 6/1/22 | 1,020,000 | 5.000 | 74,937.50 | 74,937.50 | | 147,500.00 | | | (61,340.16) |
| 12/1/22 | | | 74,937.50 | 1,144,937.50 | 1,219,875.00 | 1,272,500.00 | 1,420,000.00 | (200,125.00) | (106,770.39) |
| 6/1/23 | 1,070,000 | 5.000 | 48,187.50 | 48,187.50 | | 119,375.00 | | | (58,996.56) |
| 12/1/23 | | | 48,187.50 | 1,178,187.50 | 1,226,375.00 | 1,304,375.00 | 1,423,750.00 | (197,375.00) | (103,546.26) |
| 6/1/24 | 1,130,000 | 5.000 | 19,937.50 | 19,937.50 | | 89,750.00 | | | (56,721.33) |
| 12/1/24 | | | 19,937.50 | 1,099,937.50 | 129,875.00 | 1,329,750.00 | 1,419,500.00 | (1,289,625.00) | (981,299.20) |
| 6/1/25 | 90,000 | 2.500 | 18,812.50 | 18,812.50 | | 58,750.00 | | | (31,811.52) |
| 12/1/25 | | | 18,812.50 | 168,812.50 | 187,625.00 | 273,750.00 | 332,500.00 | (144,875.00) | (82,761.69) |
| 6/1/26 | 150,000 | 2.500 | 16,937.50 | 16,937.50 | | 53,375.00 | | | (28,453.94) |
| 12/1/26 | | | 16,937.50 | 171,937.50 | 188,875.00 | 278,375.00 | 331,750.00 | (142,875.00) | (82,296.92) |
| 6/1/27 | 155,000 | 2.750 | 14,806.25 | 14,806.25 | | 47,750.00 | | | (25,220.70) |
| 12/1/27 | | | 14,806.25 | 169,806.25 | 184,612.50 | 282,750.00 | 330,500.00 | (145,887.50) | (85,613.34) |
| 6/1/28 | 155,000 | 2.750 | 12,675.00 | 12,675.00 | | 41,875.00 | | | (21,915.79) |
| 12/1/28 | | | 12,675.00 | 172,675.00 | 185,350.00 | 286,875.00 | 328,750.00 | (143,400.00) | (84,866.37) |
| 6/1/29 | 160,000 | 3.000 | 10,275.00 | 10,275.00 | | 35,750.00 | | | (18,744.71) |
| 12/1/29 | | | 10,275.00 | 175,275.00 | 185,550.00 | 295,750.00 | 331,500.00 | (145,950.00) | (87,772.15) |
| 6/1/30 | 165,000 | 3.000 | 7,800.00 | 7,800.00 | | 29,250.00 | | | (15,473.27) |
| 12/1/30 | | | 7,800.00 | 172,800.00 | 180,600.00 | 299,250.00 | 328,500.00 | (147,900.00) | (90,318.88) |
| 6/1/31 | 165,000 | 3.000 | 5,325.00 | 5,325.00 | | 22,500.00 | | | (12,146.24) |
| 12/1/31 | | | 5,325.00 | 180,325.00 | 185,650.00 | 307,500.00 | 330,000.00 | (144,350.00) | (89,051.68) |
| 6/1/32 | 175,000 | 3.000 | 2,700.00 | 2,700.00 | | 15,375.00 | | | (8,787.87) |
| 12/1/32 | | | 2,700.00 | 182,700.00 | 185,400.00 | 315,375.00 | 330,750.00 | (145,350.00) | (91,079.31) |
| 6/1/33 | 180,000 | 3.000 | - | - | | 7,875.00 | | | (5,352.74) |
| 12/1/33 | | | - | - | | 322,875.00 | 330,750.00 | (330,750.00) | (217,297.81) |
| 6/1/34 | - | - | - | - | - | - | - | - | - |
| Totals | 10,575,000 | | 3,254,804.38 | 13,829,804.38 | 13,829,804.38 | 18,594,692.50 | 18,594,692.50 | (4,764,888.13) | (3,908,172.40) |
| | | | | | | Plus: Prior Issue Other Funds | | 3,294.40 | 3,294.40 |
| | | | | | | Plus: Prior Issue Reserve Fund | | 1,423,750.00 | 1,423,750.00 |
| | | | | | | Less: New Issue Reserve Fund | | - | - |
| | | | | | | Net Total | | (3,337,843.73) | (2,479,128.00) |
| | | | | | | Savings % New | | | 23.44% |
| | | | | | | Savings % Prior | | | 18.60% |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Gross Debt Service Schedule and Savings Calculation (NPV Basis)

| Date | Principal | Rate | Interest | Annual Debt Service | Prior Issue Annual Debt Service | Annual (Savings) / Cost | 1.99232 Present Value |
|---------------|-------------------|-------|---------------------|----------------------|---------------------------------------|-------------------------|-----------------------|
| 6/10/14 | | | | | | | |
| 6/1/15 | 760,000 | 5.000 | 463,441.88 | 1,223,441.88 | 1,420,132.50 | (196,690.63) | (193,724.43) |
| 6/1/16 | 785,000 | 2.000 | 437,325.00 | 1,222,325.00 | 1,421,152.50 | (198,827.50) | (191,905.94) |
| 6/1/17 | 800,000 | 5.000 | 421,625.00 | 1,221,625.00 | 1,420,257.50 | (198,632.50) | (187,883.76) |
| 6/1/18 | 835,000 | 5.000 | 381,625.00 | 1,216,625.00 | 1,417,387.50 | (200,762.50) | (186,197.13) |
| 6/1/19 | 885,000 | 5.000 | 339,875.00 | 1,224,875.00 | 1,422,637.50 | (197,762.50) | (179,810.42) |
| 6/1/20 | 920,000 | 5.000 | 295,625.00 | 1,215,625.00 | 1,415,387.50 | (199,762.50) | (178,044.16) |
| 6/1/21 | 975,000 | 5.000 | 249,625.00 | 1,224,625.00 | 1,420,987.50 | (196,362.50) | (171,616.98) |
| 6/1/22 | 1,020,000 | 5.000 | 200,875.00 | 1,220,875.00 | 1,418,500.00 | (197,625.00) | (169,352.75) |
| 6/1/23 | 1,070,000 | 5.000 | 149,875.00 | 1,219,875.00 | 1,420,000.00 | (200,125.00) | (168,110.55) |
| 6/1/24 | 1,130,000 | 5.000 | 96,375.00 | 1,226,375.00 | 1,423,750.00 | (197,375.00) | (162,542.82) |
| 6/1/25 | 90,000 | 2.500 | 39,875.00 | 129,875.00 | 1,419,500.00 | (1,289,625.00) | (1,038,020.54) |
| 6/1/26 | 150,000 | 2.500 | 37,625.00 | 187,625.00 | 332,500.00 | (144,875.00) | (114,573.21) |
| 6/1/27 | 155,000 | 2.750 | 33,875.00 | 188,875.00 | 331,750.00 | (142,875.00) | (110,750.86) |
| 6/1/28 | 155,000 | 2.750 | 29,612.50 | 184,612.50 | 330,500.00 | (145,887.50) | (110,834.04) |
| 6/1/29 | 160,000 | 3.000 | 25,350.00 | 185,350.00 | 328,750.00 | (143,400.00) | (106,782.16) |
| 6/1/30 | 165,000 | 3.000 | 20,550.00 | 185,550.00 | 331,500.00 | (145,950.00) | (106,516.86) |
| 6/1/31 | 165,000 | 3.000 | 15,600.00 | 180,600.00 | 328,500.00 | (147,900.00) | (105,790.15) |
| 6/1/32 | 175,000 | 3.000 | 10,650.00 | 185,650.00 | 330,000.00 | (144,350.00) | (101,197.92) |
| 6/1/33 | 180,000 | 3.000 | 5,400.00 | 185,400.00 | 330,750.00 | (145,350.00) | (99,867.18) |
| 6/1/34 | - | - | - | - | 330,750.00 | (330,750.00) | (222,650.55) |
| Totals | 10,575,000 | | 3,254,804.38 | 13,829,804.38 | 18,594,692.50 | (4,764,888.13) | (3,906,172.40) |
| | | | | | Plus: Prior Issue Other Funds | 3,294.40 | 3,294.40 |
| | | | | | Plus: Prior Issue Reserve Fund | 1,423,750.00 | 1,423,750.00 |
| | | | | | Less: New Issue Reserve Fund | - | - |
| | | | | | Net Total | (3,337,843.73) | (2,479,128.00) |
| | | | | | Savings % New | | 23.44% |
| | | | | | Savings % Prior | | 18.60% |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Net Debt Service Schedule and Savings Calculation (Cash Flow NPV Basis)

| New Issue Reserve Fund | | - | | Prior Issue Reserve Fund | | 1,423,750.00 | | | | | |
|------------------------|-----------------------|------------------------------|---------------------------|--------------------------|-----------------------------------|------------------------------|---------------------------------------|-------------------------------------|-----------------------------|-----------------------|--|
| Investment Rate | | - | | Investment Rate | | 4.90 | | | | | |
| Date | Periodic Debt Service | Less: RF Earnings and Corpus | Net Periodic Debt Service | Net Annual Debt Service | Prior Issue Periodic Debt Service | Less: RF Earnings and Corpus | Prior Issue Net Periodic Debt Service | Prior Issue Net Annual Debt Service | Net Annual (Savings) / Cost | 1,99232 Present Value | |
| 6/10/14 | | | | | | | | | | | |
| 12/1/14 | 225,779.38 | - | 225,779.38 | | 307,566.25 | (34,881.88) | 272,684.38 | | | (46,465.38) | |
| 6/1/15 | 997,662.50 | - | 997,662.50 | 1,223,441.88 | 1,112,566.25 | (34,881.88) | 1,077,684.38 | 1,350,368.75 | (126,926.88) | (78,489.99) | |
| 12/1/15 | 218,662.50 | - | 218,662.50 | | 293,076.25 | (34,881.88) | 258,194.38 | | | (38,392.65) | |
| 6/1/16 | 1,003,662.50 | - | 1,003,662.50 | 1,222,325.00 | 1,128,076.25 | (34,881.88) | 1,093,194.38 | 1,351,388.75 | (129,063.75) | (86,094.12) | |
| 12/1/16 | 210,812.50 | - | 210,812.50 | | 277,628.75 | (34,881.88) | 242,746.88 | | | (30,405.31) | |
| 6/1/17 | 1,010,812.50 | - | 1,010,812.50 | 1,221,625.00 | 1,142,628.75 | (34,881.88) | 1,107,746.88 | 1,350,493.75 | (128,868.75) | (91,382.68) | |
| 12/1/17 | 190,812.50 | - | 190,812.50 | | 261,193.75 | (34,881.88) | 226,311.88 | | | (33,136.14) | |
| 6/1/18 | 1,025,812.50 | - | 1,025,812.50 | 1,216,625.00 | 1,156,193.75 | (34,881.88) | 1,121,311.88 | 1,347,623.75 | (130,998.75) | (88,262.64) | |
| 12/1/18 | 169,937.50 | - | 169,937.50 | | 238,818.75 | (34,881.88) | 203,936.88 | | | (31,113.04) | |
| 6/1/19 | 1,054,937.50 | - | 1,054,937.50 | 1,224,875.00 | 1,183,818.75 | (34,881.88) | 1,148,936.88 | 1,352,873.75 | (127,998.75) | (85,170.98) | |
| 12/1/19 | 147,812.50 | - | 147,812.50 | | 215,193.75 | (34,881.88) | 180,311.88 | | | (29,156.60) | |
| 6/1/20 | 1,067,812.50 | - | 1,067,812.50 | 1,215,625.00 | 1,200,193.75 | (34,881.88) | 1,165,311.88 | 1,345,623.75 | (129,998.75) | (86,608.15) | |
| 12/1/20 | 124,812.50 | - | 124,812.50 | | 195,493.75 | (34,881.88) | 160,611.88 | | | (30,088.25) | |
| 6/1/21 | 1,099,812.50 | - | 1,099,812.50 | 1,224,625.00 | 1,225,493.75 | (34,881.88) | 1,190,611.88 | 1,351,223.75 | (126,598.75) | (79,073.34) | |
| 12/1/21 | 100,437.50 | - | 100,437.50 | | 174,250.00 | (34,881.88) | 139,368.13 | | | (33,568.64) | |
| 6/1/22 | 1,120,437.50 | - | 1,120,437.50 | 1,220,875.00 | 1,244,250.00 | (34,881.88) | 1,209,368.13 | 1,348,736.25 | (127,861.25) | (75,925.71) | |
| 12/1/22 | 74,937.50 | - | 74,937.50 | | 147,500.00 | (34,881.88) | 112,618.13 | | | (31,853.03) | |
| 6/1/23 | 1,144,937.50 | - | 1,144,937.50 | 1,219,875.00 | 1,272,500.00 | (34,881.88) | 1,237,618.13 | 1,350,236.25 | (130,361.25) | (77,574.10) | |
| 12/1/23 | 48,187.50 | - | 48,187.50 | | 119,375.00 | (34,881.88) | 84,493.13 | | | (30,088.25) | |
| 6/1/24 | 1,178,187.50 | - | 1,178,187.50 | 1,226,375.00 | 1,304,375.00 | (34,881.88) | 1,269,493.13 | 1,353,986.25 | (127,611.25) | (74,923.08) | |
| 12/1/24 | 19,937.50 | - | 19,937.50 | | 89,750.00 | (34,881.88) | 54,868.13 | | | (28,380.47) | |
| 6/1/25 | 109,937.50 | - | 109,937.50 | 129,875.00 | 1,329,750.00 | (1,126,131.88) | 203,618.13 | 258,486.25 | (128,611.25) | (75,362.99) | |
| 12/1/25 | 18,812.50 | - | 18,812.50 | | 58,750.00 | (8,146.25) | 50,603.75 | | | (25,322.76) | |
| 6/1/26 | 168,812.50 | - | 168,812.50 | 187,625.00 | 273,750.00 | (8,146.25) | 265,603.75 | 316,207.50 | (128,582.50) | (76,336.94) | |
| 12/1/26 | 16,937.50 | - | 16,937.50 | | 53,375.00 | (8,146.25) | 45,228.75 | | | (22,092.55) | |
| 6/1/27 | 171,937.50 | - | 171,937.50 | 188,875.00 | 278,375.00 | (8,146.25) | 270,228.75 | 315,457.50 | (126,582.50) | (75,998.29) | |
| 12/1/27 | 14,806.25 | - | 14,806.25 | | 47,750.00 | (8,146.25) | 39,603.75 | | | (18,984.19) | |
| 6/1/28 | 169,806.25 | - | 169,806.25 | 184,612.50 | 282,750.00 | (8,146.25) | 274,603.75 | 314,207.50 | (129,595.00) | (79,436.34) | |
| 12/1/28 | 12,675.00 | - | 12,675.00 | | 41,875.00 | (8,146.25) | 33,728.75 | | | (15,801.70) | |
| 6/1/29 | 172,675.00 | - | 172,675.00 | 185,350.00 | 286,875.00 | (8,146.25) | 278,728.75 | 312,457.50 | (127,107.50) | (78,812.58) | |
| 12/1/29 | 10,275.00 | - | 10,275.00 | | 35,750.00 | (8,146.25) | 27,603.75 | | | (12,750.64) | |
| 6/1/30 | 175,275.00 | - | 175,275.00 | 185,550.00 | 295,750.00 | (8,146.25) | 287,603.75 | 315,207.50 | (129,657.50) | (81,837.19) | |
| 12/1/30 | 7,800.00 | - | 7,800.00 | | 29,250.00 | (8,146.25) | 21,103.75 | | | (9,596.86) | |
| 6/1/31 | 172,800.00 | - | 172,800.00 | 180,600.00 | 299,250.00 | (8,146.25) | 291,103.75 | 312,207.50 | (131,607.50) | (84,498.42) | |
| 12/1/31 | 5,325.00 | - | 5,325.00 | | 22,500.00 | (8,146.25) | 14,353.75 | | | (6,385.18) | |
| 6/1/32 | 180,325.00 | - | 180,325.00 | 185,650.00 | 307,500.00 | (8,146.25) | 299,353.75 | 313,707.50 | (128,057.50) | (83,347.43) | |
| 12/1/32 | 2,700.00 | - | 2,700.00 | | 15,375.00 | (8,146.25) | 7,228.75 | | | (3,139.89) | |
| 6/1/33 | 182,700.00 | - | 182,700.00 | 185,400.00 | 315,375.00 | (8,146.25) | 307,228.75 | 314,457.50 | (129,057.50) | (85,487.04) | |
| 12/1/33 | - | - | - | | 7,875.00 | (8,146.25) | (271.25) | | | 184.37 | |
| 6/1/34 | - | - | - | | 322,875.00 | (340,646.25) | (17,771.25) | (18,042.50) | 18,042.50 | 11,960.21 | |
| Totals | 13,829,804.38 | - | 13,829,804.38 | 13,829,804.38 | 18,594,692.50 | (2,337,783.75) | 16,256,908.75 | 16,256,908.75 | (2,427,104.38) | (2,010,599.41) | |
| | | | | | | | Plus: Prior Issue Other Funds | | 3,294.40 | 3,294.40 | |
| | | | | | | | Net Total | | (2,423,809.98) | (2,007,305.01) | |
| | | | | | | | | | Savings % New | 18.98% | |
| | | | | | | | | | Savings % Prior | 15.06% | |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Net Debt Service Schedule and Savings Calculation (Cash Flow NPV Basis)

| New Issue Reserve Fund | | - | Prior Issue Reserve Fund | | 1,423,750.00 | | | |
|------------------------|----------------------|------------------------------|--------------------------|---------------------------------|--------------------------------------|-------------------------------------|-----------------------------|-----------------------|
| Investment Rate | | - | Investment Rate | | 4.90 | | | |
| Date | Annual Debt Service | Less: RF Earnings and Corpus | Net Annual Debt Service | Prior Issue Annual Debt Service | Less: RF Earnings and Corpus | Prior Issue Net Annual Debt Service | Net Annual (Savings) / Cost | 1.99232 Present Value |
| 6/10/14 | | | | | | | | |
| 6/1/15 | 1,223,441.88 | - | 1,223,441.88 | 1,420,132.50 | (69,763.75) | 1,350,368.75 | (126,926.88) | (124,955.37) |
| 6/1/16 | 1,222,325.00 | - | 1,222,325.00 | 1,421,152.50 | (69,763.75) | 1,351,388.75 | (129,063.75) | (124,486.77) |
| 6/1/17 | 1,221,625.00 | - | 1,221,625.00 | 1,420,257.50 | (69,763.75) | 1,350,493.75 | (128,868.75) | (121,787.99) |
| 6/1/18 | 1,216,625.00 | - | 1,216,625.00 | 1,417,387.50 | (69,763.75) | 1,347,623.75 | (130,998.75) | (121,398.78) |
| 6/1/19 | 1,224,875.00 | - | 1,224,875.00 | 1,422,637.50 | (69,763.75) | 1,352,873.75 | (127,998.75) | (116,284.02) |
| 6/1/20 | 1,215,625.00 | - | 1,215,625.00 | 1,415,387.50 | (69,763.75) | 1,345,623.75 | (129,998.75) | (115,764.75) |
| 6/1/21 | 1,224,625.00 | - | 1,224,625.00 | 1,420,987.50 | (69,763.75) | 1,351,223.75 | (126,598.75) | (110,560.07) |
| 6/1/22 | 1,220,875.00 | - | 1,220,875.00 | 1,418,500.00 | (69,763.75) | 1,348,736.25 | (127,861.25) | (109,494.35) |
| 6/1/23 | 1,219,875.00 | - | 1,219,875.00 | 1,420,000.00 | (69,763.75) | 1,350,236.25 | (130,361.25) | (109,427.13) |
| 6/1/24 | 1,226,375.00 | - | 1,226,375.00 | 1,423,750.00 | (69,763.75) | 1,353,986.25 | (127,611.25) | (105,011.32) |
| 6/1/25 | 129,875.00 | - | 129,875.00 | 1,419,500.00 | (1,161,013.75) | 258,486.25 | (128,611.25) | (103,743.46) |
| 6/1/26 | 187,625.00 | - | 187,625.00 | 332,500.00 | (16,292.50) | 316,207.50 | (128,582.50) | (101,659.70) |
| 6/1/27 | 188,875.00 | - | 188,875.00 | 331,750.00 | (16,292.50) | 315,457.50 | (126,582.50) | (98,090.84) |
| 6/1/28 | 184,612.50 | - | 184,612.50 | 330,500.00 | (16,292.50) | 314,207.50 | (129,595.00) | (98,422.52) |
| 6/1/29 | 185,350.00 | - | 185,350.00 | 328,750.00 | (16,292.50) | 312,457.50 | (127,107.50) | (94,614.28) |
| 6/1/30 | 185,550.00 | - | 185,550.00 | 331,500.00 | (16,292.50) | 315,207.50 | (129,657.50) | (94,587.83) |
| 6/1/31 | 180,600.00 | - | 180,600.00 | 328,500.00 | (16,292.50) | 312,207.50 | (131,607.50) | (94,095.28) |
| 6/1/32 | 185,650.00 | - | 185,650.00 | 330,000.00 | (16,292.50) | 313,707.50 | (128,057.50) | (89,732.61) |
| 6/1/33 | 185,400.00 | - | 185,400.00 | 330,750.00 | (16,292.50) | 314,457.50 | (129,057.50) | (88,626.92) |
| 6/1/34 | - | - | - | 330,750.00 | (348,792.50) | (18,042.50) | 18,042.50 | 12,144.58 |
| Totals | 13,829,804.38 | - | 13,829,804.38 | 18,594,692.50 | (2,337,783.75) | 16,256,908.75 | (2,427,104.38) | (2,010,599.41) |
| | | | | | Plus: Prior Issue Other Funds | | 3,294.40 | 3,294.40 |
| | | | | | | Net Total | (2,423,809.98) | (2,007,305.01) |
| | | | | | | Savings % New | | 18.98% |
| | | | | | | Savings % Prior | | 15.06% |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Prior Issue Debt Service Schedule and Redemption Provisions

| Date | Principal | Rate | Interest | Periodic Debt Service | Call Date | 6/20/2014 | Called Bonds | Call Premium | Periodic Debt Service | Defeasance Debt Service |
|---------------|-------------------|-------|---------------------|--------------------------|----------------------|-------------------|--------------|--------------|--------------------------|----------------------------|
| | | | | | Call Premium | 0.00% | | | | |
| 6/1/14 | | | | | | | | | | |
| 6/20/14 | | | | | | | | | 32,465.33 | 13,362,465.33 |
| 12/1/14 | | | 307,566.25 | 307,566.25 | | | | | | |
| 6/1/15 | 805,000 | 3.600 | 307,566.25 | 1,112,566.25 | 1,420,132.50 | | 805,000 | - | | |
| 12/1/15 | | | 293,076.25 | 293,076.25 | | | | | | |
| 6/1/16 | 835,000 | 3.700 | 293,076.25 | 1,128,076.25 | 1,421,152.50 | | 835,000 | - | | |
| 12/1/16 | | | 277,628.75 | 277,628.75 | | | | | | |
| 6/1/17 | 865,000 | 3.800 | 277,628.75 | 1,142,628.75 | 1,420,257.50 | | 865,000 | - | | |
| 12/1/17 | | | 261,193.75 | 261,193.75 | | | | | | |
| 6/1/18 | 895,000 | 5.000 | 261,193.75 | 1,156,193.75 | 1,417,387.50 | | 895,000 | - | | |
| 12/1/18 | | | 238,818.75 | 238,818.75 | | | | | | |
| 6/1/19 | 945,000 | 5.000 | 238,818.75 | 1,183,818.75 | 1,422,637.50 | | 945,000 | - | | |
| 12/1/19 | | | 215,193.75 | 215,193.75 | | | | | | |
| 6/1/20 | 985,000 | 4.000 | 215,193.75 | 1,200,193.75 | 1,415,387.50 | | 985,000 | - | | |
| 12/1/20 | | | 195,493.75 | 195,493.75 | | | | | | |
| 6/1/21 | 1,030,000 | 4.125 | 195,493.75 | 1,225,493.75 | 1,420,987.50 | | 1,030,000 | - | | |
| 12/1/21 | | | 174,250.00 | 174,250.00 | | | | | | |
| 6/1/22 | 1,070,000 | 5.000 | 174,250.00 | 1,244,250.00 | 1,418,500.00 | | 1,070,000 | - | | |
| 12/1/22 | | | 147,500.00 | 147,500.00 | | | | | | |
| 6/1/23 | 1,125,000 | 5.000 | 147,500.00 | 1,272,500.00 | 1,420,000.00 | | 1,125,000 | - | | |
| 12/1/23 | | | 119,375.00 | 119,375.00 | | | | | | |
| 6/1/24 | 1,185,000 | 5.000 | 119,375.00 | 1,304,375.00 | 1,423,750.00 | | 1,185,000 | - | | |
| 12/1/24 | | | 89,750.00 | 89,750.00 | | | | | | |
| 6/1/25 | 1,240,000 | 5.000 | 89,750.00 | 1,329,750.00 | 1,419,500.00 | | 1,240,000 | - | | |
| 12/1/25 | | | 56,750.00 | 56,750.00 | | | | | | |
| 6/1/26 | 215,000 | 5.000 | 56,750.00 | 273,750.00 | 332,500.00 | | 215,000 | - | | |
| 12/1/26 | | | 53,375.00 | 53,375.00 | | | | | | |
| 6/1/27 | 225,000 | 5.000 | 53,375.00 | 278,375.00 | 331,750.00 | | 225,000 | - | | |
| 12/1/27 | | | 47,750.00 | 47,750.00 | | | | | | |
| 6/1/28 | 235,000 | 5.000 | 47,750.00 | 282,750.00 | 330,500.00 | | 235,000 | - | | |
| 12/1/28 | | | 41,875.00 | 41,875.00 | | | | | | |
| 6/1/29 | 245,000 | 5.000 | 41,875.00 | 286,875.00 | 328,750.00 | | 245,000 | - | | |
| 12/1/29 | | | 35,750.00 | 35,750.00 | | | | | | |
| 6/1/30 | 260,000 | 5.000 | 35,750.00 | 295,750.00 | 331,500.00 | | 260,000 | - | | |
| 12/1/30 | | | 29,250.00 | 29,250.00 | | | | | | |
| 6/1/31 | 270,000 | 5.000 | 29,250.00 | 299,250.00 | 328,500.00 | | 270,000 | - | | |
| 12/1/31 | | | 22,500.00 | 22,500.00 | | | | | | |
| 6/1/32 | 285,000 | 5.000 | 22,500.00 | 307,500.00 | 330,000.00 | | 285,000 | - | | |
| 12/1/32 | | | 15,375.00 | 15,375.00 | | | | | | |
| 6/1/33 | 300,000 | 5.000 | 15,375.00 | 315,375.00 | 330,750.00 | | 300,000 | - | | |
| 12/1/33 | | | 7,875.00 | 7,875.00 | | | | | | |
| 6/1/34 | 315,000 | 5.000 | 7,875.00 | 322,875.00 | 330,750.00 | | 315,000 | - | | |
| Totals | 13,330,000 | | 5,264,692.50 | 18,594,692.50 | 18,594,692.50 | 13,330,000 | | - | 32,465.33 | 13,362,465.33 |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Prior Issue Debt Service Schedule and Redemption Provisions

| Date | Principal | Rate | Interest | Call Date | 6/20/2014 | Called Bonds | Call Premium | Periodic Debt Service | Defeasance Debt Service |
|---------------|-------------------|-------|---------------------|----------------------|-----------|-------------------|--------------|-----------------------|-------------------------|
| | | | | Call Premium | 0.00% | | | | |
| | | | | Annual Debt Service | | | | | |
| 6/1/14 | | | | | | | | | |
| 6/20/14 | | | | | | | | 32,465.33 | 13,362,465.33 |
| 6/1/15 | 805,000 | 3.600 | 615,132.50 | 1,420,132.50 | | 805,000 | - | | |
| 6/1/16 | 835,000 | 3.700 | 586,152.50 | 1,421,152.50 | | 835,000 | - | | |
| 6/1/17 | 865,000 | 3.800 | 555,257.50 | 1,420,257.50 | | 865,000 | - | | |
| 6/1/18 | 895,000 | 5.000 | 522,387.50 | 1,417,387.50 | | 895,000 | - | | |
| 6/1/19 | 945,000 | 5.000 | 477,637.50 | 1,422,637.50 | | 945,000 | - | | |
| 6/1/20 | 985,000 | 4.000 | 430,387.50 | 1,415,387.50 | | 985,000 | - | | |
| 6/1/21 | 1,030,000 | 4.125 | 390,987.50 | 1,420,987.50 | | 1,030,000 | - | | |
| 6/1/22 | 1,070,000 | 5.000 | 348,500.00 | 1,418,500.00 | | 1,070,000 | - | | |
| 6/1/23 | 1,125,000 | 5.000 | 295,000.00 | 1,420,000.00 | | 1,125,000 | - | | |
| 6/1/24 | 1,185,000 | 5.000 | 238,750.00 | 1,423,750.00 | | 1,185,000 | - | | |
| 6/1/25 | 1,240,000 | 5.000 | 179,500.00 | 1,419,500.00 | | 1,240,000 | - | | |
| 6/1/26 | 215,000 | 5.000 | 117,500.00 | 332,500.00 | | 215,000 | - | | |
| 6/1/27 | 225,000 | 5.000 | 106,750.00 | 331,750.00 | | 225,000 | - | | |
| 6/1/28 | 235,000 | 5.000 | 95,500.00 | 330,500.00 | | 235,000 | - | | |
| 6/1/29 | 245,000 | 5.000 | 83,750.00 | 328,750.00 | | 245,000 | - | | |
| 6/1/30 | 260,000 | 5.000 | 71,500.00 | 331,500.00 | | 260,000 | - | | |
| 6/1/31 | 270,000 | 5.000 | 58,500.00 | 328,500.00 | | 270,000 | - | | |
| 6/1/32 | 285,000 | 5.000 | 45,000.00 | 330,000.00 | | 285,000 | - | | |
| 6/1/33 | 300,000 | 5.000 | 30,750.00 | 330,750.00 | | 300,000 | - | | |
| 6/1/34 | 315,000 | 5.000 | 15,750.00 | 330,750.00 | | 315,000 | - | | |
| Totals | 13,330,000 | | 5,264,692.50 | 18,594,692.50 | | 13,330,000 | - | 32,465.33 | 13,362,465.33 |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Gross Debt Service Schedule (Assumes 6/1/24 Call at 100% and Safe Harbor)

| Date | Principal | Rate | Interest | Periodic Debt Service | Annual Debt Service |
|---------------|-------------------|-------------|---------------------|------------------------------|----------------------------|
| 6/10/14 | | | | | |
| 12/1/14 | | | 225,779.38 | 225,779.38 | |
| 6/1/15 | 760,000 | 5.000 | 237,662.50 | 997,662.50 | 1,223,441.88 |
| 12/1/15 | | | 218,662.50 | 218,662.50 | |
| 6/1/16 | 785,000 | 2.000 | 218,662.50 | 1,003,662.50 | 1,222,325.00 |
| 12/1/16 | | | 210,812.50 | 210,812.50 | |
| 6/1/17 | 800,000 | 5.000 | 210,812.50 | 1,010,812.50 | 1,221,625.00 |
| 12/1/17 | | | 190,812.50 | 190,812.50 | |
| 6/1/18 | 835,000 | 5.000 | 190,812.50 | 1,025,812.50 | 1,216,625.00 |
| 12/1/18 | | | 169,937.50 | 169,937.50 | |
| 6/1/19 | 885,000 | 5.000 | 169,937.50 | 1,054,937.50 | 1,224,875.00 |
| 12/1/19 | | | 147,812.50 | 147,812.50 | |
| 6/1/20 | 920,000 | 5.000 | 147,812.50 | 1,067,812.50 | 1,215,625.00 |
| 12/1/20 | | | 124,812.50 | 124,812.50 | |
| 6/1/21 | 975,000 | 5.000 | 124,812.50 | 1,099,812.50 | 1,224,625.00 |
| 12/1/21 | | | 100,437.50 | 100,437.50 | |
| 6/1/22 | 1,020,000 | 5.000 | 100,437.50 | 1,120,437.50 | 1,220,875.00 |
| 12/1/22 | | | 74,937.50 | 74,937.50 | |
| 6/1/23 | 1,070,000 | 5.000 | 74,937.50 | 1,144,937.50 | 1,219,875.00 |
| 12/1/23 | | | 48,187.50 | 48,187.50 | |
| 6/1/24 | 1,130,000 | 5.000 | 48,187.50 | 1,178,187.50 | 1,226,375.00 |
| 12/1/24 | | | 19,937.50 | 19,937.50 | |
| 6/1/25 | 90,000 | 2.500 | 19,937.50 | 109,937.50 | 129,875.00 |
| 12/1/25 | | | 18,812.50 | 18,812.50 | |
| 6/1/26 | 150,000 | 2.500 | 18,812.50 | 168,812.50 | 187,625.00 |
| 12/1/26 | | | 16,937.50 | 16,937.50 | |
| 6/1/27 | 155,000 | 2.750 | 16,937.50 | 171,937.50 | 188,875.00 |
| 12/1/27 | | | 14,806.25 | 14,806.25 | |
| 6/1/28 | 155,000 | 2.750 | 14,806.25 | 169,806.25 | 184,612.50 |
| 12/1/28 | | | 12,675.00 | 12,675.00 | |
| 6/1/29 | 160,000 | 3.000 | 12,675.00 | 172,675.00 | 185,350.00 |
| 12/1/29 | | | 10,275.00 | 10,275.00 | |
| 6/1/30 | 165,000 | 3.000 | 10,275.00 | 175,275.00 | 185,550.00 |
| 12/1/30 | | | 7,800.00 | 7,800.00 | |
| 6/1/31 | 165,000 | 3.000 | 7,800.00 | 172,800.00 | 180,600.00 |
| 12/1/31 | | | 5,325.00 | 5,325.00 | |
| 6/1/32 | 175,000 | 3.000 | 5,325.00 | 180,325.00 | 185,650.00 |
| 12/1/32 | | | 2,700.00 | 2,700.00 | |
| 6/1/33 | 180,000 | 3.000 | 2,700.00 | 182,700.00 | 185,400.00 |
| 12/1/33 | | | - | - | |
| 6/1/34 | - | - | - | - | - |
| Totals | 10,575,000 | | 3,254,804.38 | 13,829,804.38 | 13,829,804.38 |

City of Burbank, California
Wastewater Treatment Revenue Refunding Bonds, 2014 Series A
(2004 Series A)

Proof of Arbitrage Yield

| | |
|------------------------------|----------------------|
| Par Amount of Bonds | 10,575,000.00 |
| Less: (OID) Plus: OIP | 1,614,641.85 |
| Less: Surety Bond Premium | - |
| Less: Bond Insurance Premium | - |
| Less: Underwriter's Discount | - |
| Less: Costs of Issuance | - |
| Total Target Value | 12,189,641.85 |

Discount Rate **1.99232**

| Date | Future Value | Present Value |
|---------------|---------------------|----------------------|
| 6/10/14 | (12,189,641.85) | (12,189,641.85) |
| 12/1/14 | 225,779.38 | 223,663.26 |
| 6/1/15 | 997,662.50 | 978,563.87 |
| 12/1/15 | 218,662.50 | 212,361.11 |
| 6/1/16 | 1,003,662.50 | 965,124.87 |
| 12/1/16 | 210,812.50 | 200,718.46 |
| 6/1/17 | 1,010,812.50 | 952,920.56 |
| 12/1/17 | 190,812.50 | 178,109.90 |
| 6/1/18 | 1,025,812.50 | 948,078.65 |
| 12/1/18 | 169,937.50 | 155,510.87 |
| 6/1/19 | 1,054,937.50 | 955,858.03 |
| 12/1/19 | 147,812.50 | 132,608.99 |
| 6/1/20 | 1,067,812.50 | 948,531.91 |
| 12/1/20 | 124,812.50 | 109,776.70 |
| 6/1/21 | 1,099,812.50 | 957,780.26 |
| 12/1/21 | 100,437.50 | 86,604.06 |
| 6/1/22 | 1,120,437.50 | 956,588.49 |
| 12/1/22 | 74,937.50 | 63,347.85 |
| 6/1/23 | 1,144,937.50 | 958,317.85 |
| 12/1/23 | 48,187.50 | 39,935.34 |
| 6/1/24 | 1,178,187.50 | 966,790.77 |
| 12/1/24 | 19,937.50 | 16,198.84 |
| 6/1/25 | 109,937.50 | 88,441.12 |
| 12/1/25 | 18,812.50 | 14,984.77 |
| 6/1/26 | 168,812.50 | 133,138.38 |
| 12/1/26 | 16,937.50 | 13,226.44 |
| 6/1/27 | 171,937.50 | 132,941.18 |
| 12/1/27 | 14,806.25 | 11,335.20 |
| 6/1/28 | 169,806.25 | 128,716.11 |
| 12/1/28 | 12,675.00 | 9,513.11 |
| 6/1/29 | 172,675.00 | 128,321.36 |
| 12/1/29 | 10,275.00 | 7,560.43 |
| 6/1/30 | 175,275.00 | 127,696.73 |
| 12/1/30 | 7,800.00 | 5,626.65 |
| 6/1/31 | 172,800.00 | 123,422.35 |
| 12/1/31 | 5,325.00 | 3,765.87 |
| 6/1/32 | 180,325.00 | 126,268.87 |
| 12/1/32 | 2,700.00 | 1,871.97 |
| 6/1/33 | 182,700.00 | 125,420.69 |
| 12/1/33 | - | - |
| 6/1/34 | - | - |
| Totals | 1,640,162.53 | 0.00 |

From: **Robbie Breck-Specter** Robbie.Specter@RaymondJames.com
Subject: cusips
Date: May 20, 2014 at 11:42 AM
To: Brian Quint (bquint@qtlp.com) bquint@qtlp.com, rossfinancial@smkc.com

Wires

Wire Details

Actions: [\[View Deal](#)
[Inbox V\]](#) [\[Go\]](#) [\[Print\]](#) [\[Close\]](#)

| Rec'd Date/Time (EST) | Sender | ST Wire Type/Title | Master Message # | Deal Type |
|-----------------------|----------------------|--------------------|------------------|-----------|
| 05/20/14 01:31 PM | Raymond James & Asso | FL Cusip Wire | | Comp |

RE: \$ 10,575,000
City of Burbank, California
Wastewater Refunding Revenue Bonds, Series 2014

Award: 05/20/2014
Delivery: 06/10/2014 (Firm)
Initial trade: 05/20/2014
Date of Execution: 05/20/2014
Time of Execution: 4:00PM Eastern

| MATURITY | CUSIP | COUPON |
|------------|-----------|--------|
| 06/01/2015 | 12082XAA1 | 5.000 |
| 06/01/2016 | 12082XAB9 | 2.000 |
| 06/01/2017 | 12082XAC7 | 5.000 |
| 06/01/2018 | 12082XAD5 | 5.000 |
| 06/01/2019 | 12082XAE3 | 5.000 |
| 06/01/2020 | 12082XAF0 | 5.000 |
| 06/01/2021 | 12082XAG8 | 5.000 |
| 06/01/2022 | 12082XAH6 | 5.000 |
| 06/01/2023 | 12082XAJ2 | 5.000 |
| 06/01/2024 | 12082XAK9 | 5.000 |
| 06/01/2026 | 12082XAL7 | 2.500 |
| 06/01/2028 | 12082XAM5 | 2.750 |
| 06/01/2031 | 12082XAN3 | 3.000 |
| 06/01/2033 | 12082XAP8 | 3.000 |

This issue is book entry only. This issue is clearing through DTC.

Raymond James & Associates, Inc.
Fidelity Capital Markets
Jefferies LLC
UBS Financial Services Inc.
Wedbush Securities Inc.

By: Raymond James & Associates, Inc. St. Petersburg, FL

[\[Close\]](#)

[Terms and Conditions of Use and Privacy Statement](#)

© Ipreo. All rights reserved.

Submitting request - please wait ...