



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Glendale
Glendale, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Electric Fund of the City of Glendale, as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric Fund of the City of Glendale, as of June 30, 2025, and the changes in its financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Electric Enterprise Fund and do not purport to, and do not present fairly the financial position of the City of Glendale, California, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Honorable Mayor and
Members of the City Council
City of Glendale

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Electric Fund of the City of Glendale's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Honorable Mayor and
Members of the City Council
City of Glendale

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions of the defined benefit plans and the schedule of proportionate share of OPEB liability be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

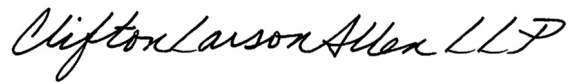
Report on Summarized Comparative Information

We have previously audited the Electric Fund of the City of Glendale's 2024 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Honorable Mayor and
Members of the City Council
City of Glendale

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of the City of Glendale'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Glendale's 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 of Glendale's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP
Irvine, California
November 19, 2025

MANAGEMENT DISCUSSION AND ANALYSIS – ELECTRIC UTILITY

The management of Glendale *Water & Power* (a department of the City of Glendale), offers the readers of the City of Glendale Electric Enterprise Fund (Electric Utility) financial statements a narrative overview and analysis of the financial activities of the Electric Utility for the fiscal year ended June 30, 2025. We encourage our readers to consider the information presented here in conjunction with the accompanying financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

During fiscal year 2025, the Electric Utility's retail revenues increased \$54,944 or 23% from the 2024 level. The increase in retail revenues was attributable to increase in rates. Total operating revenues increased by \$50,430 or 18% and total operating expenses increased by \$34,855 or 16% from fiscal year 2024. After adding the net increase of \$14,702 from non-operating revenues and subtracting \$29,615 transfer to the General Fund of the City to operating income of \$77,538, total net position increased by \$62,625 in fiscal year 2025.

The assets and deferred outflows of the Electric Utility exceeded its liabilities and deferred inflows at the close of fiscal year 2025 by \$438,321. Of these amounts, \$406,913 was unrestricted and may be used to meet the Electric Utility's ongoing obligations to creditors and customers. Unrestricted net position balances represented 163% of annual operating expenses for fiscal year 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Glendale Electric Utility financial statements. The Electric Utility is a business-type activity of the City, and its activities are reported in a separate enterprise fund. These financial statements include only the activities for the City of Glendale Electric Utility. Information on citywide financial results is available in the City of Glendale's Annual Comprehensive Financial Report.

The City of Glendale Electric Utility's financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. In addition, this report also contains other information to provide our readers additional information about the Electric Utility including sales statistics and other relevant data. Included as part of the financial statements are three separate statements which collectively provide an indication of the Electric Utility's financial health.

The ***Statement of Net Position*** presents information on assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net

position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the utility is improving or deteriorating.

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents information showing how the Electric Utility's net position changed during the most recent fiscal year. Results of operations are recorded under the accrual basis of accounting whereby transactions are reported as underlying events occur regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, i.e. accounts payable and accounts receivable. The accrual basis of accounting is more fully described in the accompanying Notes to the Financial Statements.

The ***Statement of Cash Flows*** presents the flows of cash and cash equivalents during the last fiscal year including certain restricted amounts.

The ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 20 to 56 of this report.

The required supplementary information are presented immediately following the notes to financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Electric Utility's financial position. In the case of the Electric Utility, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$438,321 as of June 30, 2025. A portion of the Electric Utility's net position (4% as of June 30, 2025) reflects its net investment in capital assets such as production, transmission, and distribution facilities, less any related outstanding debt used to acquire those assets. The Electric Utility uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt shown on the balance sheet must come from other sources such as operations since the capital assets themselves cannot be used to liquidate these long-term liabilities.

An additional portion of the Electric Utility's net position (3% as of June 30, 2025) represents resources that are subject to external restrictions on how they may be used. This line item includes California Air Resources Board carbon emission reduction, and Low Carbon Fuel Standard funds. For fiscal year ended June 30, 2025, the net position restricted is \$12,306.

The unrestricted portion of the Utility's net position (93% as of June 30, 2025) may be used to meet the Electric Utility's ongoing obligations to creditors and customers.

Net Position – Electric Utility

The Electric Utility's net position as of June 30, 2025 and 2024 is as follows:

	2025	2024
Current and other assets	\$ 542,548	\$ 485,066
Capital assets	562,549	312,060
Total assets	1,105,097	797,126
Deferred outflows of resources	17,191	25,596
Total assets and deferred outflows of resources	1,122,288	822,722
Current liabilities	136,648	63,055
Long-term liabilities	541,129	375,923
Total liabilities	677,777	438,978
Deferred inflows of resources	6,190	8,048
Net position:		
Net investment in capital assets	19,102	59,209
Carbon emissions	10,255	50,949
Low carbon fuel standard	2,051	677
Unrestricted	406,913	264,861
Total net position	\$ 438,321	\$ 375,696

Net position increased by \$62,625 (or 17%) during fiscal year 2025. In fiscal year 2025, the increase in net position was primarily the result of the increase in retail revenues due to increase in rates.

Changes in Net Position – Electric Utility

The Electric Utility's changes in net position for the years ended June 30, 2025 and 2024 are as follows:

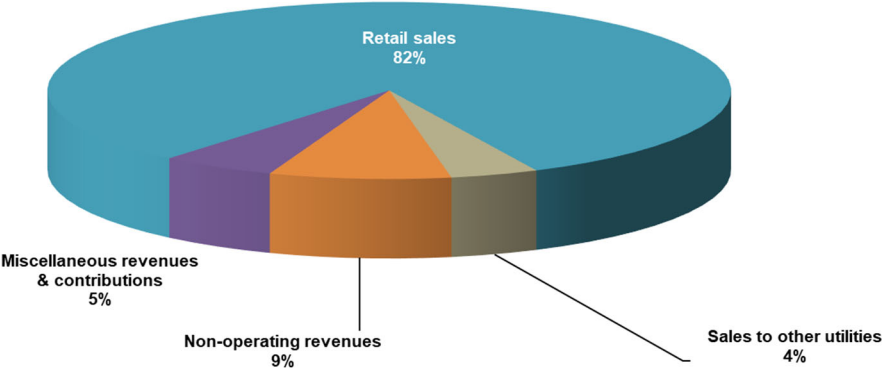
	<u>2025</u>	<u>2024</u>
Revenues:		
Retail sales	\$ 296,145	\$ 241,201
Sales to other utilities	15,044	20,666
Miscellaneous revenues	16,499	15,391
Non-operating revenues	<u>31,086</u>	<u>17,293</u>
Total revenues	<u>358,774</u>	<u>294,551</u>
Expenses:		
Production	171,683	142,580
Transmission and distribution	52,377	46,505
Customer accounting and sales	9,099	8,869
Amortization	16	35
Depreciation	16,424	16,657
Gas depletion	551	649
Non-operating expenses	<u>19,568</u>	<u>8,393</u>
Total expenses	<u>269,718</u>	<u>223,688</u>
Increase in net position before transfers & contributions	89,056	70,863
Capital grants and contributions	3,184	3,000
Transfers to the City's General Fund	<u>(29,615)</u>	<u>(24,120)</u>
Increase (decrease) in net position	62,625	49,743
Net position, beginning of year	<u>375,696</u>	<u>325,953</u>
Net position, end of year	<u>\$ 438,321</u>	<u>\$ 375,696</u>

Revenue by Source – Electric Utility

The total revenues increased by 22% from 2024. 2025 retail revenues (residential, commercial, and industrial) continued to be the primary revenue source for the Electric Utility, making up approximately 82% of total revenue. Retail revenues showed an increase of 23% from the prior year were attributable to increase in rates and an increase in sales volume of 2%. Sales to other utilities, accounts for the revenues other than the retail revenues, decreased 27% from the prior year due to a decrease in sales volume.

Miscellaneous and non-operating revenues increased 46% from the prior year. The increase was primarily due to an increase in the fair value of investments and the receipt of grant funds.

2025 Revenues and Capital Contributions



Expenses by Source – Electric Utility

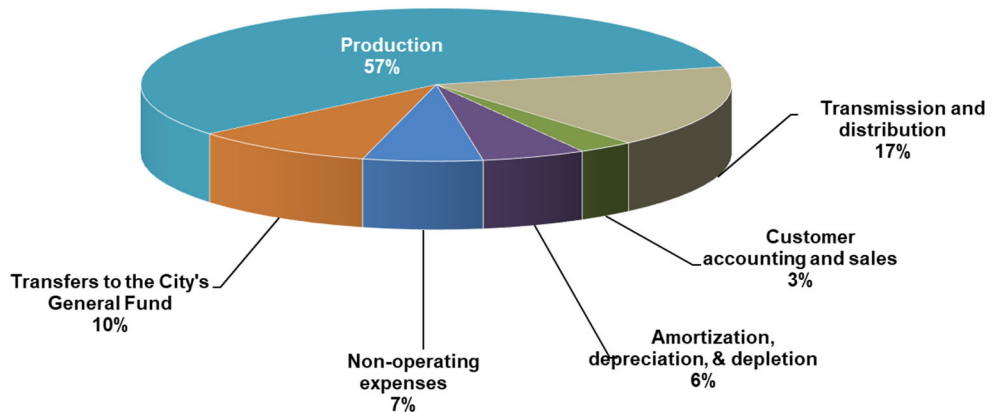
Total expenses for the Electric Utility not including the General Fund Transfer, increased \$46,030 (or 21%) from 2024 level. Production expenses increased 20% from 2024 as a result of higher spot market prices. Transmission and distribution increased by 13% and customer accounting and sales increased by 3% as result of higher operating and maintenance expenses, offset by decreases in depreciation and amortization expenses.

The Gas Depletion account was established to record the use of natural gas associated with the Electric Utility’s share of the Natural Gas Project through the Southern California Public Power Authority (SCPPA).

Non-operating expenses increased 133% from 2024 mainly due to the increase in interest expenses from the new bonds issuance and loss on asset disposal.

The City Charter currently provides at the end of each fiscal year, up to 25% of the operating revenues of the Electric Utility to be transferred to the City’s General Fund as based on City Council approval. Ten percent (10%) of Electric Works operating revenue for the fiscal year 2024-25, \$29,615, was transferred from the Electric Work Revenue Fund to the Glendale Water and Power Surplus Fund and further transferred to the City’s General Reserve Fund for fiscal year 2024-25.

2025 Expenses and Transfers



Capital Assets and Debt Administration

Capital Assets

The Electric Utility's investment in capital assets as of June 30, 2025 were \$562,549 (net of accumulated depreciation and depletion). This included investments in production, transmission, and distribution related facilities, as well as in general items such as office equipment, furniture, lease assets and subscription assets, etc. Capital assets showed an increase of 80% as of June 30, 2025, due to Grayson Repowering, Biogas Renewable Generation, and distribution improvements.

The Electric Utility's capital assets as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Production	\$ 190,945	\$ 154,768
Transmission and distribution	702,541	497,594
Natural Gas Reserve	22,178	22,176
General	46,428	28,059
Less: accumulated depreciation and depletion	<u>(399,543)</u>	<u>(390,537)</u>
Total capital assets	<u>562,549</u>	<u>312,060</u>

Additional information on the Electric Utility's capital and lease assets can be found in Note 3 of this report.

Long-Term Debt

The Electric Utility's long-term debt as of June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Electric revenue bonds	\$ 487,124	\$ 312,025
Leases payable	80	86
Subscriptions payable	<u>296</u>	<u>365</u>
Total long-term debt	<u>487,500</u>	<u>312,476</u>

During fiscal year 2024, the Electric Utility maintained an "A+" credit rating from Standard & Poor's and "A+" credit rating from Fitch Ratings for its revenue bonds.

Additional information on the Electric Utility's long-term debt can be found in Note 4 of this report.

Economic Factors and Rates

The City continues its effort to minimize exposure to market spikes in power and natural gas by implementing retail rate adjustment clauses that allow retail rates to adjust to market conditions and regulatory changes.

In February 2023, the City Council directed staff to implement the Grayson Repowering Project utilizing three Wartsila generator sets, procure a BESS, and authorized relevant contracts. All engineering, procurement, and construction contracts have been executed and all full notice to proceeds have been issued. As of 6/30/2025, engineering, procurement/manufacturing and shipment of the Wartsila Power Island was over 70% complete. Construction, including commissioning of the Wartsila Power Island was approximately 30% complete with all underground work and foundations complete and all above ground-work at various stages of completion. Engineering and procurement of the battery energy storage system (BESS) and balance of site (BOS) including the three-story control-administration-maintenance building was approximately 60% complete with the batteries, power conversion systems, switchgears, and transformers either in fabrication, factory acceptance testing, or have already been delivered to site. Construction, including commissioning, of the BESS and BOS was approximately 30% complete with underground work and foundations at various stages of completion. Overall cost of the project increased dramatically due to newly enacted import tariffs for which City Council approved an additional \$30,000,000 of contingency for the ARB, Inc. BOS Engineering, Procurement, and Construction contract. A portion of the BESS will have black start functionality (i.e., the ability to restart without external power), to enable the Grayson Power Plant to restart and recover the GWP system from a blackout condition. As part of the BOS engineering, a new three-story power plant administration, maintenance, and control building was designed with additional floor space to accommodate other GWP sections in the future. The overall project schedule has slipped and is now projecting a midsummer of 2026 commercial operation date.

In December 2023, the City Council adopted the 2024 Integrated Resource Plan (IRP). The City Council selected Scenario 4: Carbon Free Emission by 2035 to meet the target of fully clean by 2035. Aggressively procures utility-scale geothermal, wind, and solar while pursuing customer-sited resources. Rooftop solar increases significantly along with distributed batteries at residences. GWP would also work to increase energy efficiency savings. All natural gas generation transitions to green hydrogen in 2035 supplemented with long-duration storage.

In November 2023, the City Council awarded two contracts for Phase 1 of the City Owned Solar Development Program. Motive Energy was awarded a Professional Services Agreement to perform the design, engineering, and environmental analysis for the Brand Landfill ground mount

solar project. Motive Energy is currently conducting the environmental study in partnership with GWP, Community Development, and the City Attorney's Office. After successful completion of the environmental analysis and approval to proceed with the project, Motive Energy will be awarded a construction contract to procure and construct the Brand Landfill ground mount solar project. Solar Optimum was awarded an Engineer, Procure, Construction (EPC) contract for five sites including the Sports Complex carport solar project, Glendale Community College Lot 34 carport solar project, Utility Operations Center carport solar project, Central Library rooftop solar project, and Glendale Water & Power Perkins Building rooftop solar project. Total expected capacity for all six sites included in Phase 1 of the City Owned Solar Development Program is 4.9MW. The GWP Perkins Building project was completed and interconnected to GWP's distribution grid in March 2025. The Central Library project is nearing completion and is expected to be interconnected in October/November 2025. The Sports Complex, Utility Operations Center, and GCC Lot 34 are currently in the permitting process.

On January 24, 2023, the City Council approved the Biogas Renewable Generation Project, spanning 2.2 acres within the 535-acre Scholl Canyon Landfill. This renewable energy project will capture methane from the landfill and with its gas cleaning system and four Jenbacher generator sets, generate approximately 11 megawatts of clean electricity, reducing greenhouse gas emissions and reliance on flaring. Site mobilization began in September 2023, and the generators units were installed in December of 2024. When completed, the facility will provide a reliable source of local renewable energy and further Glendale's commitment to sustainability and environmental stewardship. With no further delays, substantial completion is expected to be achieved in July of 2026.

4kV to 12kV is a major project for GWP. Upgrading a 4kV electrical system to 12kV significantly improves efficiency, increases power capacity, and enhances system reliability. Higher voltage levels are a standard part of modernizing power infrastructure to meet growing energy demands and integrate new technologies like electric vehicle charging and solar power. In 2025, the electric utility completed the rebuilding of most of the Tropic feeders. Engineering staff is currently working on initiating a new contract to continue the conversion program.

On November 14, 2023, the City of Glendale adopted a three-year rate plan (covering FY 2023-24 through FY 2025-26) with annual base rate revenue adjustments of 14.8%, 11.3%, 11.3%. The rate plan adjusts time of use rates to align with GWP load profiles, to incentivize off peak usage and to promote the use of electric vehicles. In October 2025, City Council deferred the July 1st, 2025 increase of 11.3% and redistributed it as increases of 5%, 2.95% and 2.95% effective November 1st, 2025, November 1st, 2026 and November 1st, 2027 respectively.

Requests for Information

This financial report is designed to provide a general overview of the Electric Utility's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager of Glendale Water & Power – 141 North Glendale Avenue, Level 4, Glendale, California 91206.

CITY OF GLENDALE
ELECTRIC ENTERPRISE FUND
Statement of Net Position
June 30, 2025 (in thousands)
(with summarized comparative amounts for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Pooled cash and investments	\$ 254,951	\$ 97,111
Cash with fiscal agent	37,537	25,926
Investments with fiscal agent	2,398	2,398
Interest receivable	2,722	1,661
Investment-gas/electric commodity	7,023	9,023
Restricted cash and investments	-	64,947
Accounts receivable, net	15,313	13,832
Unbilled receivable	24,107	21,434
Leases receivable	29	27
Due from other agencies	29	24
Inventories	20,615	12,809
Prepaid items and other	10,195	31,953
Total current assets	<u>374,919</u>	<u>281,145</u>
Noncurrent assets:		
Capital assets:		
Land	6,306	6,306
Natural gas reserve	22,178	22,176
Buildings and improvements	63,770	63,758
Machinery and equipment	449,716	446,307
Intangible and subscription assets	1,088	975
Accumulated depreciation	(382,495)	(374,182)
Accumulated natural gas depletion	(16,362)	(15,811)
Amortization	(686)	(544)
Construction in progress	418,945	162,863
Lease assets - Land, not being depreciated	89	212
Total capital assets	<u>562,549</u>	<u>312,060</u>
Pooled designated & invested cash	154,412	151,354
Pooled Restricted cash	12,306	51,626
Leases receivable	911	941
Other noncurrent assets	<u>167,629</u>	<u>203,921</u>
Total noncurrent assets	<u>730,178</u>	<u>515,981</u>
Total assets	<u>1,105,097</u>	<u>797,126</u>
Deferred outflows of resources:		
Deferred outflows of resources related to OPEB	281	350
Deferred outflows related to pensions	14,045	22,153
Loss on refunding	2,865	3,093
Total deferred outflows of resources	<u>17,191</u>	<u>25,596</u>
Total assets and deferred outflow of resources	<u>1,122,288</u>	<u>822,722</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC ENTERPRISE FUND
Statement of Net Position
June 30, 2025 (in thousands)
(with summarized comparative amounts for 2024)

	<u>2025</u>	<u>2024</u>
Liabilities		
Current liabilities:		
Accounts payable	95,158	37,799
Contracts-retained amount due	13,358	5,494
Bonds payable	14,658	10,900
Deposits	2,557	2,224
Interest payable	8,893	4,765
Leases payable	3	6
OPEB liability	54	69
Subscriptions payable	73	69
Wages and benefits payable	1,894	1,729
Total current liabilities	<u>136,648</u>	<u>63,055</u>
Noncurrent liabilities:		
Bonds payable	472,466	301,125
Leases payable	77	80
OPEB liability	1,051	1,096
Subscriptions payable (NC)	223	296
Net pension liability	67,312	73,326
Total noncurrent liabilities	<u>541,129</u>	<u>375,923</u>
Total liabilities	<u>677,777</u>	<u>438,978</u>
Deferred inflows of resources:		
Deferred inflows of resources related to leases	847	894
Deferred inflows related to OPEB	1,152	1,314
Deferred inflows related to pensions	142	1,561
Gain on refunding	4,049	4,279
Total deferred inflows of resources	<u>6,190</u>	<u>8,048</u>
Total liabilities and deferred inflows of resources	<u>683,967</u>	<u>447,026</u>
Net position:		
Net investment in capital assets	19,102	59,209
Restricted for		
Carbon emissions	10,255	50,949
Low carbon fuel standard	2,051	677
Unrestricted	406,913	264,861
Total net position	<u>\$ 438,321</u>	<u>\$ 375,696</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC ENTERPRISE FUND

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025 (in thousands)
(with summarized comparative amounts for 2024)

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Retail:		
Electric residential sales	\$ 139,602	\$ 105,618
Electric commercial sales	153,635	132,581
Electric street and traffic light sales	2,908	3,002
Sales to other utilities	15,044	20,666
Miscellaneous revenues	16,499	15,391
Total operating revenues	<u>327,688</u>	<u>277,258</u>
Operating expenses:		
Production	171,683	142,580
Transmission & distribution	52,377	46,505
Customer accounting and sales	9,099	8,869
Amortization	16	35
Depreciation	16,424	16,657
Gas depletion	551	649
Total operating expenses	<u>250,150</u>	<u>215,295</u>
Operating income	<u>77,538</u>	<u>61,963</u>
Non operating revenues (expenses):		
Grant revenue	19	1
Interest Income	29,264	16,263
Gain (loss) on asset disposal	(877)	213
Leases/rentals revenues	815	816
Interest expense	(17,770)	(7,274)
Cost of issuance	(675)	(1,119)
Other non-operating revenues	742	-
Total non operating revenues (expenses), net	<u>11,518</u>	<u>8,900</u>
Income before transfers & contributions	<u>89,056</u>	<u>70,863</u>
Capital grants and contributions	3,184	3,000
Transfer to the General Fund of the City	(29,615)	(24,120)
Change in net position	62,625	49,743
Net position at beginning of year	<u>375,696</u>	<u>325,953</u>
Net position at end of year	<u>\$ 438,321</u>	<u>\$ 375,696</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC ENTERPRISE FUND

Statement of Cash Flows

Year Ended June 30, 2025 (in thousands)

(with summarized comparative amounts for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 323,855	270,805
Payments to employees	(46,665)	(40,920)
Payments to suppliers	(201,342)	(143,501)
Intergovernmental grants received	19	1
	<u>75,867</u>	<u>86,385</u>
Net cash provided by operating activities		
Cash flows from noncapital financing activities:		
Lease revenue received	815	816
Transfers in (out), net	(29,615)	(24,120)
	<u>(28,800)</u>	<u>(23,304)</u>
Net cash (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Acquisition of property, plant, gas and equipment	(173,988)	(151,750)
Capital grants and contributions received	3,184	3,000
Payment for refunding & escrow agent	-	(60,512)
Proceeds from bonds issuance	187,862	251,118
Interest paid on long-term debt	(16,284)	(6,176)
Principal payments	(10,115)	(6,300)
Proceed from sales of capital assets	246	213
Cost of issuance	(675)	(1,119)
	<u>(9,770)</u>	<u>28,474</u>
Net cash (used) by capital and related financing activities		
Cash flows from investing activities:		
Investment - gas/electric commodity	2,000	(1,005)
Interest received	28,945	16,311
	<u>30,945</u>	<u>15,306</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	<u>68,242</u>	<u>106,861</u>
Cash and cash equivalents at beginning of year	<u>390,964</u>	<u>284,103</u>
Cash and cash equivalents at end of year	<u>\$ 459,206</u>	<u>\$ 390,964</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC ENTERPRISE FUND

Statement of Cash Flows

Year Ended June 30, 2025 (in thousands)

(with summarized comparative amounts for 2024)

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 77,538	\$ 61,963
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization	16	35
Depreciation	16,424	16,657
Gas depletion	551	649
Operating grants received	19	1
(Increase) Accounts receivable net	(1,455)	(1,053)
(Increase) Unbilled services	(2,673)	(6,159)
(Increase) Decrease Due from other agencies	(5)	261
(Increase) Inventories	(7,806)	(1,325)
(Increase) Decrease Prepaid expenses	21,758	(3,301)
Decrease Deferred outflows from OPEB	69	58
Decrease Deferred outflows from pension	8,109	2,924
Increase Accrued wages payable	165	239
Increase (Decrease) Accounts payable	(37,339)	10,518
Increase Contracts - retention	7,864	5,071
Increase Deposits	334	498
(Decrease) OPEB liability	(60)	(616)
Increase (Decrease) Deferred inflows from OPEB	(162)	417
(Decrease) Deferred inflows from pension	(1,419)	(1,586)
(Decrease) Deferred inflows from leases	(47)	(48)
Increase (Decrease) Net pension liability	(6,014)	1,182
	<u>(1,671)</u>	<u>24,422</u>
Net cash provided by operating activities	<u>\$ 75,867</u>	<u>\$ 86,385</u>
Noncash investing, capital and financing activities		
Fair value of investments	11,282	6,307
Capital-related accounts payable	94,698	32,330
	<u>105,980</u>	<u>38,637</u>
Total noncash investing, capital and financing activities	<u>\$ 105,980</u>	<u>\$ 38,637</u>
Reconciliation of Statement of Cash Flows to Statement of Net Position:		
Pooled cash and investments	\$ 254,951	\$ 97,111
Cash with fiscal agent	37,537	25,926
Pooled designated & invested cash	154,412	151,354
Restricted cash and investments	12,306	116,573
	<u>459,206</u>	<u>390,964</u>
Cash and cash equivalents at June 30	<u>\$ 459,206</u>	<u>\$ 390,964</u>

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the City of Glendale (the City) as they pertain to the Electric Enterprise Fund, (Electric Utility). All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Fund

The accounts of the City are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and other resources together with all related liabilities, obligations and net position that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Basis of Presentation

The City's Electric Utility is used to account for the construction, operation and maintenance of the City-owned electric utility. The Fund is considered to be an enterprise fund, proprietary fund type, and uses flow of economic resources measurement focus to determine net income and financial position, as defined under accounting principles generally accepted in the United States of America. Accordingly, the accrual basis of accounting is followed by the Electric Utility, where revenues are recorded when earned and expenses are recorded when incurred. The Electric Utility is included in the City's Annual Comprehensive Financial Report (ACFR), and therefore, these financial statements do not purport to represent the financial position and changes in financial position, and where applicable, cash flow thereof of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pooled Cash and Investments

The Electric Utility pools its cash with the City. The Electric Utility values its cash and investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted by the City Council and follows the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs.

Interest income from the investment of pooled cash is allocated to the Electric Utility on a monthly basis based upon the prior month end cash balance of the Electric Utility as a percent of the month end total pooled cash balance. The City normally holds the investment to maturity; therefore no realized gain/loss is recorded.

For purposes of statement of cash flows of the Electric Utility, cash and cash equivalents include all pooled cash and investments, pooled designated & invested cash, restricted cash and cash with fiscal agents with an original maturity of three months or less. The Electric Utility considers the cash and investments pool to be a demand deposit accounts where funds may be withdrawn and deposited at any time without prior notice or penalty.

Cash and investments with Fiscal Agent

The Electric Utility has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. These are subject to the same risk category as the invested cash. The California Government Code provides that these funds, in the absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These funds are governed by the bond indentures. These ordinances are

generally more restrictive than the City's general investment policy. As of June 30, 2025, the Electric Utility had \$39,935 on deposit with fiscal agent as required by the bond documents.

Investment-gas/electric commodity

As of June 30, 2025, the Electric Utility holds \$7,023 of investment that involves simultaneous purchase and sell of physical California Carbon Allowances (CCAs) through an exchange traded platform that removes the majority of credit and financial risk from counterparties. The City purchases and holds the CCAs for a period of time and earn a fixed rate of return, and this derivative instrument is considered an investment and not hedging for accounting purposes.

Restricted Cash and Investments

Electric Utility has \$12,306 in restricted cash and investments as of June 30, 2025. \$10,255 is for the environmental compliance mandated by the California Air Resources Board (CARB) dedicated to the reduction of carbon emissions and provide educational programs for the improvement of public health in Glendale. \$2,051 is for low carbon fuel standard program offered by the California Air Resources Board (CARB) to reduce the carbon intensity of transportation fuels used in California and provide local EV programs, including education, outreach, installation of public EV charging infrastructure and EV rebate programs.

Pooled Designated Cash and Investments

A Cash Reserve Policy for the Electric Utility was first established in 2003. Its provision calls for annual review of the reserves to determine if the recommended levels are sufficient. The annual review of the Cash Reserve Policy for the fiscal year ending June 30, 2025, established a target of \$124,100 of designated cash in the following categories: \$57,700 for the operating reserve, \$40,400 for contingency reserve; \$10,000 for rate stabilization reserve; and \$16,000 for Reserve for Gas Reserve Project. As of June 30, 2025, \$124,100 was included in the pooled designated and invested cash.

As of June 30, 2025, the Electric Utility has designated cash deposits of \$20,912 with StoneX Financial Inc for physical and financial transactions (exchange-traded) to help offset and manage overall exposure to price fluctuations in power, gas, and emission commodities, which represents the Electric Utility's implementation of a program to purchase and sell options, calls and puts, in natural gas futures contracts and power and emission commodities at strike prices and allow the

Electric Utility to stabilize the ultimate price of natural gas and emission commodities for the its power plant.

As of June 30, 2025, the Electric Utility has designated cash and investments of \$9,400 with Southern California Public Power Authority (SCPPA) for future use in power purchase projects.

Accounts Receivable

The Electric Utility records revenues that have already been earned, but not yet received as of June 30, from individual customers, private entities and government agencies. Also, recoveries to utility customer receivables previously written off are recorded when received. An allowance for doubtful accounts is maintained for utility and miscellaneous accounts receivable. The allowance for doubtful accounts is adjusted at fiscal year-end based on the amount equal to the annual uncollectible accounts. As of June 30, 2025, the Electric Utility's allowance for doubtful accounts was \$896.

Unbilled Receivable

The Electric Utility records revenues for utility services delivered to customers but not billed. As of June 30, 2025, the Electric Utility's unbilled receivables was \$24,107.

Lease Receivable

The Electric Utility measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

Prepaid Items and Other

Certain payments to the vendors reflect costs applicable to future accounting period and are recorded as prepaid, which are then recognized as expense as benefits are received. As of June 30, 2025, prepaid was \$10,195.

Capital Assets

The Electric Utility's capital assets include land, building, improvements and equipment that are reported in the Electric Utility's financial statements. The Electric Utility follows the City's asset capitalization policy. Capital assets are defined by the City as assets with an initial, individual cost of \$10 or \$100 in aggregate and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets representing utility service assets, which are donated to the City by independent contractors, are recorded at acquisition cost. Depreciation for both purchased and contributed assets are computed using a straight-line method, based upon average estimated useful life of an asset.

A summary of the useful lives of the capital assets of the Electric Utility is as follows:

Assets	Years
Building and Improvements	
General Structure & Parking Lot Landscaping Improvements	10
Building Improvements	20
Land Improvements	30
Transmission-Off System	50
Machinery and Equipment	
Passenger Cars, Pickup	3-8
Cargo Vans	6-8
Dump/Tractor/Trailer Trucks	10-12
Intangible	
Computer Software	2-8

Lease assets represent the Electric Utility's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets, which include land, structures, mobile equipment and equipment, follow the same capitalization threshold of \$10 as capital assets. Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentive received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease asset into service. Lease assets are amortized using a straight-line amortization over the shorter of the lease term or the useful life of the underlying asset.

SBITA (Subscription-Based Information Technology Arrangements) assets represent the Electric Utility's control of the right to use another party's Information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITA assets, follow the same capitalization threshold of \$10 as capital assets. SBITA assets are reported in the financial statements. SBITA assets are recorded at the amount of the initial measurement of the SBITA liabilities and modified by any SBITA payments made to the SBITA vendor at or before the commencement of the SBITA term, less any SBITA incentive received from the SBITA vendor at or before the commencement of the SBITA term along with any initial direct costs that are ancillary charges necessary to place the SBITA asset into service. SBITA assets are amortized using a straight-line amortization over the following useful life of the underlying asset.

Inventories

Inventories, consisting primarily of construction and maintenance materials and tools for the production and distribution system of the Electric Utility are stated at cost, using the weighted average cost method or disposal value.

Long-Term Debt

The long-term debt and other obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable, are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period when the debt is issued.

Lease Payable

Lease payable represents the Electric Utility's obligation to make lease payments arising from the lease. Lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less lease incentives. Interest expense is recognized ratably over the contract term.

Subscription Payable

Subscription payable represents the Electric Utility's obligation to make subscription payments arising from subscription-based information technology arrangements (SBITA). Subscriptions

payable is recognized at the commencement date based on present value of expected SBITA payments over the SBITA term, less any SBITA incentives. Interest expense is recognized ratably over the contract term.

Other Post Employment Benefits (OPEB)

The City's defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all eligible employees of the Electric Utility. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Additional information on the Electric Utility's OPEB can be found in Note 6 of this report.

Pensions

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

Contracts - Retained Amount Due

The Electric Utility withholds 5% - 10% of each progress payment on construction contracts. These retained amounts are not released until final inspection is completed and sufficient time has elapsed for sub-contractors to file claims against the contractor. As of June 30, 2025, contracts – retained was \$13,358.

Deposits

The Electric Utility requires all new or existing utility customers that have not or failed to establish their credit worthiness with the Electric Utility to place a deposit. The deposits are refunded after these customers establish their credit worthiness to the Electric Utility. As of June 30, 2025, the Electric Utility's deposits was \$2,557.

Transfers to the City

The City's charter provides for certain percentages (up to a maximum of 25%) of operating revenues in the Electric Utility to be transferred to the City's General Fund. For the fiscal year 2025, ten percent (10%) of Electric Works retail revenue was transferred from the Electric Work Revenue Fund to the Glendale Water and Power Surplus Fund and further transferred to the General Reserve Fund. As of June 30, 2025, the Electric Utility's transfers to the City was \$29,615.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by non-debt capital related liabilities, added or reduced any deferred outflows/inflows of resources that is capital debt related, and reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, excluding unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Electric Utility first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Revenue Recognition

Revenues are recognized for services and energy provided to customers, and customers are billed either monthly or bi-monthly. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Budgets and Budgetary Accounting

The Electric Utility presents and the City Council adopts an annual budget. The proposed budget includes estimated expenses and forecasted revenues. The City Council adopts the Electric Utility's budget in June each year via a resolution.

Pronouncements Issued But Not Yet Implemented

The Governmental Accounting Standards Board (GASB) issued pronouncements that have an effective date that may impact future financial presentation. Management has not determined what, if any, impact implementation of the following statements may have on the financial statements of the Electric Utility.

- GASB Statement No. 103 – *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement is effective for fiscal years beginning after June 15, 2025 (FY 2025-26).
- GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of governmental financial statement with essential information about certain types of capital assets. This statement is effective for fiscal years beginning after June 15, 2025 (FY2025-2026)

Implementation of Pronouncement

The Electric Utility has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2025:

- GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for fiscal years beginning after December 15, 2023. The implementation of this statement had no impact on the Electric Utility.
- GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This statement is effective for fiscal years beginning after June 15, 2024.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources or expenses until then. For current or advance refunding resulting in defeasance of debt, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a loss, it is reported as a deferred outflow of resources and amortized to interest expense based on the straight line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When the Electric Utility makes the pension contributions and OPEB payments after the measurement, the Electric Utility reports deferred outflows of resources. When there is an increase in pension and OPEB expense arising from the recognition of changes in assumptions, differences between expected and actual experience, and difference between projected and actual earnings on pension plan investments, the Electric Utility reports a deferred outflow of resources until the increase is recognized in expense. The Electric Utility's deferred outflows of resources as of June 30, 2025 is \$17,191, which consists of \$2,865 loss on refunding, \$14,045 related to pensions, and \$281 related to OPEB.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources or revenues until then. For current or advance refunding resulting in defeasance of debt, when the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) resulted in a gain, it is reported as a deferred inflow of resources and amortized to interest expense based on the straight line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When there is a decrease in pension and OPEB expense arising from the recognition of changes in assumptions and differences between expected and actual experience, the Electric Utility reports a deferred inflow of resources until the decrease is recognized in expense. For leases that the Electric Utility is the lessor, the amount of the initial measurement of the lease receivable is reported as a deferred inflow of resources, and amortized to lease revenue based on the straight-line method over the lease term. In the statement of net position, the Electric Utility's deferred inflows of resources as of June 30, 2025 is \$6,190, which consists of \$847 related to leases, \$1,152 related to OPEB, \$142 related to pensions, and \$4,049 gain on refunding.

Prior-Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Electric Utility Fund's prior-year financial statements from which this selected financial data was derived.

2. Pooled Cash and Investments

Cash resources of the Electric Utility are combined with other City funds to form a pool of cash and investments, which is managed by the City Treasurer under a formal investment policy that is reviewed by the Investment Committee and adopted annually by the City Council. Therefore, individual investments cannot be identified with any single fund. Income from the investment of pooled cash is allocated to the Electric Utility on a monthly basis, based upon the month-end cash balance of the Electric Utility as a percent of the month-end total pooled cash balance. Of this total pooled cash and investments, \$421,669 pertains to the Electric Utility for fiscal year 2025. Pooled cash and investments are stated at fair value.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Electric Utility had the following underlying investments:

	Total	Maturity	Moody's Rating
Investment Derivative Instrument	\$ 7,023	Less than 1 yr	Unrated
Guaranteed Investment Contracts	2,398	More than 5 yr	Unrated
Money Market	37,537	Less than 1 yr	Unrated
	<u>\$ 46,958</u>		

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

Cash and investments at fiscal year ending June 30, consist of the following:

	2025
Pooled cash and investments	\$ 254,951
Cash and investments with fiscal agent	39,935
Investment-gas/electric commodity	7,023
Pooled restricted cash	12,306
Pooled designated and invested cash	154,412
Total	<u>\$ 468,627</u>

For additional details on the City investment pool including disclosure relating to Interest Rate Risk, Credit Risk, Custodial Credit Risk, Investment in State Investment Pool and Fair Value Measurement, please refer to Note 3 of the City of Glendale Annual Comprehensive Financial Report.

3. Capital Assets and Lease Assets

A summary of the changes in Electric Utility June 30, 2025 Capital Assets is as follows:

	Balance at June 30, 2024	Increases	Decreases	Reclass	Balance at June 30, 2025
Capital assets not being depreciated/depleted/amortized:					
Land	\$ 6,306	-	-	-	6,306
Construction in progress	162,863	257,036	(79)	(875)	418,945
Lease assets - Land	212	-	(123)		89
Total assets not being depreciated/depleted/amortized	<u>169,381</u>	<u>257,036</u>	<u>(202)</u>	<u>(875)</u>	<u>425,340</u>
Depreciable/depletable/amortizable capital assets:					
Building and improvements	63,758	12	-	-	63,770
Machinery and equipment	446,307	11,364	(8,830)	875	449,716
Intangible assets	327	-	-	-	327
Subscription assets	648	236	(123)	-	761
Natural gas reserve	22,176	2	-	-	22,178
Total other capital assets at cost	<u>533,216</u>	<u>11,614</u>	<u>(8,953)</u>	<u>875</u>	<u>536,752</u>
Less accumulated depreciation/depletion/amortization:					
Building and improvements	48,124	825	-	-	48,949
Machinery and equipment	326,058	15,349	(7,861)	-	333,546
Intangible assets	311	16	-	-	327
Subscription assets	233	126	-	-	359
Natural gas reserve	15,811	551	-	-	16,362
Total accumulated depreciation/depletion/amortization:	<u>390,537</u>	<u>16,867</u>	<u>(7,861)</u>	<u>-</u>	<u>399,543</u>
Total assets being depreciated/depleted/amortized	<u>142,679</u>	<u>(5,253)</u>	<u>(1,092)</u>	<u>875</u>	<u>137,209</u>
Electric Fund capital assets, net	<u>\$ 312,060</u>	<u>251,783</u>	<u>(1,294)</u>	<u>-</u>	<u>562,549</u>

Natural Gas Project

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25 year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005 with the total cost to the participants at \$306,100. The City's share in the project is \$13,178 or 4.2553%. Subsequently, capital drilling costs of \$9,000 has been capitalized. As of June 30, 2025, the balance for the Natural Gas Reserve Project, net of accumulated natural gas depletion was \$5,816.

4. Long-Term Debt

The Electric Utility's long-term debt as of June 30, 2025, consists of the following:

	Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Electric Revenue Bonds, 2016 Refunding Series	\$ 72,615	50,810	-	3,760	47,050	3,945
Electric Revenue Bonds, 2024 Refunding Series	52,580	52,580	-	2,820	49,760	2,710
Electric Revenue Bonds, 2024 Series	166,890	166,890	-	2,330	164,560	2,640
Electric Revenue Bonds, 2024 Second Series	166,685	-	166,685	1,205	165,480	2,655
Premium	-	41,745	21,177	2,648	60,274	2,708
Total bonds payable	\$ 458,770	312,025	187,862	12,763	487,124	14,658

The Electric Utility has outstanding long-term bonded-debt of \$487,124 and has no direct borrowings and no direct placements as of June 30, 2025. The Electric Utility also has no outstanding or unused line of credit related to long-term debt as of June 30, 2025. The Electric Utility bonds payable contain a provision that none of the Electric Utility assets owned by the City will be sold or leased if the City is unable to satisfy the debt service requirement. The Electric Utility bonds payable contain a provision that in an event of default, the owners of 25% in aggregate Bond Obligations of Bonds then outstanding may call a meeting of the bond owners for the purpose of electing a bond owners' committee. The Electric Utility bonds payable contain a subjective acceleration clause that allows the bond owners' committee to accelerate payment

of the entire principal and interest amounts to become immediately due in an event of default by the Electric Utility.

The Electric utility has pledged future electric customer revenues, net of specified operating expenses, to pay the remaining total principal and interest on the Electric revenue bonds of \$767,920 through FY 2053-54. The bonds are payable solely from Electric utility's net income and are expected to require the net income to be at least equal to 1.10 times the amount of the annual debt services as they become due each fiscal year. The rates to be charged for services furnished by the Electric utility should incorporate the debt service requirements to provide revenues sufficient to pay, as the principal and interest become due. The Electric revenue bonds are secured with amounts on deposit in account established under the indenture, including the reserve account. As of June 30, 2025, the parity reserve fund has a balance of \$17,297 held by the Trustee. Total debt service paid and total net available revenues for debt service coverage for FY 2024-25 were \$26,642 and \$124,581, respectively.

Electric Revenue Bonds, 2016 Refunding Series

The Electric utility of Glendale Water & Power issued \$72,615 in revenue bonds in May 2016 to provide moneys for the refunding of all of the City's outstanding Electric Revenue Bonds, 2006 Refunding Series, a portion of the City's outstanding Electric Revenue Bonds, 2008 Series, and paying the costs of issuance of the 2016 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2006 Refunding Series and a portion of the outstanding Electric Revenue Bonds, 2008 Series through a legal defeasance.

The refunding resulted in the recognition of a deferred loss on refunding of \$2,865 as of June 30, 2025, and is being amortized through FY 2037-38. The refunding also resulted in cash flow savings of \$13,026 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2016 Refunding Bonds will mature in regularly increasing amounts ranging from \$3,945 to \$4,715 annually from FY 2025-26 to FY 2037-38. Outstanding principal balance as of June 30, 2025 was \$47,050.

The 2016 Refunding Bonds maturing on or prior to February 1, 2026, are not subject to redemption prior to maturity. The Electric utility may, at its discretion, redeem the 2016 Refunding Bonds that mature on and after February 1, 2027. Optional redemption may be for all or part of the bonds, on or after February 1, 2026. The Electric utility will direct the specific order of maturity for redemption in writing, with bonds selected by lot within each maturity.

Electric Revenue Bonds, 2024 Refunding Series

The Electric utility of Glendale Water & Power issued \$52,580 in revenue bonds in February 2024 to provide money for the refunding of all of the City's outstanding Electric Revenue Bonds, 2013 Refunding Series, and all of the City's outstanding Electric Revenue Bonds, 2013 Series. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2013 Refunding Series and the Electric Revenue Bonds, 2013 Series through a legal defeasance. The 2013 Refunding Bonds and 2013 Bonds were redeemed on May 28, 2024, at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Both 2013 Refunding Bonds and 2013 Bonds are no longer considered outstanding.

The refunding resulted in the recognition of a deferred gain on refunding of \$4,049 as of June 30, 2025, and is being amortized through FY 2042-43. The refunding also resulted in cash flow savings of \$12,529 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2024 Refunding Bonds will mature in amounts ranging from \$2,710 to \$3,655 annually from FY 2025-26 to FY 2042-43. Outstanding principal balance as of June 30, 2025, was \$49,760.

The 2024 Refunding Bonds maturing on or prior to February 1, 2034 are not subject to redemption prior to maturity. At the Electric utility's discretion, all or part of the 2024 Refunding Bonds that mature on or after February 1, 2035, can be called for early redemption. This can happen on or after February 1, 2034, with the specific order of maturity and selection by lot determined in writing by the Electric utility.

Electric Revenue Bonds, 2024 Series

The Electric utility of Glendale Water & Power issued \$166,890 in revenue bonds in February 2024 to provide money for fundings for the Grayson Repowering project and Scholl Canyon Landfill Biogas Renewal Generation Project and other Electric System improvements, making a deposit to the Parity Reserve Fund under the Indenture of Trust, and paying the cost of issuance.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2024 Bonds will mature in amounts ranging from \$2,640 to \$10,350 annually from FY 2025-26 to FY 2053-54. Outstanding principal balance as of June 30, 2025 was \$164,560.

The 2024 Bonds maturing on or prior to February 1, 2034 are not subject to redemption prior to maturity. The Electric utility may call certain 2024 Series Bonds early, starting February 1, 2034. These are the bonds that are scheduled to mature on or after February 1, 2035. The Electric utility can redeem all or some of these bonds at its discretion.

Electric Revenue Bonds, 2024 Second Series

The Electric utility of Glendale Water & Power issued \$166,685 in revenue bonds in August 2024 to provide money for fundings for the Grayson Repowering project and Scholl Canyon Landfill Biogas Renewal Generation Project and other Electric System improvements, making a deposit to the Parity Reserve Fund under the Indenture of Trust, and paying the cost of issuance.

Interest rates are 5.00% and paid semiannually on August 1 and February 1. Principal payments are made annually on February 1. The 2024 Bonds will mature in amounts ranging from \$2,655 to \$10,410 annually from FY 2025-26 to FY 2053-54. Outstanding principal balance as of June 30, 2025 was \$165,480.

The 2024 Second Series Bonds maturing on or prior to February 1, 2034 are not subject to redemption prior to maturity. The Electric utility may call certain 2024 Second Series Bonds early, starting February 1, 2034. These are the bonds that are scheduled to mature on or after February 1, 2035. The Electric utility can redeem all or some of these bonds at its discretion.

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

The annual debt service requirements to amortize long-term bonded debt at June 30, 2025 are as follows:

Fiscal year	Electric Revenue Bonds		
	Interest	Principal	Total
2026	\$ 21,343	11,950	33,293
2027	20,745	12,545	33,290
2028	20,118	13,165	33,283
2029	19,460	13,800	33,260
2030	18,769	14,465	33,234
2031-2035	83,726	65,390	149,116
2036-2040	66,589	70,720	137,309
2041-2045	49,074	69,885	118,959
2046-2050	31,348	77,635	108,983
2051-2054	9,898	77,295	87,193
	<u>\$ 341,070</u>	<u>426,850</u>	<u>767,920</u>

Leases Payable

The Electric Utility has one outstanding lease payable of land total \$80 as of June 30, 2025. The incremental borrowing rate is 1.47%. The annual principal and interest payments ranges from \$5 to \$42 from FY 2025-26 to FY 2043-41.

	Balance at July 1, 2024	Additions	Retirements	Balance at June 30, 2025	Due within one year
Flint Peak tower facility ground lease	\$ 83	-	3	80	3
Airspace land lease	3	-	3	-	-
Total leases payable	<u>\$ 86</u>	<u>-</u>	<u>6</u>	<u>80</u>	<u>3</u>

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

The Electric Utility's total future minimum payments under lease agreements at June 30, 2025 are as follows:

Fiscal year	Future Minimum Lease Payments		
	Interest	Principal	Total
2026	\$ 2	3	5
2027	2	3	5
2028	1	3	4
2029	1	4	5
2030	1	4	5
2031-2035	4	23	27
2036-2040	2	34	36
2041	-	6	6
	<u>\$ 13</u>	<u>80</u>	<u>93</u>

Subscriptions Payable

The Electric Utility has 2 outstanding subscriptions payable total \$296 as of June 30, 2025. The incremental borrowing rates ranges from 2.08% to 3.02%. The annual principal and interest payments ranges from \$79 to \$85 from FY 2025-26 to FY 2028-29.

	Balance at July 1, 2024	Additions	Retirements	Balance at June 30, 2025	Due within one year
YES Energy	\$ 89	-	20	69	21
Open Access Technology Int'l	276	-	49	227	52
Total subscriptions payable	<u>\$ 365</u>	<u>-</u>	<u>69</u>	<u>296</u>	<u>73</u>

The Electric Utility's total future minimum payments under subscriptions at June 30, 2025 are as follows:

Fiscal year	Future Minimum Subscription Payments		
	Interest	Principal	Total
2026	\$ 6	73	79
2027	4	78	82
2028	2	83	85
2029	-	62	62
	<u>\$ 12</u>	<u>296</u>	<u>308</u>

5. Pension Plan

Plan Description

All qualified permanent and probationary employees of the Electric Utility are eligible to participate in the City’s Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the CalPERS website at: www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 for Classic members and 52 for PEPRA members, with statutory reduced benefits. Members may be eligible for disability retirement benefits after a minimum of 5 years of service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at the measurement date ended June 30, 2024, are summarized as follows, which remain the same for FY 2024-25.

	Miscellaneous		
	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55+	50-63+	52-67+
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Since FY 2017-18, the contribution for the unfunded liability is a fixed amount, rather than a rate of the payroll. The City converts the fixed amount into a rate based on the payroll, and combines it with the normal cost rate to calculate the total employer contribution rate. For the year ended June 30, 2025, the Electric Utility contributions to the City's Miscellaneous Plan was \$8,733.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the Electric Utility reported a liability of \$67,312 for its proportionate share of the City's Miscellaneous Plan net pension liability. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The Electric Utility's proportion of the City's Miscellaneous Plan net pension liability at June 30, 2025, was based on the Electric Utility's fiscal year 2024 contributions to the City's Miscellaneous Plan relative to the total City contributions to the Miscellaneous Plan.

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

The Electric Utility's proportionate share of the net pension liability for the City's Miscellaneous Plan as of measurement dates ended June 30, 2023, and June 20, 2024, were as follows:

Proportion - June 30, 2024	20%
Proportion - June 30, 2023	20%
Change - Increase (Decrease)	<u>0%</u>

For the year ended June 30, 2025, the Electric Utility recognized pension expense of \$9,409. At June 30, 2025, the Electric Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,733	-
Changes of assumptions	267	-
Differences between expected and actual experience	880	142
Net differences between projected and actual earnings on plan investments	4,165	-
Total	<u>\$ 14,045</u>	<u>142</u>

The amount of \$8,733 reported as deferred outflows of resources related to pensions resulting from the Electric Utility's contributions to the City's plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30	Amounts
2026	\$ 951
2027	6,206
2028	(868)
2029	(1,119)
Total	<u>\$ 5,170</u>

Actuarial Assumptions

The Electric Utility's proportion of the City's total pension liability in the June 30, 2023 Miscellaneous Plan actuarial valuation was rolled forward to measure the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Actuarial Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

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

administrative expenses of 10 basis points. The expected real rates of return by asset class are as followed:

Asset Class *	Assumed Asset Allocation	Real Return
Global equity – Cap-weighted	30.00%	4.54%
Global equity – Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	

* An expected inflation rate of 2.30% used for this period.

** Figures are based on the 2021 Asset Liability Management Study.

Discount Rate

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

Sensitivity of the Electric Utility's Proportionate share of the City's Miscellaneous Plan's Net Pension Liability to Changes in the Discount Rate

The following presents the Electric Utility's proportionate share of the net pension liability, calculated using the discount rate of 6.90%, as well as what the Electric Utility's proportionate

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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

1% Decrease		5.90%
Net Pension Liability	\$	107,201
Current Discount Rate		6.90%
Net Pension Liability	\$	67,312
1% Increase		7.90%
Net Pension Liability	\$	34,443

Pension Plan Fiduciary Net Position

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

6. Other Post Employment Benefits Than Pensions (OPEB)

Plan Description

Eligible employees of the Electric Utility are eligible to participate in the City’s defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The City provides Medicare Part A reimbursements to retirees and their spouses if the retirees were hired in the City prior to April 1, 1986, and ineligible for premium-free Medicare Part A.

The City also provides cash subsidy for medical insurance premiums to three groups of retirees: (1) retirees who retired before July 1, 2001, and the length of the subsidy was pre-determined based on the retirees' sick leave balances at the time of retirement. The subsidy is capped by the actual premium, and the unreduced city-paid amount continues to surviving spouses if the retirees die prior to the pre-determined payment period; (2) retirees who retired before June 1, 2016, with a minimum of 10 years of City service, enroll in a City sponsored medical plan and meet the annual income requirement. The eligibility and subsidy amount are evaluated on an annual basis. This is a lifetime subsidy for the eligible retirees except it will discontinue at age 65 for the retirees with enhanced pension benefits. The benefit will continue to surviving spouses, if applicable; (3) the surviving spouses and dependents of deceased retirees if the retirees retired before June 1, 2008, and enrolled in Anthem Blue Cross PPO at the time of the death, and the length of subsidy is two years.

The City also provides cash subsidies for medical insurance premiums to surviving spouses and dependents of active non-safety employees who pass away during their employment with the City. The subsidy is two years for the City Council, the Executives and the GMA employees, regardless of the medical insurance plans enrolled at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in Anthem Blue Cross PPO at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in HMO plans at the time of the death and if the employees' death is a result of injuries incurred in the performance of his/her assigned duties. At the same time, the City provides cash subsidies for dental insurance premiums to surviving spouses and dependents of active safety employees who pass away during their employment with the City. The subsidy continues until the spouses turn 65 and the children turn 26 (if applicable).

The above benefits offered to retirees are no longer available to new entrants because of the restriction of the retirement dates. Benefits payments made by the Electric Utility for the year ending June 30, 2025, were \$54.

Total OPEB Liability

As of June 30, 2025, the Electric Utility reported a liability of \$1,105 for its proportionate share of the City's total OPEB liability. The City's total OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30,

2024, using standard update procedures. A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

The Electric Utility's proportionate share of the net OPEB liability for the City's Miscellaneous Plan as of measurement dates ended June 30, 2023, and June 20, 2024, were as follows:

Proportion - June 30, 2024	14%
Proportion - June 30, 2023	14%
Change - Increase (Decrease)	0%

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2024
Discount rate	3.93%
General inflation	2.50% annually
Medicare Part A trend	3.50% annually (inflation + 1%) Not related to health care trend
Medical Trend	Non-Medicare – 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) – 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) – 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

The discount rate was based on the Bond Buyer 20-Bond index.

Mortality, Retirement Disability and Termination information was derived from data collected during CalPERS 2000-20019 Experience Study. Mortality projected fully generational with Scale MP-2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability measured of the Electric Utility as of June 30, 2024, as well as what the Electric Utility’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

		<u>2.93%</u>	<u>3.93%</u>	<u>4.93%</u>
Total OPEB Liability	\$	1,235	1,105	996

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

		<u>1% Decrease (Trend -1%)</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase (Trend +1%)</u>
Total OPEB Liability	\$	1,097	1,105	1,114

Non-Medicare trend rate of 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare trend rate (Non-Kaiser) of 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare trend rate (Kaiser) of 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, Electric Fund recognized OPEB income of \$99. At June 30, 2025, the Electric Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB payments made subsequent to the measurement date	\$ 54	-
Changes of assumptions	227	574
Differences between expected and actual experience	-	578
Total	<u>\$ 281</u>	<u>1,152</u>

The amount of \$54 reported as deferred outflows of resources related to OPEB payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2026	\$ (143)
2027	(118)
2028	(109)
2029	(104)
2030	(130)
Thereafter	<u>(321)</u>
Total	<u>\$ (925)</u>

Change in Assumption

Discount rate was updated based on municipal bond rate as of the measurement date. Medical trend rates, medical plan election and Medicare Part A participation were also updated.

7. Risk Management

The Electric Utility is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Electric Utility participates in City's workers' compensation, unemployment insurance, general, auto, dental, medical and vision as well as public liability through separate internal service funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, and destruction of assets as well as excess workers' compensation and general public liability claims. The City also purchases property, and employee dishonesty insurance.

The City continues to be part of the insurance pool PRISM (Public Risk Innovation, Solutions and Management) which it joined in July 2023 after determining it would be an effective way of lowering the cost of annual excess liability insurance rates. By pooling resources with other organizations, the City can share risks, benefit from collective bargaining power, and potentially achieve lower premiums due to the larger risk pool. Some advantages and considerations associated with joining an insurance pool include cost savings by sharing risks and resources with other members, PRISM may offer more comprehensive coverage options that may not be available individually. By participating in a pool, the City may provide more stability in insurance rates over time, reducing the impact of market fluctuations.

There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for FY 2024-25 is as follows:

Insurance Type	Program Limits	Deductible / SIR (self-insured retention)
Excess Liability Insurance	\$ 27,000	\$2,000 SIR per occurrence
Excess Workers' Comp Employer's Liability Ins.	Statutory	\$2,000 SIR per occurrence
Property Insurance (GWP)	170,000	Various deductibles
Employee Dishonesty - Crime Policy, Excess Crime	6,000	\$2,000 Single Loss Limit
Cyber Insurance	5,000	Various deductibles

The annual premiums are based primarily on claims experience and are charged to expense when paid. Premiums are evaluated periodically, and increases are charged to the Electric Utility to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses. As of June 30, 2025, premiums charged for Electric Utility was \$2,454.

For additional details on risk management, please refer to the City of Glendale Annual Comprehensive Financial Report.

8. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is reported as unrestricted when there are no limitations imposed on their use.

Environmental compliance mandated by the California Air Resources Board (CARB) dedicated to the reduction of carbon emissions and provide educational programs for the improvement of public health in Glendale. The proceeds from the CARB auction for fiscal year 2025 was \$10,255. Low Carbon Fuel Standard (LCFS) program offered by the CARB to reduce the carbon intensity of transportation fuels used in California and provide local EV programs, including education, outreach, installation of public EV charging infrastructure and EV rebate programs. The proceeds from the LCFS program for fiscal year 2025 was \$2,051.

9. "Take or Pay" Contracts

The Electric Utility has entered into twelve "Take or Pay" contracts, which require payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Such payments represent the Electric Utility's share of current and long-term obligations. Payment for these obligations is expected to be made from operating revenues received during the year that payment is due. These contracts provide for current and future electric generating capacity and transmission of energy for the City residents. Through these contracts, the Electric Utility purchased approximately 33% of its total energy requirements during fiscal year 2024-2025. With a few exceptions, the Electric Utility is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. All of these agreements contain "step-up" provisions obligating the Electric Utility to pay a share of the obligations of any defaulting participant.

The Intermountain Power Agency, a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah and associated transmission lines, called the Intermountain Power Project. The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts. The Electric Utility through contract is obligated for 30 megawatts or 1.70% of the generation. In addition, the Electric Utility entered into an "Excess Power Sales Agreement" with the IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the Electric Utility to additional shares that can vary from year to year. As of June 30, 2025, Excess Entitlement share is 0.50%. The total Electric Utility's obligation from Intermountain Power Project (IPP) is up to 39 megawatts. The current agreement expires in June 2027.

Activities to repower the 1,800 megawatts coal-fired generation facility with 840 megawatts natural gas-fired combined cycle generation commenced in 2019. On July 23, 2019, the City Council approved GWP's recommendation for continued participation in the IPP project which enabled Glendale to retain its 4.166% share of the plant and increase its share of the Southern Transmission System (STS) to 5.278%, providing Glendale 35 megawatts of generation and 127 megawatts of transmission capacity through 2077. The IPP Repowering project also includes the plan to fuel the plant entirely with green hydrogen by 2045, beginning with 30% in 2025.

The Electric Utility joined the Southern California Public Power Authority (SCPPA) on November 1, 1980. This authority, consisting of the California cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District, was formed for the purpose of financing future power resources. The Electric Utility has entered into eleven projects with SCPPA.

The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of three (3) units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.91% of total Palo Verde output), of which the Electric Utility receives 9.9 megawatts or 4.40% of SCPPA's entitlement. As of June 30, 2025, Electric Utility's share is 4.40% (PV).

A second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is currently

rated at 2,400 megawatts. The Electric Utility's share of the line is 2.27% or approximately 55 megawatts. As of June 30, 2025, Electric Utility's share is 2.27% (STS).

In October 2022, the City Council authorized execution of the Renewal Agreement for the Acquisition of Capacity, and Renewal Transmission Service Contract with SCPPA for STS, including any ancillary documents to administer and effectuate the implementation of these agreements. As a result, Electric Utility will acquire in 2027, transmission capacity of 5.278% through 2077.

A third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3 (SJ), located in New Mexico. SCPPA members are entitled to 208 megawatts. The Electric Utility is obligated for 20 megawatts or 9.80% of the SCPPA entitlement. In July 2015, the City Council authorized the SCPPA to execute, on Glendale's behalf, a set of three agreements that collectively shut down Unit 3 at the coal-fired San Juan Power Plant in New Mexico at the end of December 2017. The termination of operations at San Juan Unit 3 will help GWP achieve California state goals regarding the reduction of greenhouse gas emissions. Under the Mine Reclamation and Plant Decommissioning Agreements, Electric Utility remains responsible for the liability arising from operations before December 31, 2017. Electric Utility's obligation after 2017 is defined by approximately 1.3% of the cost of reclaiming disturbances at the mine site as of December 31, 2017. Costs of plant decommissioning will be split between exiting participants and remaining participants.

A fourth project financed through SCPPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of Boulder City, Nevada. Currently, the transmission line has a transfer capability of the Mead-Adelanto Project is estimated at 1,291 megawatts. SCPPA members in the project are entitled to 876 megawatts. The Electric Utility is obligated for 97 megawatts or 11.04% of the SCPPA entitlement. As of June 30, 2025, Electric Utility's share is 11.04% (MA).

A fifth project financed through SCPPA is Mead-Phoenix Project (MP). The project consists of a 256-mile long 500 kV AC transmission line from the Westwing Substation in the vicinity of Phoenix, Arizona to the Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada with an interconnection to the Mead Substation in southern Nevada. The project consists of three separate components: the Westwing-Mead Component, the Mead Substation

Component, and the Mead-Marketplace Component. The Electric Utility's participation shares in the components range from 11.76% to 22.73%. The Mead-Phoenix Project in conjunction with the Mead-Adelanto Project provides an alternative path for the Electric Utility's purchases from the Palo Verde Nuclear Generating Station, San Juan Generating Station and Hoover Power Plant. These transmission lines also provide access to the southwest U.S. where economical energy is readily available. As of June 30, 2025, Electric Utility's share is 14.80% (MP).

A sixth project financed through SCPA is the Magnolia Power Project (MPP) located on Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The Electric Utility is obligated for 40 megawatts or 16.53% of the project's output. As of June 30, 2025, Electric Utility's generation cost share is 16.53% and indenture cost share is 17.25%.

A seventh project financed through SCPA is Natural Gas Prepaid Project (NGPP). In August 2007, the Electric Utility entered into a 30-year Prepaid Natural Gas Agreement with the SCPA. The agreement will provide a secure and long-term supply of natural gas up to 3,500 MMBtu per day at a discounted price below a spot market price index. The delivery of natural gas started in July 2008. As of June 30, 2025, Electric Utility's share is 23.00% (NGPP).

An eighth project financed through SCPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 MW capacity wind farm. The 25-year purchase power agreement with SCPA is for purchase of 10.00% (approximately 5 MW) of the capacity of the project. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power (LADWP), but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2025, Electric Utility's share is 10.00% (LIN).

A ninth project financed through SCPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a maximum capacity of approximately 14 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The Electric Utility is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2025, Electric Utility's share is 50.00% (THP).

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

A tenth project financed through SCPPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20-year purchase power agreement with SCPPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power (LADWP), but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2025, Electric Utility's share is 7.63% (WP).

The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard Counties, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved 20-year purchase power agreement with SCPPA for the purchase of approximately 5 megawatts or 4.90% of the Project's output. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power, but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2025, Electric Utility's share is 4.90% (MIL2).

Take-or-Pay commitments expire upon contract expiration date, or final maturity of outstanding bonds for each project, whichever is later.

Final fiscal year contract expirations are as follows:

<u>Project</u>	<u>Contract Expiration Date</u>	<u>Glendale's Share</u>
Intermountain Power Project (IPP) *	2027	2.04%
Intermountain Power Project (IPP) Renewal	2077	4.17%
Palo Verde Project (PV)	2030	4.40%
Southern Transmission System (STS)	2027	2.27%
Southern Transmission System (STS) Renewal	2077	5.28%
Mead-Adelanto Project (MA)	2030	11.04%
Mead-Phoenix Project (MP)	2030	14.80%
Magnolia Power Project (MPP)	2036	17.25%
Natural Gas Prepaid Project (NGPP)	2035	23.00%
Linden Wind Energy Project (LIN)	2035	10.00%
Tieton Hydropower Project (THP)	2040	50.00%
Windy Point/Windy Flats Project (WP)	2034	7.63%
Milford II Wind Project (MIL2)	2031	4.90%

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2025
(in thousands)

A summary of the Electric Utility's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2025:

Fiscal Year	IPP*	STS*	MPP	NGPP	LIN	THP	WP	MIL2	Total
2026	\$ 1,850	4,083	3,388	6,043	373	2,130	2,190	495	20,552
2027	2,992	4,231	3,418	6,054	374	1,232	2,189	494	20,984
2028	2,990	4,405	3,448	6,334	374	1,233	2,187	494	21,465
2029	5,999	4,346	3,478	6,622	374	1,230	2,184	493	24,726
2030	5,996	4,541	3,512	6,803	373	1,230	2,182	493	25,130
2031 - 2035	29,925	22,678	18,096	33,689	1,869	6,134	2,178	983	115,552
2036 - 2040	29,825	22,950	10,164	4,233	7,849	6,117	-	-	81,138
2041 - 2045	29,669	22,553	-	-	-	1,225	-	-	53,447
2046 - 2050	5,911	22,457	-	-	-	-	-	-	28,368
2051 - 2055	-	17,882	-	-	-	-	-	-	17,882
Total	\$ 115,157	130,126	45,504	69,778	11,586	20,531	13,110	3,452	409,244

* Includes IPP Repowering and STS Renewal

In addition to debt service, the Electric Utility's entitlement requires the payment for fuel costs, operation and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2025 and 2024 are as follows:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2025	\$ 8,450	3,234	1,147	60	523	236	8,245	2,068	-	1,373	-	-	25,336
2024	\$ 4,860	2,961	701	776	468	135	6,499	3,738	-	1,088	-	-	21,226

10. Power Purchase Agreements

Boulder Canyon Project

Since 1937, the Electric Utility has held capacity and energy rights to the hydropower generation from the Hoover Power Plant through contracts with the U.S. Bureau of Reclamation (Bureau) and the U. S. Department of Energy Western Area Power Administration (Western). As a contractual partner with the Bureau and Western, The Electric Utility has the right to a share of the power generated by the Hoover Power Plant.

The Electric Utility's long-term contract for Hoover Power, last renewed in 1987, expired on September 30, 2017. However, as approved by the City Council on August 23, 2016, they were replaced by a new Electric Services Contract with the United States Department of Energy

Western Area Power Administration (“Western”) and an Amended and Restated Implementation Services Agreement with Western, the United States Bureau of Reclamation, and the Boulder Canyon Project contractors, for the purchase of energy and capacity from the Boulder Canyon Project (commonly known as Hoover Dam). The current Electric Services Contract allows the Electric Utility continued ownership share in the Hoover Power Plant and the continued right to purchase power and capacity from the Hoover Power Plant, for a term of fifty years beginning on October 1, 2017 through September 30, 2067. The City is entitled to 33 megawatts.

Pebble Springs Wind Project

In November 2007, The Electric Utility entered into an 18-year contract with SCPPA for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility. The project began commercial operation in January 2009.

Skylar Renewable Solar Power Purchase Agreement

In September 2014, the City entered into a 25-year contract with Skylar Resources L.P. for the purchase 50 megawatts of firm solar-generated electric power generated from a solar facility within Western Electricity Coordinating Council (WECC) designated by Skylar, with a guarantee by the seller that at least fifty percent of 50 MW/hour to qualify as Portfolio Content Category 1 (PCC1) renewable energy on an annual basis.

In November 2015, the transaction was bifurcated into 2 separate agreements: the first agreement was a four-year contract with Morgan Stanley Capital Group, Inc. (MSCG) from December 1, 2015 through December 31, 2019. The second agreement was a 21-year contract with Skylar from January 1, 2020 through November 30, 2040.

In October 2017 the existing power purchase agreement was terminated and replaced with a 21-year Western Systems Power Pool (WSPP) Power Purchase Agreement (PPA) to increase renewable and carbon-free energy deliveries from 50% to 75%.

As of October 1st, 2021, the 21-year agreement executed in October 25, 2017 was assigned to Townsite Solar, LLC (“Townsite”), for the remaining 19 years of the PPA term. Under the Agreement, Townsite will continue to provide Glendale with 292,000 MWh of renewable and carbon-free energy per year, through November 30, 2040.

Whitegrass No. 1 Geothermal Energy Project

In February 2020, City Council authorized a 25-year Power Sales Agreement (PSA) with SCPPA for the purchase of 3 megawatts of renewable geothermal energy from the Whitegrass

Geothermal Project located in Lyon County, Nevada. Glendale has a 100% entitlement interest in the total energy, capacity, and environmental attribute rights produced by the project. The project began commercial operation in April 2020.

Star Peak Geothermal Energy Project

In February 2020, City Council authorized a 24-year Power Sales Agreement (PSA) with SCPPA for the purchase of 12.5 megawatts of renewable geothermal energy from Star Peak Geothermal Energy Project located in Pershing County, Nevada. Glendale has a 100% entitlement interest in the total energy, capacity, and environmental attribute rights produced by the project. The project began commercial operation in September 2022.

Eland I Solar and Storage Purchase

In December 2019, the City Council authorized a 25-year Power Sales Agreement (PSA) with SCPPA for the purchase of 12.5% renewable solar energy, battery energy storage system (BESS) capacity, and environmental attributes of the Eland 1 Solar and Storage Center. for the purchase of renewable solar energy from the Eland I Solar and Storage Center. The facility is located in Kern County, California. The energy will be delivered at Barren Ridge, and Glendale has entered into an agreement with the Los Angeles Department of Water and Power for the transmission of the energy to Glendale. Glendale has a 12.5% entitlement interest in the total capacity, energy, storage and environmental attribute rights produced by the Facility, or 25 MW of renewable solar energy and 18.75 MW/75 MWh of battery storage capacity. The project began commercial operation in November 2024.

11. Subsequent Events

The Electric utility of Glendale Water & Power issued new Electric Revenue Bonds, 2025 Series in the amount of \$168,235 in July 2025 to provide money for the further development and construction of the Grayson Repowering project, Scholl Canyon Landfill Biogas Renewal Generation project and other electric system capital improvements.

In June 2025, the City Council authorized a 30-year Power Sales Agreement (PSA) with SCPPA for the purchase of 25 megawatts of renewable solar energy and environmental attributes from Milford Solar II Project. The project is located in Beaver County, Utah, and the energy will be delivered at the Intermountain Power Project switchyard. The anticipated commercial operation date is December 2026.

ELECTRIC UTILITY REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Electric Utility's Proportionate Share of the City's Net Pension Liability (Miscellaneous Plan) Last 10 Years

	2025	2024	2023	2022	2021
Electric Utility's proportion of the net pension liability	20%	20%	22%	21%	21%
Electric Utility's proportionate share of the net pension liability	\$ 67,312	\$ 73,326	\$ 72,144	\$ 37,753	\$ 68,975
Covered payroll	\$ 20,573	\$ 21,926	\$ 21,305	\$ 21,329	\$ 20,792
Electric Utility's proportionate share for the City's Miscellaneous Plan's net pension liability as a percentage of covered payroll	327.19%	334.42%	338.62%	177.00%	331.74%
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability	77.90%	75.01%	74.62%	85.84%	73.24%
	2020	2019	2018	2017	2016
Electric Utility's proportion of the net pension liability	21%	21%	21%	21%	21%
Electric Utility's proportionate share of the net pension liability	\$ 64,601	\$ 61,278	\$ 62,837	\$ 56,051	\$ 45,890
Covered payroll	\$ 20,008	\$ 19,488	\$ 19,032	\$ 18,177	\$ 19,275
Electric Utility's proportionate share for the City's Miscellaneous Plan's net pension liability as a percentage of covered payroll	322.88%	314.44%	330.16%	308.36%	238.08%
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability	74.01%	74.42%	73.01%	73.87%	77.94%

ELECTRIC UTILITY REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Plan Contributions Last 10 Years

	<u>2025</u>	<u>2024</u>	<u>2023*</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contributions	\$ 8,733	\$ 7,671	\$ 7,746	\$ 7,316	\$ 6,788
Contributions in relation to the actuarially determined contribution	<u>8,733</u>	<u>7,671</u>	<u>7,746</u>	<u>8,500</u>	<u>6,788</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,184)</u>	<u>\$ -</u>
Covered payroll	\$ 23,374	\$ 20,573	\$ 21,926	\$ 21,305	\$ 21,329
Contributions as a percentage of covered payroll	37.36%	37.29%	35.33%	39.90%	31.83%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ 6,207	\$ 5,749	\$ 4,877	\$ 4,013	\$ 3,634
Contributions in relation to the actuarially determined contribution	<u>6,207</u>	<u>5,749</u>	<u>4,877</u>	<u>4,013</u>	<u>3,634</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 20,792	\$ 20,008	\$ 19,488	\$ 19,032	\$ 18,177
Contributions as a percentage of covered payroll	29.85%	28.73%	25.03%	21.09%	19.99%

* Revised Covered payroll to match CalPERS GASB 68 Accounting Report.

ELECTRIC UTILITY REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Electric Utility's Proportionate Share of the City's Total OPEB Liability Last 10 Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Electric Utility's proportion of the total OPEB liability	13.98%	14.04%	14.33%	14.36%	14.44%
Electric Utility's proportionate share of the total OPEB liability	\$ 1,105	1,165	1,781	2,156	2,632
Covered-employee payroll	\$ 26,039	25,821	24,302	25,283	23,859
Electric Utility's proportionate share of the total OPEB liability as a percentage of the covered-employee payroll	4.24%	4.50%	7.33%	8.53%	11.03%

Note: FY2021 is the first year of recording OPEB liability in the Electric Utility; therefore, only five years of data is shown.