

CITY OF TORRANCE, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

DEPARTMENT OF FINANCE • FISCAL YEAR ENDED JUNE 30, 2024



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2024

Prepared by
Department of Finance

Sheila Poisson
Finance Director

CITY OF TORRANCE, CALIFORNIA

CITY OF TORRANCE, CALIFORNIA

Annual Comprehensive Financial Report

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INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF TORRANCE

December 26, 2024

Honorable Mayor and City Council
and Citizens of the City of Torrance

In accordance with Section 1100 of the City Charter, the Finance Department hereby submits the Annual Comprehensive Financial Report for the City of Torrance for the fiscal year ended June 30, 2024.

The report has been prepared by the Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in pronouncements of the Governmental Accounting Standards Board (GASB). GASB has primary responsibility for determining current accounting and financial reporting standards for activities and transactions of state and local government entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the City. The City believes the data is accurately presented in all material respects. The financial data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

REPORTING ENTITY

The Financial Reporting Entity (the government) includes all the funds and capital assets of the primary government (i.e. the City of Torrance, as legally defined) as well as its financial reporting component units. Financial reporting component units such as the Torrance Public Property Financing and the Torrance Joint Powers Financing Authority are legally separate entities for which the City of Torrance is financially accountable.

THE CITY

The City of Torrance is Los Angeles County's eighth largest city, by population, was founded in 1912, incorporated in 1921, and became a charter city in 1947. The City has a population of 142,910 within a boundary of approximately 21 square miles. The City borders the beautiful Pacific Ocean and is an integral part of the larger regional area known as the South Bay. The City of Torrance provides a wide range of services. These services include police and fire protection; sanitation, sewer and water services;

a library system; a cultural arts center and gallery; recreational services; a municipal airport and transit bus services; the construction and maintenance of streets and infrastructure; planning and zoning; and general administrative and support services.

ECONOMIC DEVELOPMENT HIGHLIGHTS

The City continues its efforts to support local economic development via its Business Recruiter Program which aims to attract new business operations to the City. In the area of tourism, the number of visitors to Torrance hotels has remained steady with occupancy higher than in neighboring cities. Finally, several developments are underway throughout the City. At 22501 Hawthorne Blvd, the former Gable House Bowl property, a new mixed-use development is under construction, featuring a new 218-unit apartment complex and 12,000 square feet of commercial space. At 21507 Hawthorne Blvd, plans are underway for a new 200-unit luxury apartment complex. At 21405 Madrona Ave, proposed plans for a new multi-family residential development would feature 274 units for sale. At 2325 Crenshaw Blvd, proposed plans for a new multi-family residential development would feature 272 rental units. At 4501 Torrance Blvd, proposed plans for a new multi-family residential development would feature 50 rental units. This highlights just a few of the major developments underway as the City continues to prioritize numerous efforts to ensure ongoing growth in the City's revenue base.

FINANCIAL FORECAST AND FUTURE OUTLOOK

The financial forecast and future outlook are discussed in greater detail in the Management Discussion and Analysis section of the City's Annual Comprehensive Financial Report.

As the City emerges from the impacts of the COVID-19 pandemic, its financial status continues to improve. From fiscal year 2019-20 to fiscal year 2023-24, the City's unassigned fund balance for the General Fund has increased from \$581,449 to \$78,749,461. This is the result of decisive actions taken in fiscal year 2020-21 through fiscal year 2023-24. Through a combination of one-time sources and recurring budget solutions, the City has structurally balanced its budget as of fiscal year 2023-24. Increases in the City's unassigned fund balance for the General Fund has largely been made possible by the passage of Measure SST (½ cent sales tax) which has restored staffing in the police and fire departments; allowed for continued investments in cyber security, homelessness, and public capital improvements; and further fiscal sustainability in the General Fund. In fiscal year 2024-25, the City is budgeted for \$25.3 million in Measure SST tax revenue. Staff continue to monitor the fiscal health of the City through multi-year projections. In these projections, CalPERS unfunded accrued liability payments are anticipated to increase substantially over the next decade. To mitigate the impacts of these rising costs, the City has continued to contribute to the CalPERS Section 115 Trust (CEPPT) since June 2021, which is projected to have a balance of \$39,663,154 at the end of fiscal year 2024-25. It is anticipated that the City will need to make its first drawdown from the CEPPT fund in fiscal year 2025-26 to smooth out these rising pension costs.

The City has made progress with the City's Self-Insurance fund with fiscal year 2024-25 being the first year that the adopted budget was structurally balanced. This will help prevent further deterioration of the fund's balance. It is anticipated that one-time contributions can be made over time to rebuild the deficit fund balance in the City's Self-Insurance fund balance. The enterprise funds continue to function well overall. Water rates were recently reevaluated, and rate increases were approved in November 2024. The Sewer/Wastewater rate increases and Sanitation/Refuse Collection rate increases were approved in December 2022 and June 2023, respectively.

INTERNAL CONTROLS

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the above-referenced objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be realized; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROLS

The City employs a two-year operating budget and a five-year capital budget process. In year one of the biennial operating budget cycle, the City Council adopts authorized appropriations for the first year of the two-year budget and approves "planned" appropriations for the second fiscal year. In year two of the operating budget cycle, the City Council considers revisions and formally adopts authorized appropriations for the second fiscal year. Although the budget cycle covers a two-year period, the City Charter requires City Council to approve the annual appropriations. The City's Five-Year Capital Budget is updated every two years, with amendments and appropriations done annually, similar to the operating budget based on the financial viability to fund new infrastructure projects.

The City's annual appropriated budget is established and controlled at the fund and individual organization level (department). The budget is monitored at a more detailed level (program) that closely tracks cost. City Manager and Department Directors are held accountable for meeting the objectives within each of his or her programs, and for monitoring the use of budget allocations to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council.

The City also maintains an encumbrance accounting system as another technique in accomplishing budgetary control. All operating appropriations lapse at year-end to the extent they have not been expended or encumbered. Capital project appropriations lapse when individual projects are closed.

INDEPENDENT AUDIT

The City Charter requires an annual audit of the records and accounts of the City by an independent Certified Public Accountant. This requirement has been complied with the auditor's report which has been included in this report.

AWARDS

The staff of the City of Torrance Finance Department has continued its efforts to improve the method of providing financial information to the elected and appointed officials of the City and to the citizens of Torrance.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City for the fiscal year 2023-24 Adopted Operating Budget and Capital Improvement Plan for the second consecutive year. Included with this designation was a special recognition for Special Long Range Financial Plans. The award is valid for one year only. In order to be awarded a Distinguished Budget Presentation Award an entity must meet the highest principles of governmental budgeting. The City had to satisfy nationally recognized guidelines for effective budget presentation. The guidelines assess how well a budget serves as a policy document, financial plan, operations guide and a communications device.

The GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Torrance for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The City has received this award annually since 1987. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

OTHERS

The City recommends that the Management Discussion and Analysis section be read in conjunction with the other sections of the ACFR to obtain an understanding of the City's financial condition as of June 30, 2024. This section also provides an overview of the City's financial activities during the fiscal year.

Respectfully submitted,

A handwritten signature in black ink that reads "Sheila Poisson". The signature is written in a cursive, flowing style.

Sheila Poisson
Finance Director

CITY OF TORRANCE DIRECTORY OF CITY OFFICIALS

June 30, 2024

CITY COUNCIL

George K. Chen, Mayor

| | |
|--------------------------|-------------------------|
| Dr. Jeremy Gerson | Bridgett Lewis |
| Jon Kaji | Aurelio Mattucci |
| Sharon Kalani | Asam Sheikh |

CITY CLERK

Rebecca Poirier

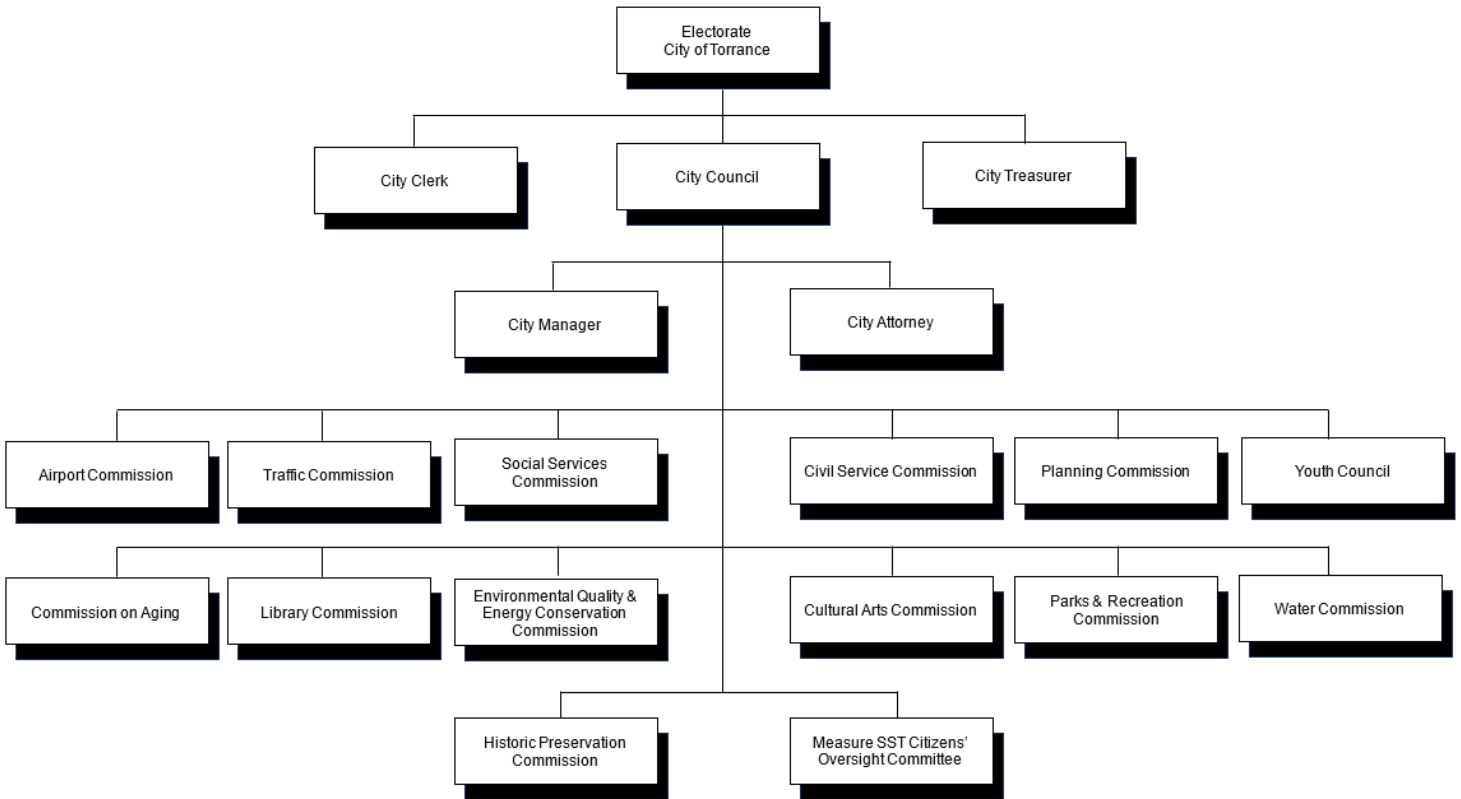
CITY TREASURER

Tim Goodrich

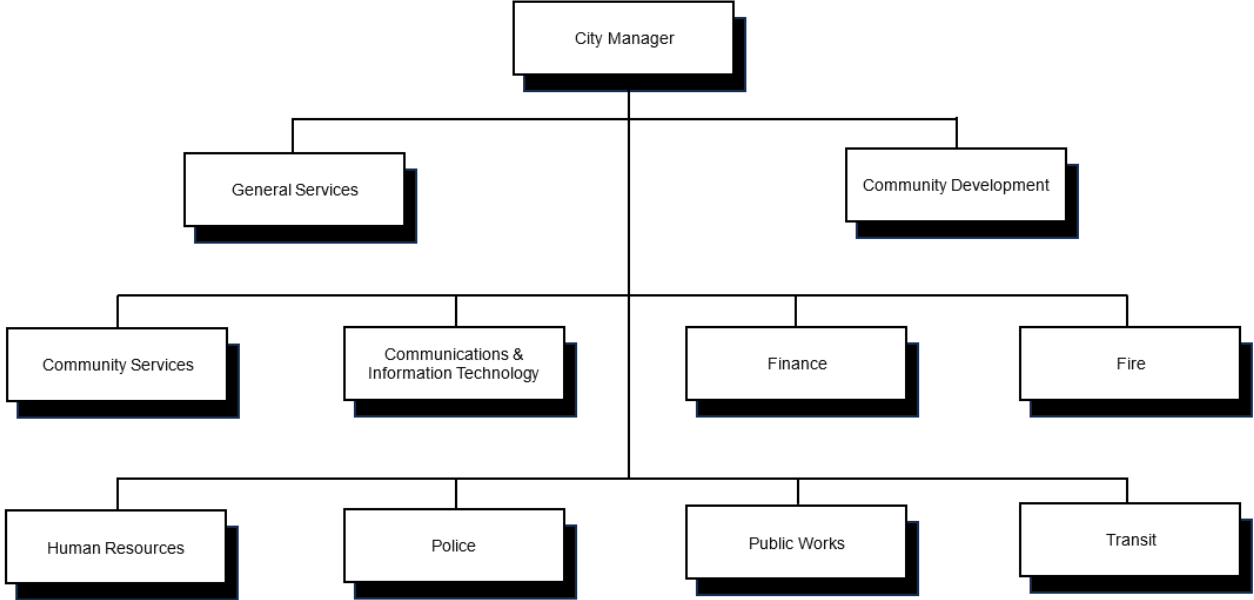
ADMINISTRATION

Aram Chaparyan, City Manager
Danny Santana, Assistant City Manager
Sheila Poisson, Finance Director
Patrick Q. Sullivan, City Attorney
Michelle Remirez, Community Development Director
John La Rock, Community Services Director
David Dumais, Fire Chief
Shant Megerdichian, General Services Director
Hedieh Khajavi, Human Resources Director
Andrei Yermakov, Information Technology Director
Jeremiah Hart, Police Chief
Craig Bilezerian, Public Works Director
Kim Turner, Transit Director

ELECTED AND APPOINTED OFFICIALS



CITY DEPARTMENTS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Torrance
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Independent Auditor's Report

**The Honorable Mayor and the Members of the City Council
City of Torrance, California**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance, California (the City), as of and for the year ended June 30, 2024, the budgetary comparison for the General Fund for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance, California as of June 30, 2024, the respective changes in financial position, the budgetary comparison for the General Fund, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 28, and the required supplementary information on pages 107 through 148 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 26, 2024 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
December 26, 2024



MANAGEMENT DISCUSSION & ANALYSIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

As management of the City of Torrance, California (City), we provide readers of the Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2024. It is recommended this information be read in conjunction with the City's transmittal letter in the preceding section and the accompanied financial statements, which immediately follows this section, in order to obtain a thorough understanding of the City's financial condition on June 30, 2024.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$319.0 million, as of June 30, 2024. Of this amount, \$497.8 million represents net investment in capital assets, \$137.3 million represents net position restricted for specific purposes, and (\$316.1) million represents unrestricted deficit in net position. (\$403.8) million represents unrestricted deficit in net position for governmental activities and \$87.7 million represents unrestricted net position for business-type activities.
- The City's total net position at fiscal year-end increased \$51.8 million, to \$319.0 million, which is primarily driven by the accumulation of current assets which increased by \$74.0 million to \$621.8 million as of June 30, 2024.
- The City's net capital assets (Table 4) increased by \$9.9 million or 1.8% to \$564.0 million as of June 30, 2024, as the City continues to invest and complete capital projects. This also includes the intangible assets, net of accumulated amortization per implementation of GASB 96 for Subscription-Based Information Technology Arrangements (SBITA).
- The City's outstanding debt (Table 5) decreased by \$10.5 million to \$390.3 million as of June 30, 2024. Within the City's governmental activities, outstanding debt decreased by \$9.9 million due to payments made on the 2020 and 2021 Lease Revenue Bonds and 2016 Refunding Certificates. Within the City's business-type activities, long-term debt decreased by \$0.6 million due to continued payments made on the installment loan agreement to drill and construct a new water well, for the North Torrance Well Field Project.
- The City's total pension liability increased \$21.1 million from \$229.4 million in fiscal year 2022-23 to a \$250.5 million total pension liability in fiscal year 2023-24.
- The City's other postemployment benefits (OPEB) liability increased from \$45.7 million in fiscal year 2022-23 to \$61.7 million in fiscal year 2023-24, an increase of \$16.0 million or 35.1%.
- At the end of the fiscal year, the City's governmental funds reported total year ending fund balances of \$212.0 million, compared to \$147.5 million at the end of the prior fiscal year, which is an increase of \$64.5 million.
- The General Fund reported an ending fund balance of \$120.1 million as of June 30, 2024, compared to \$78.4 million as of June 30, 2023, which represents an increase of \$41.7 million. Excess revenues over expenditures (before transfers

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

and SBITA) were \$33.6 million in 2023-24, which represents a slight decrease from \$33.8 million in 2022-23. More detailed analysis is included in the Financial Analysis section below.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements found in three main sections: government-wide financial statements, fund financial statements, and notes to the basic financial statements.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 (GASB 75) in fiscal year 2017-18 which addresses the accounting and financial reporting for Postemployment Benefits other than pensions. The City implemented GASB No. 68 (GASB 68) in fiscal year 2014-15 which addresses the accounting and financial reporting for pension plans. The City has also presented its financial statements under the reporting model required by GASB No. 34 (GASB 34) Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Government since fiscal year 2001-02. In fiscal year 2021-22, the City implemented GASB No. 87 (GASB 87) which addresses the accounting and financial reporting for leases. In fiscal year 2022-23, the City implemented GASB No. 96 (GASB 96) which addresses the accounting and financial reporting for SBITA. In fiscal year 2023-24, GASB No. 99 and GASB No. 100 came into effect, but neither had an impact on the City's financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide information about the financial activities of the City as a whole and present a longer view of the City's finances, similar to private-sector businesses. These reports separate functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities include all of the City's basic services, such as general government, public safety (police and fire), public works, community development, and culture and recreation. Property taxes, sales taxes, utility users' taxes, and occupancy taxes finance most of these activities. Business-type activities include functions such as the City's airport, transit, water, sanitation, and sewer funds.

The *Statement of Net Position* provides information using the accrual basis of accounting on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources reported as *net position*. Over time, changes to a City's net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Additional factors such as changes in the City's revenue receipt pattern need to be considered in assessing the overall health of the City.

The *Statement of Activities* provides information showing how the City's net position changed during the fiscal year. The changes in net position are reported when

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

Fund financial statements. The City establishes funds as a grouping of related accounts to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Additionally, some funds are required to be established by State law and by bond covenants. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances on these spendable resources at fiscal year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. This information is helpful in assessing the City's near-term financing requirements. Fund financials also report the City's operations in greater detail compared to the government-wide statements by providing information about the City's most significant funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented in the governmental funds with the governmental activities. This provides readers with a sense of the long-term impacts from the City's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances are both accompanied by a reconciliation to the government-wide financial statements to facilitate comparison between governmental funds and governmental activities.

The City maintains 35 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, which is the only major fund this fiscal year. Data for the remaining 34 non-major governmental funds are combined into a single, consolidated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary information section of this report (special revenue, capital projects and debt service).

Proprietary Funds. Proprietary funds are used to account for the same functions reported in the government-wide financial statements, with a greater level of detail including cash flows. The City maintains two types of proprietary funds: enterprise funds and internal services funds. Enterprise funds are used to report the same activity as business-type activities in the government-wide financial statements. Internal service funds are an accounting device for funds that provide supplies and services to other programs and activities within the City as well as a way to account for inter-fund charges for City departments. The City uses internal service funds to

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

account for its fleet services, risk management, and postemployment benefits operations. The proprietary fund financial statements provide information for the Transit System, Water, Sewer, and Municipal Airport funds, which are considered major funds of the City.

Fiduciary Funds. Fiduciary funds consist of private-purpose trust funds and custodial funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statement of Net Position – Fiduciary Funds. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes should be read in conjunction with the financial statements to have a greater understanding of the status of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position can be a useful indicator, over time, of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$319.0 million at the close of this fiscal year.

As shown on the next page, the City's net position is broken down to three main categories: net investment in capital assets, restricted, and unrestricted. Currently, the majority of the City's net position, \$497.8 million, is associated with net investment in capital assets. The City uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. An additional portion of the City's net position, \$137.3 million, represents resources that have restrictions on how they may be used. The remaining balance of the City's net position, (\$316.1) million, represents the City's unrestricted net position. Due to the implementation of GASB 68 and GASB 75, which updated the way the City reported pensions and other postemployment benefits, this has made this value negative. The City continues to implement its financial plan, paying its CalPERS pension unfunded accrued liability (UAL) each year, to ensure that the City's total pension liability is reduced over time. Additionally, in October 2020, the City issued \$349.5 million in Lease Revenue Bonds that were utilized to pay down a large portion of the City's UAL effectively refinancing this obligation at a reduced interest rate. It is anticipated this will save the City approximately \$172.2 million over the duration of the bonds, which are fully paid down by Fiscal Year 2044.

The City's net position for fiscal year 2023-24 compared to 2022-23 is shown in Table 1:

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

Table 1
Statement of Net Position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$310.0 | \$236.7 | \$311.8 | \$311.1 | \$621.8 | \$547.8 |
| Capital assets | 392.8 | 386.5 | 171.2 | 167.6 | 564.0 | 554.1 |
| Total assets | 702.8 | 623.2 | 483.0 | 478.7 | 1,185.8 | 1,101.9 |
| Deferred outflows of resources | 144.2 | 156.3 | 12.9 | 14.2 | 157.1 | 170.5 |
| Long-term debt | 746.6 | 746.6 | 30.7 | 30.0 | 777.3 | 776.6 |
| Current and other liabilities | 60.6 | 26.4 | 23.4 | 25.4 | 84.0 | 51.8 |
| Total liabilities | 807.2 | 773.0 | 54.1 | 55.4 | 861.3 | 828.4 |
| Deferred inflows of resources | 7.9 | 12.3 | 154.7 | 164.4 | 162.6 | 176.7 |
| Net investment in capital assets | 330.7 | 326.9 | 167.1 | 163.3 | 497.8 | 490.2 |
| Restricted | 105.0 | 60.8 | 32.3 | 31.2 | 137.3 | 92.0 |
| Unrestricted | (403.8) | (393.5) | 87.7 | 78.6 | (316.1) | (314.9) |
| Net Position | \$31.9 | (\$5.8) | \$287.1 | \$273.1 | \$319.0 | \$267.3 |

Total assets increased \$83.9 million or 7.6% from the prior fiscal year. Governmental activities increased by \$79.6 million and business-type activities increased by \$4.3 million. The increase in both governmental and business-type activities assets is primarily driven by the increases in pooled cash and investments and cash with fiscal agents.

Total deferred outflows of resources decreased by \$13.4 million from the prior fiscal year. Governmental activities decreased \$12.1 million and business-type activities decreased \$1.3 million. Per GASB 68, deferred outflows of resources represent a consumption of net assets that applies to future reporting periods. The decrease in the deferred outflows of resources was primarily due to the changes of assumptions and decrease in pension contributions subsequent to measurement date.

Total liabilities increased \$32.9 million or 4.0% from the prior fiscal year. Governmental activities increased by \$34.2 million and business-type activities decreased by \$1.3 million. The increase in governmental activities is primarily driven by increases in total pension liability and total OPEB liability of \$20.3 million and 14.4 million, respectively. The decrease in business-type activities is primarily driven by

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

decreases in accounts payable and amounts due to other governments, offset by increases in total pension liability and total OPEB liability.

Overall, as a result of the above changes, the City's total net position increased by a total of \$51.8 million. Net position of the City's governmental activities amounted to \$31.9 million. \$330.7 million is net investment in capital assets such as land, buildings, machinery, infrastructure, equipment and other capital improvements, net of related debt; \$105.0 million is restricted for streets and highways, capital projects, community development, public safety, pension and debt service; and (\$403.8) million is unrestricted. The net position of the City's governmental activities increased by \$37.7 million (FY2023-24 is \$31.9 million compared to FY2022-23 is (\$5.8) million). Net position of the City's business-type activities amounted to \$287.1 million. \$167.1 million is net investment in capital assets, \$32.3 million is restricted for Transit System Fund, and \$87.7 million is unrestricted. The net position of the City's business-type activities increased by \$14.0 million (FY2023-24 is \$287.1 million compared to FY2022-23 is \$273.1 million). This is discussed in more detail in the following section, Changes in Net Position.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

Changes in net position

The City's total revenues are \$479.9 million and total costs of all programs and services are \$428.1 million which resulted in a change in net position of \$51.8 million during the year (See Table 2).

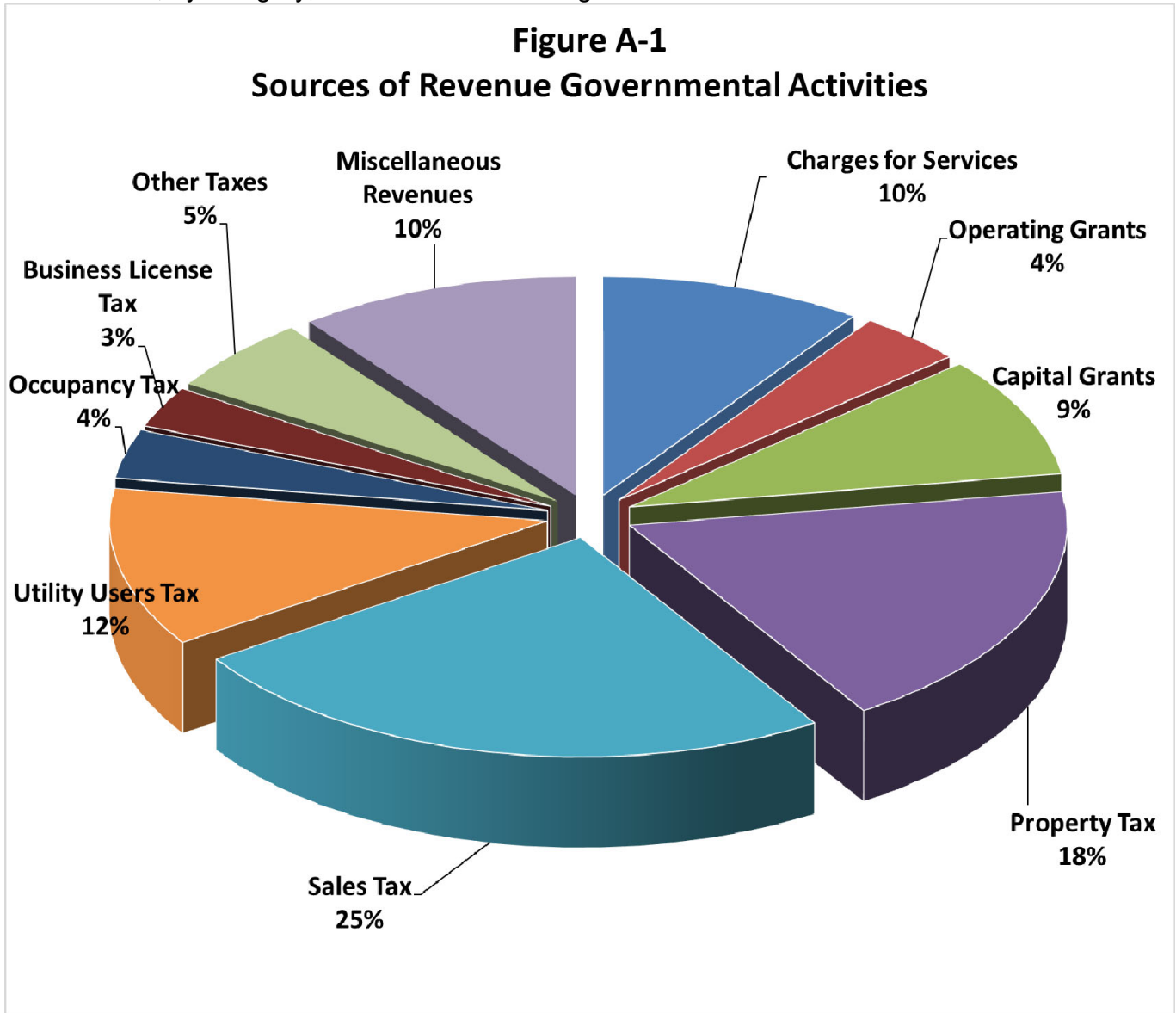
Table 2
Summary of Changes in Net Position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|------------------------------------|----------------|-------------------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$33.8 | \$28.4 | \$96.2 | \$97.6 | \$130.0 | \$126.0 |
| Operating grants/contributions | 13.6 | 11.7 | 26.0 | 31.5 | 39.6 | 43.2 |
| Capital grants/contributions | 30.9 | 37.8 | 0.1 | 0.8 | 31.0 | 38.6 |
| General revenues: | | | | | | |
| Property taxes | 64.2 | 61.2 | - | - | 64.2 | 61.2 |
| Sales taxes | 85.5 | 78.6 | - | - | 85.5 | 78.6 |
| Utility users tax | 40.7 | 43.2 | - | - | 40.7 | 43.2 |
| Occupancy tax | 12.6 | 12.1 | - | - | 12.6 | 12.1 |
| Business license tax | 10.5 | 9.9 | - | - | 10.5 | 9.9 |
| Other taxes | 19.1 | 17.9 | - | - | 19.1 | 17.9 |
| Investment earnings | 35.4 | 27.9 | 9.7 | 6.1 | 45.1 | 34.0 |
| Motor vehicle tax (unrestricted) | 0.2 | 0.2 | - | - | 0.2 | 0.2 |
| Miscellaneous | 0.8 | 4.9 | 0.6 | - | 1.4 | 4.9 |
| Total revenues | 347.3 | 333.8 | 132.6 | 136.0 | 479.9 | 469.8 |
| Expenses | | | | | | |
| General government | 44.8 | 38.9 | - | - | 44.8 | 38.9 |
| Public safety | 184.0 | 154.6 | - | - | 184.0 | 154.6 |
| Public works | 31.2 | 31.7 | - | - | 31.2 | 31.7 |
| Culture and recreation | 26.1 | 22.1 | - | - | 26.1 | 22.1 |
| Community development | 18.8 | 15.5 | - | - | 18.8 | 15.5 |
| Interest on long-term debt | 13.0 | 13.0 | - | - | 13.0 | 13.0 |
| Airport | - | - | 7.1 | 3.9 | 7.1 | 3.9 |
| Transit | - | - | 34.3 | 29.1 | 34.3 | 29.1 |
| Water | - | - | 48.5 | 46.4 | 48.5 | 46.4 |
| Sewer | - | - | 4.6 | 4.8 | 4.6 | 4.8 |
| Sanitation | - | - | 15.7 | 12.5 | 15.7 | 12.5 |
| Total expenses | 317.9 | 275.8 | 110.2 | 96.7 | 428.1 | 372.5 |
| Excess of revenues over expenses before transfers | 29.4 | 58.0 | 22.4 | 39.3 | 51.8 | 97.3 |
| Transfers | 8.4 | 13.8 | (8.4) | (13.8) | 0.0 | 0.0 |
| Increase (decrease) in net position | \$37.8 | \$71.8 | \$14.0 | \$25.5 | \$51.8 | \$97.3 |
| Net Position-beginning | (5.8) | (77.6) | 273.1 | 247.5 | 267.3 | 169.9 |
| Prior Period adjustment | - | - | - | - | - | - |
| Net Position-ending | \$31.9 | (\$5.8) | \$287.1 | \$273.1 | \$319.0 | \$267.3 |

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2024

Governmental Activities: Revenues. The City's governmental activities total revenues of \$347.3 million, by category, are shown below in Figure A-1.



Overall, revenues for the City's governmental activities increased by \$13.5 million, or 4.1%. The largest category of revenue for governmental activities is sales tax, which represents 24.6% of total governmental activities revenues. This category totaled \$85.5 million in fiscal year 2023-24, compared to \$78.6 million in fiscal year 2022-23, which is an increase of \$6.9 million or 8.8%. This is primarily due to fiscal year 2023-24 being the first full year of Measure SST tax collections, compared to fiscal year 2022-23 which only collected three quarters worth of Measure SST tax revenues. The second largest category is property tax (including all rolls and vehicle license fee swap), which represents 18.5% of total governmental activities revenues. This category totaled \$64.2 million in fiscal year 2023-24, compared to \$61.2 million in fiscal year 2022-23, which is an increase of \$3.0 million or 4.9%. This is primarily due to growth in the City's net taxable assessed property values. The third largest

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Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

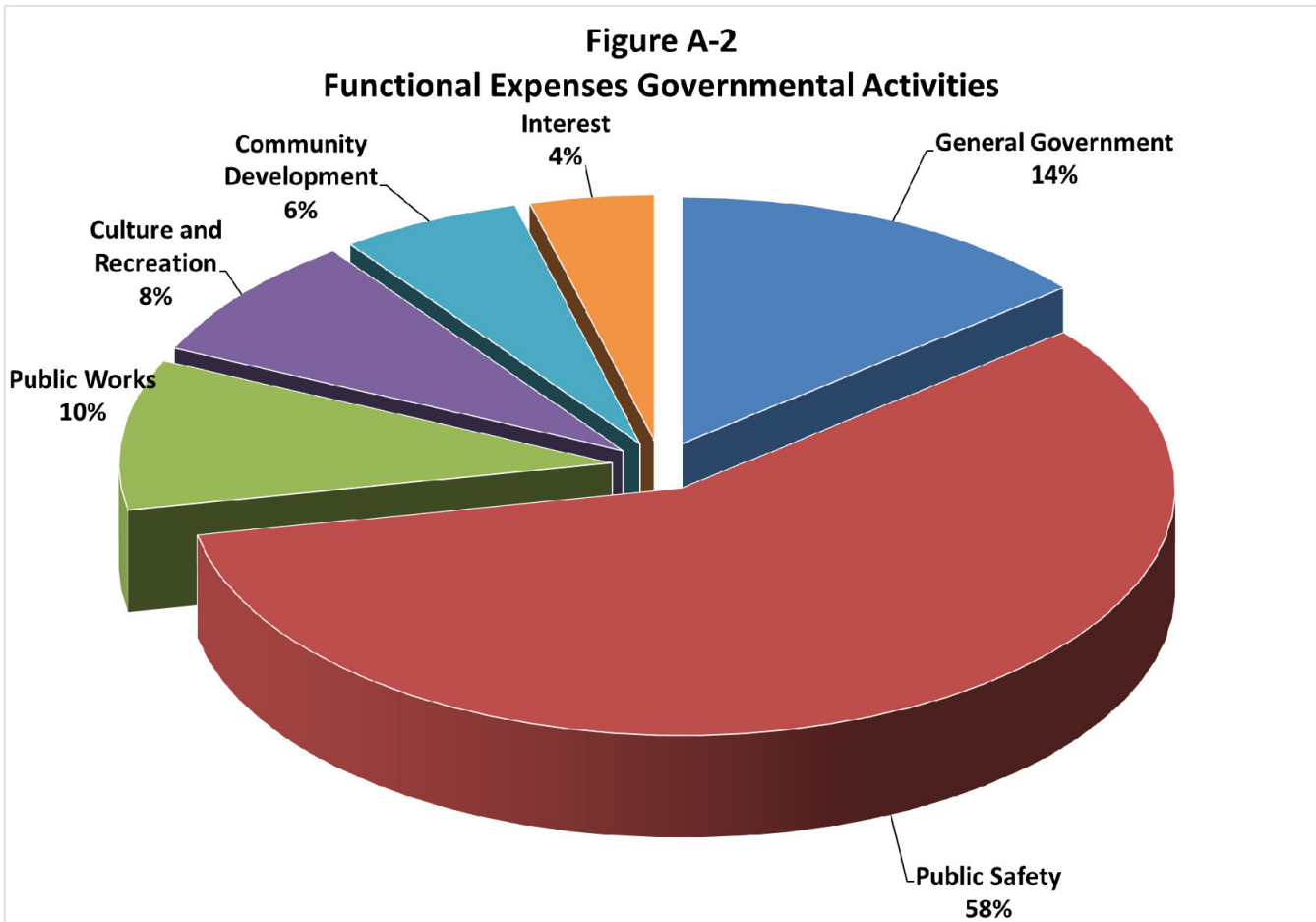
category is utility user's tax, which represents 12.9% of total governmental activities revenue. This category totaled \$40.7 million in fiscal year 2023-24, compared to \$43.2 million in fiscal year 2022-23, which is a decrease of \$2.5 million or 6.0%. This decrease was primarily caused by reduced production at The Torrance Refinery due to planned maintenance that was performed during the second fiscal quarter of 2024. The fourth largest category, the Charges for Services classification, represents 9.7% of total governmental activities revenues. This category totaled \$33.8 million in fiscal year 2023-24, compared to \$28.4 million in fiscal year 2022-23, which is a \$5.4 million or 18.7% increase.

Operating grants and contributions represent 3.9% of total governmental activities revenue. This category totaled \$13.6 million in fiscal year 2023-24, compared to \$11.7 million in 2022-23. Capital grants and contributions represent 8.9% of total governmental activities revenue. This category totaled \$30.9 million in fiscal year 2023-24, compared to \$37.8 million in fiscal year 2022-23. The decrease in capital grants is mainly caused by a spike of Public Works activity in fiscal year 2022-23 related to the Measure R Local Return and Highway fund. Additionally, Miscellaneous Revenues classification increased by \$3.4 million to \$36.2 million, up from \$32.8 million in 2022-23, mainly due to increases in investment earnings. All other revenue categories in the governmental activities showed increased compared with the prior year.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2024

Governmental Activities: Functional Expenses. The City's governmental activities total expenditures of \$317.9 million as shown below in Figure A-2.

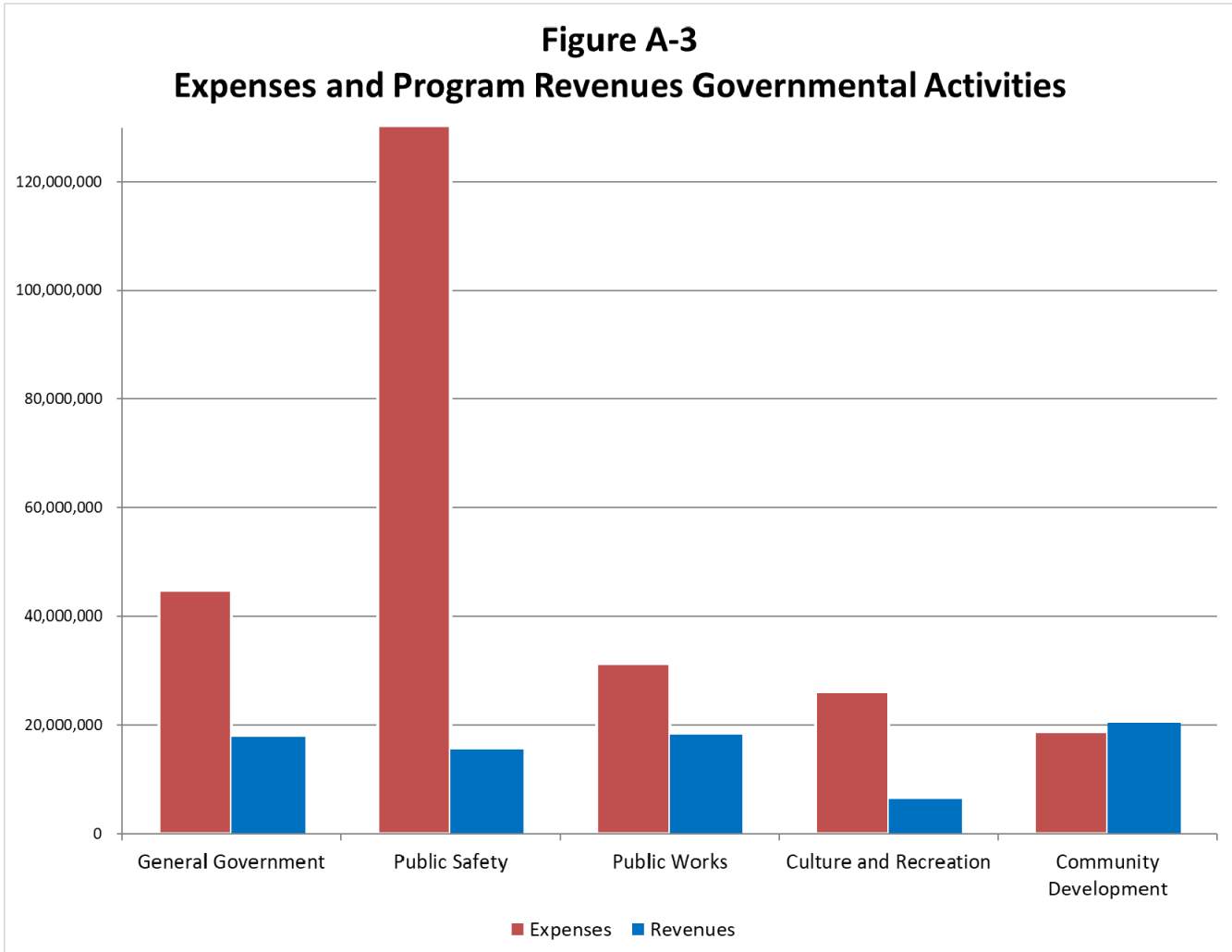


The City's governmental activities expenditures increased by \$42.1 million or by 15.2%, when comparing fiscal year 2023-24 with fiscal year 2022-23. The largest category of expense for governmental activities is public safety, which represents 57.9% of total governmental activities expenses. This category totaled \$184.0 million in fiscal year 2023-24, compared to \$154.6 million in fiscal year 2022-23, which is an increase of \$29.4 million or 19.0%. The second largest category is general government, which represents 14.1% of total governmental activities expenses. This category totaled \$44.8 million in fiscal year 2023-24, compared to \$38.9 million in fiscal year 2022-23, which is an increase of \$5.9 million or 15.3%. The third largest category is public works, which represents 9.8% of total governmental activities expenses. This category totaled \$31.2 million in fiscal year 2023-24, compared to \$31.7 million in fiscal year 2022-23, which is a decrease of \$0.5 million or 1.5%.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
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Governmental Activities: Expenses and Program Revenues. The following chart, Figure A-3, compares program revenues and expenses for governmental activities (excluding interest on long-term debt).



The comparison of direct expenses and program revenues demonstrates the extent to which each functional area is self-financing or draws from the general revenues of the City. A higher percentage of program revenues to direct expenses indicates a particular function is more self-sustaining through program revenues generated by activities of that function. In contrast, a lower percentage of program revenues to direct expenses indicates a function is primarily financed through general revenues.

The function with the highest percentage of program revenues to direct expenses in fiscal year 2023-24 is Community Development. Community Development had expenses of \$18.8 million and program revenues of \$20.5 million, which is a ratio of 108.7%. The second highest is Public Works. Public Works had expenses of \$31.2 million and program revenues of \$18.2 million, which is a ratio of 58.4%. The higher percentage indicates the extent to which program expenses in this category are financed by revenues generated within the function categories.

CITY OF TORRANCE, CALIFORNIA

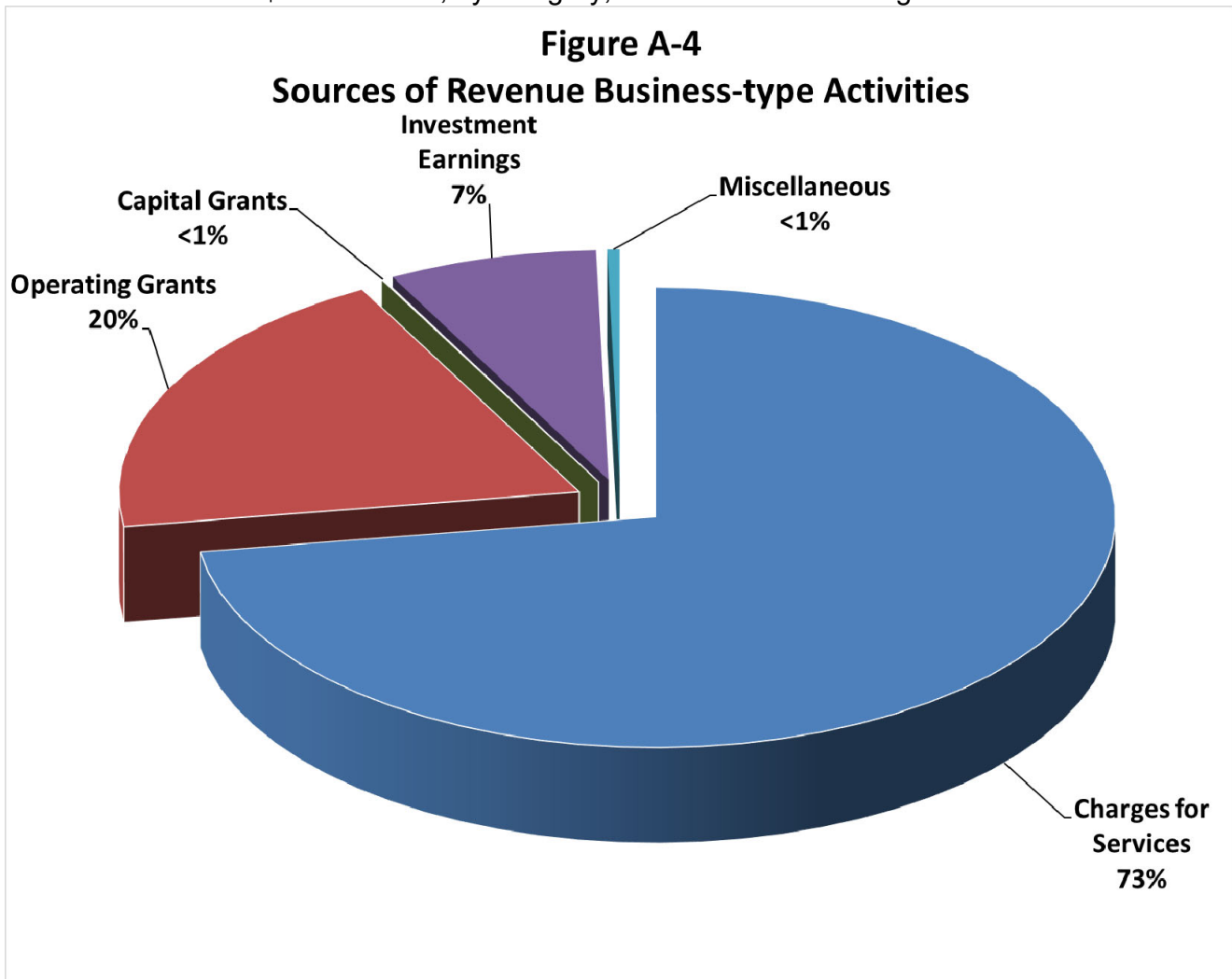
Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

The function with the lowest percentage of program revenues to direct expenses in fiscal year 2023-24 is Public Safety. Public Safety had expenses of \$184.0 million and program revenues of \$15.4 million, which is a ratio of 8.4%. The second lowest is Culture and Recreation. Culture and Recreation had expenses of \$26.1 million and program revenues of \$6.3 million, which is a ratio of 24.3%. The third lowest is General Government. General Government had expenses of \$44.8 million and program revenues of \$17.9 million, which is a ratio of 39.8%.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2024

Business-type Activities: Revenues. The City's business-type activities total revenues of \$132.6 million, by category, are shown below in Figure A-4.



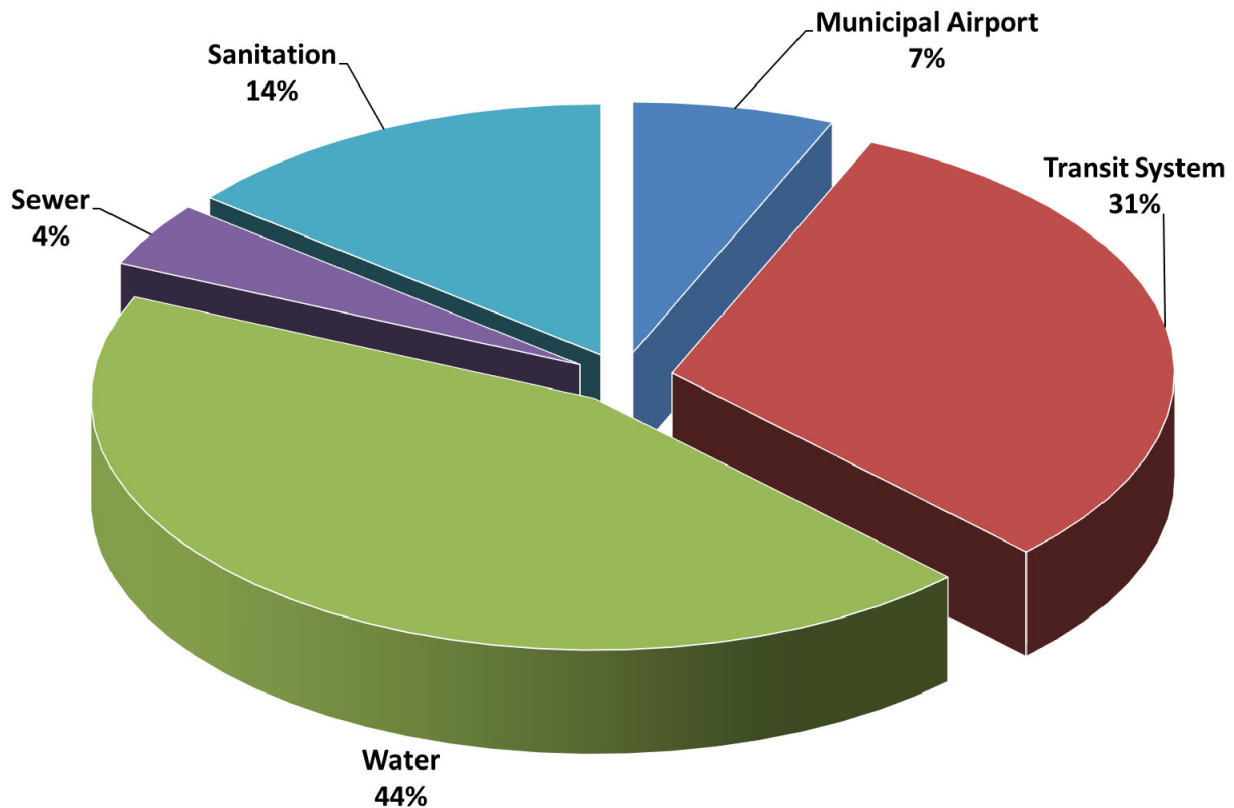
Overall, revenues for the City's business-type activities decreased by \$3.4 million, or 2.5%. The largest category of revenue for business-type activities is charges for services, which represents 73.0% of total business-type activities revenues. This category totaled \$96.2 million in fiscal year 2023-24, compared to \$97.6 million in fiscal year 2022-23, which is a decrease of \$1.4 million or 1.4%, primarily due to one-time lease signing bonus revenues of \$6.4 received during 2022-23. The second largest category is operating grants, which represents 20.0% of total business-type activities revenues. This category totaled \$26.0 million in fiscal year 2023-24, compared to \$31.5 million in fiscal year 2022-23, which is a decrease of \$5.5 million or 17.7%, primarily due to one-time ARPA Federal grant revenues of \$11.3 million received during 2022-23. The third largest category for business-type activities revenue is Investment Earnings, which showed increase of \$3.6 million to \$9.7 million in fiscal year 2023-24, compared to \$6.1 million in fiscal year 2022-23.

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Business-type Activities: Expenses. The City's business-type activities total expenses of \$110.2 million, by category, are shown below in Figure A-5.

**Figure A-5
Business-type Activities Expenses**



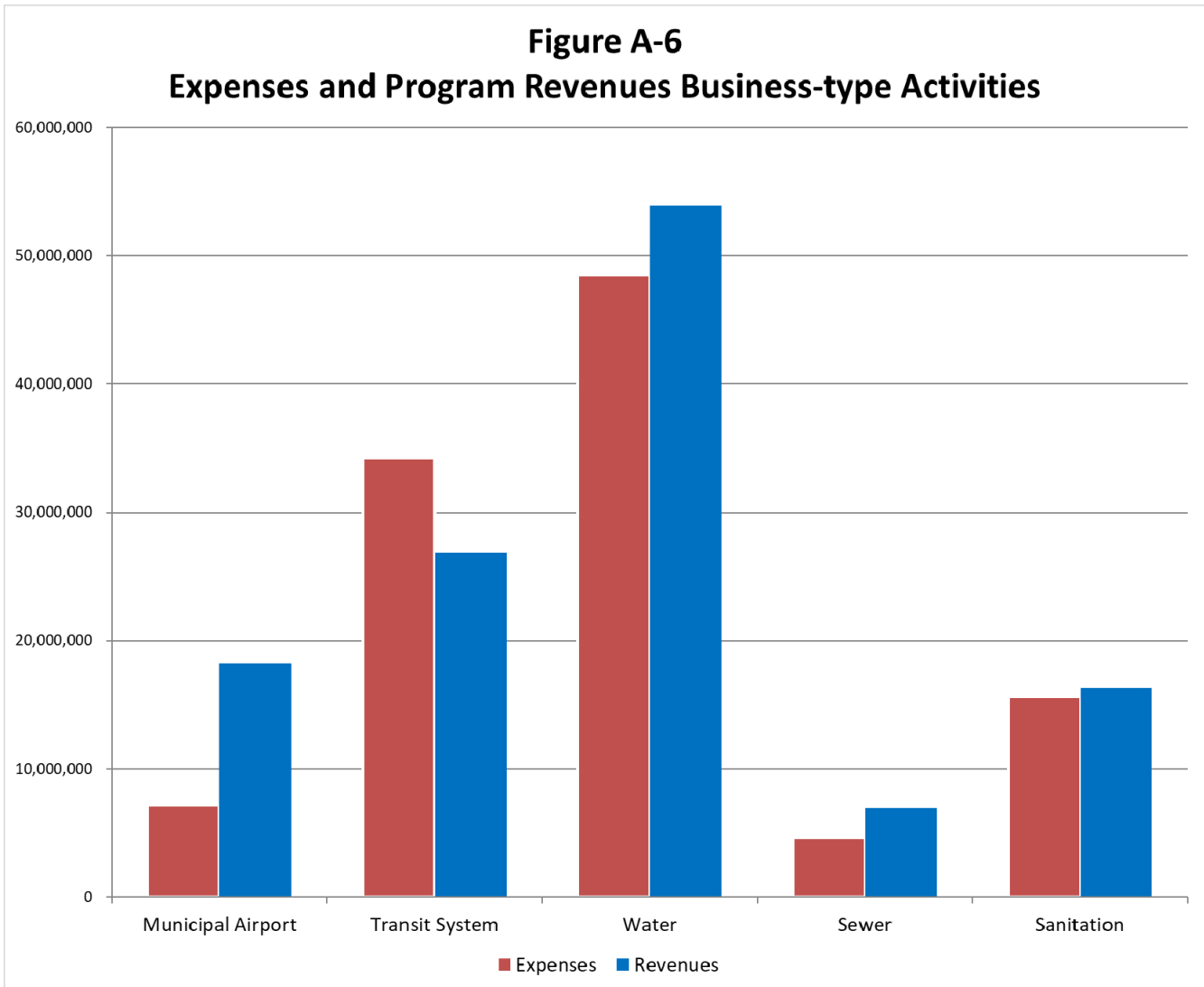
The City's business-type activities expenditures increased by \$13.6 million, or 14.1%, when comparing fiscal year 2023-24 with fiscal year 2022-23. The largest category of expense for business-type activities is the City's Water Fund, which represents 44.0% of total business-type activities expenses. This category totaled \$48.5 million in fiscal year 2023-24, compared to \$46.4 million in fiscal year 2022-23, which is an increase of \$2.1 million or 4.6%. The increase is mainly due to increases in Salaries and employee benefits and in the cost of water. The second largest category is the City's Transit System Fund, which represents 31.1% of total business-type activities expenses. This category totaled \$34.3 million in fiscal year 2023-24, compared to \$29.1 million in fiscal year 2022-23, which is an increase of \$5.2 million or 17.7%. This increase is mainly due to increases in salaries and employee benefits. The third largest category is the City's Sanitation fund, which represents 14.2% of total business-type activities expenses. This category totaled \$15.7 million in fiscal year 2023-24, compared to \$12.5 million in fiscal year 2022-23,

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

an increase of \$3.2 million or 25.6%. This increase is mainly due to increase in contribution to the Self Insurance Fund for liability claims, professional services, and salaries and employee benefits .

Business-type Activities: Expenses and Program Revenues. The following chart, Figure A-6, compares program revenues and expenses for the city's business-type activities.



The comparison of direct expenses and program revenues demonstrates the extent to which each business-type activity area is self-financing, draws from its fund balance, or is supplemented with transfers. Since the chart above is a comparison of direct expenses and program revenues, it also does not include any transfers into/out of other funds. Overall, the City's business-type activities fund their own operations.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances on spendable resources. As the City completed the year, its governmental funds reported a combined fund balance of \$212.0 million (See Table 3). The General Fund is the main operating fund of the City and is the only major fund this year

Table 3
Statement of Revenues, Expenditures and Changes in Fund Balance
(In Millions)

| | General Fund | | Other Governmental Funds | | Total | |
|---|----------------|---------------|-----------------------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Revenues: | | | | | | |
| Taxes | \$231.3 | \$221.6 | \$1.3 | \$1.3 | \$232.6 | \$222.9 |
| Licenses, fees and permits | 5.2 | 5.7 | 2.1 | 0.8 | 7.3 | 6.5 |
| Fines, forfeitures and penalties | 0.7 | 0.7 | 0.2 | 0.2 | 0.9 | 0.9 |
| Use of money and property | 10.8 | 4.8 | 25.3 | 23.9 | 36.2 | 28.7 |
| Intergovernmental | 0.4 | 0.5 | 44.2 | 49.1 | 44.6 | 49.6 |
| Charges for current services | 25.5 | 21.0 | - | - | 25.5 | 21.0 |
| Other Revenues | 0.7 | 4.7 | 0.3 | 0.3 | 1.0 | 5.0 |
| Total revenues | 274.6 | 259.0 | 73.4 | 75.6 | 348.1 | 334.6 |
| Expenditures | | | | | | |
| Current Expenditures | | | | | | |
| General government | 31.9 | 30.0 | 5.1 | 2.2 | 37.0 | 32.2 |
| Nondepartmental | 10.3 | 5.9 | - | - | 10.3 | 5.9 |
| Public Safety | 148.3 | 143.3 | 3.5 | 10.5 | 151.8 | 153.8 |
| Public works | 18.5 | 16.2 | 11.4 | 31.3 | 29.9 | 47.5 |
| Culture and recreation | 23.1 | 21.3 | 0.6 | 0.4 | 23.7 | 21.7 |
| Community development | 8.6 | 8.3 | 8.7 | 8.0 | 17.3 | 16.3 |
| Debt Service | | | | | | |
| Principal Retirement | - | - | 10.0 | 9.3 | 10.0 | 9.3 |
| Interest and fiscal charges | - | - | 12.6 | 12.8 | 12.6 | 12.8 |
| Capital lease | 0.2 | 0.2 | - | - | 0.2 | 0.2 |
| Total expenses | 241.0 | 225.2 | 51.9 | 74.5 | 292.9 | 299.7 |
| Excess of revenues over expenses before transfers | 33.6 | 33.8 | 21.5 | 1.1 | 55.2 | 34.9 |
| Transfers | 3.0 | (13.3) | 1.2 | 1.8 | 4.2 | (11.5) |
| SBITA | 5.0 | 1.0 | 0.1 | 4.3 | 5.1 | 5.3 |
| Increase (decrease) in fund balances | \$41.7 | \$21.5 | \$22.8 | \$7.2 | \$64.5 | \$28.7 |
| Fund balance-beginning | 78.4 | 56.9 | 69.0 | 61.8 | 147.5 | 118.7 |
| Prior Period adjustment | - | - | - | - | - | - |
| Fund balance-ending | \$120.1 | \$78.4 | \$91.8 | \$69.0 | \$212.0 | \$147.5 |

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

General Fund

As shown in Table 3, General Fund revenues increased \$15.6 million or 6.0% from the prior fiscal year. Within the General Fund revenues, there are seven main categories, of which the City experienced increases in three categories in fiscal year 2023-24. The largest revenues source in the General Fund is taxes, which increased \$9.7 million or 4.4%. This is primarily driven by the increase in Sales Tax, mainly due to fiscal 2023-24 being the first full fiscal year since the passage of Measure SST which enacted transaction and use tax starting October 1, 2022. Measure SST generated \$25.7 million in fiscal year 2023-24 compared to \$18.1 million in fiscal year 2022-23. Property Tax revenues also increased primarily due to growth in the City's net taxable assessed property values. The second largest revenue source in the General Fund is charges for current services, which increased \$4.5 million or 21.4%. This is mainly attributable to the increase in emergency transport fees in the Fire department, building and zoning fees in the Community Development department, and recreational program fees in the Community Services department. The third largest revenue source in the General Fund is licenses, fees and permits, which decreased \$0.5 million to \$5.2 million in fiscal year 2023-24, compared to \$5.7 million in fiscal year 2022-23. This decrease is primarily due to the normalizing of building and inspection fees in the Community Development department after a significant spike in 2022-23.

General Fund expenditures increased \$15.8 million from \$225.2 million in fiscal year 2022-23 to \$241.0 million in fiscal year 2023-24. This increase was mainly driven by an increase in Public Safety of \$5.0 million or 3.5%, increase in Non-Departmental of \$4.4 million, and increase in Public Works of \$2.3 million. Public Safety and Public Works expenditures increased mainly due to the increase in salaries as well as contribution to the Self Insurance Fund for liability and workers compensation claims. Non-department expenditures increased primarily due to investments in subscription-based information technology.

The fund balance increased \$41.7 million in General Fund in fiscal year 2023-24, up from \$21.5 million in fiscal year 2022-23. The increase in fund balance growth is primarily due to a decrease transfers out as a result of one-time transfers to the Self-Insurance and Fleet Services funds in fiscal year 2022-23.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

Proprietary funds

The Enterprise Funds provide the same basic type of information found in the government-wide financial statements but in more detail. The major funds reported are the Transit System Fund, Water Fund, Sewer Fund, and Municipal Airport Fund.

The Transit Fund has a decrease in fund net position of \$1.9 million compared to the increase of \$7.6 million in fiscal year 2022-23. The decrease in change of net position is mainly driven by expiration of one-time ARPA Federal grants in conjunction with increases in Salary and employee benefit expenses due to increased employee compensation and reduced vacancies as Staff strive towards increased Transit service levels.

The Water Fund had an increase in fund net position of \$7.3 million compared to the increase of \$8.6 million in fiscal year 2022-23. The Water Fund's expenses increased \$2.1 million when compared to the year prior, mainly due to increases in Salary and employee benefit expenses and the cost of water.

The Sewer Fund had an increase in fund net position of \$2.9 million compared to the increase of \$1.3 million in fiscal year 2022-23, primarily driven by increased revenues due to increases in the wastewater discharge rates that went into effect on January 1, 2023. Subsequent increases of 3% are scheduled to be implemented annually through calendar year 2027.

The Municipal Airport Fund had an increase in fund net position of \$5.8 million, compared to the increase of \$6.4 million in fiscal year 2022-23. The decreased change in net position is primarily related to professional services expenses associated with ongoing remediation efforts. These expenses are anticipated to be reimbursed by insurance settlements in future fiscal years.

General Fund Budgetary Highlights

Over the course of the year, the City has made revisions to its budget upon City Council's approval. The budget amendments fall into the following categories:

- Program modifications presented to the Finance and Governmental Operations Committee during its first quarter and mid-year budget review presentations. Upon approval of the Finance and Governmental Operations Committee, these program modifications were taken to City Council for final approval.
- Budget appropriations and modifications presented directly to the City Council for approval.
- Budget transfers within the respective General Fund departments are also subject to approval by the department head and City Manager's Office.

During the First Quarter Budget Presentation, no modifications were approved.

During the Mid-Year Budget presentation, the following modification was approved:

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

- Delete 1.0 FTE Records Management Specialist and Add 1.0 FTE Deputy City Clerk I in the City Clerk's Office (General Fund)
- Add 1.0 FTE Staff Assistant in the City Manager's Office (General Fund)
- Delete 1.0 FTE Recreation Supervisor and Add 1.0 FTE Senior Business Manager in the Community Services Department (General Fund)
- Delete 0.5 FTE Environmental Aide and Add 0.5 FTE Program Specialist in the Community Services Department (General Fund)
- Delete 1.0 FTE Account Clerk and Add 1.0 FTE Payroll Specialist in the Finance Department (General Fund)
- Delete 1.0 FTE Senior Business Manager and Add 1.0 FTE Risk Manager in the Finance Department (Non-General Fund)
- Delete 1.0 FTE Accounting Technician and Add 1.0 FTE Staff Assistant in the Finance Department (General Fund and Non-General Fund)
- Delete 1.0 FTE Senior Building Inspector and Add 1.0 FTE Capital Projects Construction Supervisor in the General Services Department (General Fund)
- Add 1.0 FTE Intern in the General Services Department (General Fund)
- Add 1.0 FTE Administrative Analyst in the Police Department (General Fund)
- Add 1.0 FTE Police Services Supervisor in the Police Department (General Fund)
- Delete 1.0 FTE Administrative Assistant and Add 1.0 FTE Administrative Analyst in the Police Department (General Fund)

Although the City amended its General Fund expenditure budget, actual charges to appropriations were \$2.8 million below the final adopted budget amounts. The budgetary fund balance for July 1, 2024 exceeded the final budgeted values primarily due to revenues that outperformed the budget, especially in investment earnings and charges for current services. The total expenditure also generated positive budgetary variance as most departments stayed within the budget, with general government and public safety generating the largest positive variances mainly from salary savings.

The City's General Fund fund balance of \$120.1 million differs from the General Fund's budgetary fund balance of \$116.2 million because \$3.9 million of encumbrances are included for budgetary purposes.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2024 amounts to \$564.0 million (net of accumulated depreciation). The net investment in capital assets includes land, right of way, buildings and improvements, equipment, construction in progress, easement, infrastructure and intangible assets.

Table 4
Capital Assets
(net of depreciation, in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$83.2 | \$83.2 | \$8.8 | \$8.8 | \$92.0 | \$92.0 |
| Right of Way | 20.0 | 20.0 | - | - | 20.0 | 20.0 |
| Construction in progress | 16.4 | 21.1 | 5.0 | 20.0 | 21.4 | 41.1 |
| Infrastructure | 164.6 | 159.0 | 130.1 | 110.3 | 294.7 | 269.3 |
| Buildings and improvements | 74.9 | 75.6 | 8.8 | 8.6 | 83.7 | 84.2 |
| Equipment | 24.7 | 22.7 | 16.8 | 18.2 | 41.5 | 40.9 |
| Easement | - | - | 1.1 | 1.1 | 1.1 | 1.1 |
| Intangible | 9.0 | 4.9 | 0.6 | 0.6 | 9.6 | 5.5 |
| Total | \$392.8 | \$386.5 | \$171.2 | \$167.6 | \$564.0 | \$554.1 |

The total capital assets in the governmental activities increased by \$6.3 million (\$392.8 million in fiscal year 2023-24, compared to \$386.5 million in 2022-23) and the business-type activities increased by \$3.6 million (\$171.2 million in fiscal year 2023-24, compared to \$167.6 million in 2022-23). More detailed information about the City's capital assets and its activities during the year is shown in Note 3 of the Notes to Basic Financial Statements.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$390.3 million as shown in Table 5.

Table 5
Outstanding Debt
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------|-----------------------------|--------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue bonds and notes (backed by specific tax and fee revenues) | \$ 388.0 | \$ 397.9 | \$ 2.3 | \$ 2.9 | \$ 390.3 | \$ 400.8 |

For governmental activities, the City currently has \$388.0 million of outstanding debt. During fiscal year 2023-24 the total debt of the City decreased by \$10.5 million due to the annual payments on the City's current outstanding certificates of participation and 2020 and 2021 Lease Revenue Bonds.

The City's General Fund secured a "AA-stable" updated rating from S&P Global Ratings (Standard & Poor's) for its Lease Revenue Bonds that were issued during fiscal year 2020-21.

For business-type activities, the City's Water Fund has outstanding debt of \$2.3 million due to the installment sale agreement to fund the North Torrance Well Field Project.

More detailed information about the City's long-term liabilities is presented in Notes 7 and 8 of the Notes to Basic Financial Statements.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key Highlights of the 2024-25 Budget (Reference the 2024-25 Adopted Budget and Capital Improvement Plan along with the Fiscal Year 2024-25 First Quarter Budget Review Report)

The City Council adopted in June 2024, the second year (fiscal year 2024-25) of the Two-Year Operating budget. Entering the May budget public hearings, staff projected a structurally balanced General Fund Operating Fund budget. Additionally, there was a budgeted increase to the General Fund's overall fund balance of \$9.4 million. The City's Self-Insurance Fund also adopted a structurally balance budget, which marks the first year that this fund is projected to stabilize its overall fund balance. The city continues to address the Self-Insurance Fund's negative fund balance. All other funds remain in balance. Staff continue to monitor the City's budget trends in the future using multi-year projections to ensure structural balance is held over time. The fiscal year 2024-25 Budget marks the third year that the City applied for, and was awarded, the Government Finance Officers Association's Distinguished Budget Presentation Award Program. Additionally, for the first time, the City applied for, and was awarded, the California Society of Municipal Finance Office's Operating Budget Excellence Award for the fiscal year 2023-25. The Fiscal Year 2024-25 Budget will also be submitted for consideration, it is anticipated that City will be notified in January if they have received this award.

Staff provided a First Quarter Budget Review Report in December 2024 for fiscal year 2024-25, which indicated that the General Fund Operating Fund revenues were projected to realize a \$1.2 million surplus largely due to favorable trends in investment returns. Additionally, it is projected that the General Fund Operating Fund's expenditure budget will operate at a surplus of \$4.7 million. This is largely driven by vacancies savings. The Self-Insurance Fund and its deficit net position continue to be an area of focus to ensure this is properly funded and has a reduced reliance on one-time funding to cover projected periodic settlements. The City's Measure SST Fund is projected to have revenues exceed budget by \$246,000. Each individual entities ratio between the Bradley Burns 1% sales tax rate and an implemented transactions and use tax, such as Measure SST, can vary. The City of Torrance Measure SST's revenues are trending about 43% for the City's annual Bradley Burns 1% sales tax distributions for the trailing twelve month period. Additionally, it is projected that the fund will generate a \$830,000 expenditure surplus driven by the homeless response category of spending. Staff have been diligent in securing grant funding through Fiscal Year 2024-25 and have not needed to rely on this General Fund source to date.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

This Budget Review Report highlighted other Areas of Focus that will be monitored for years to come. This includes:

- **Cash Balance by Fund:** Staff highlighted the General Fund cash balance at fiscal year end and noted its balance relative to the overall cash balance of the City and the size of this fund's operation is insufficient. Building this cash balance and the corresponding overall fund balance in the General Fund will be critical to improving the City's fiscal resilience.
- **Labor Trends:** Beginning in fiscal year 2021-22, the City sustained a significant spike in retirements and voluntary resignations. The most cited reasons for these departures were better salaries, benefits, flexibility and advancement opportunity. Staff highlighted positive trends in fiscal year 2023-24 vacancies and voluntary resignations which have now declined since their peak in fiscal year 2021-22. Staff continue closely monitoring these metrics to ensure the City remains attractive and competitive and retains a talented workforce.
- **Expiring Labor Agreements:** The City is in the process of negotiating new labor agreements with its various labor groups. The City has put an emphasis on negotiating labor agreements designed to address gaps with the city's compensation and the labor market. The City has reach an agreements with the safety groups which will expire in December 2025 for police and December 2027 for fire. The City has reached agreements with some its miscellaneous groups and is in the process of settling with the remaining groups.
- **Aging Infrastructure and City Facilities/Parks:** The City of Torrance operates over \$500 million worth of buildings, public facilities, and infrastructure. In fiscal year 2023-24, the City completed a Facility Index Study and assessed the current state of the City's building and park assets. The fiscal year 2024-25 Capital Improvement Plan was designed to better address the necessary maintenance identified at City facilities every year. Measure SST will provide a dedicated stream of funding to improve City parks and other areas throughout the community. However, there remains a significant funding gap between the needed investment in building and park assets and the amount the budget can sustain each year. This will be of continued focus in coming budget cycles to ensure the City's assets are properly maintained.
- **Pension/OPEB Liability Management:** The City continues to focus on this topic due to the significant impact it can have on the City's financials from year to year. In fiscal year 2023-24, CalPERS investments returns were approximately 9.3%. The annual unfunded accrued liability (UAL) payment is expected to increase over the next 20 years. The City's 10-year forecast projects annual payments to increase from \$6.2 million in fiscal year 2024-25 to approximately \$36.5 million in fiscal year 2033-34.

Despite these challenges the City does continue to recover from the peaks of the COVID-19 pandemic. The City has been able to continue restoring its General Fund fund balance, though does need to continue on this path to fiscal sustainability.

CITY OF TORRANCE, CALIFORNIA

Management's Discussion and Analysis For the Fiscal Year ended June 30, 2024

Employee Pensions and Related Debt:

- The City is primarily a service organization with 78.1% of the General Fund budget in labor.
- CalPERS pension and related debt costs (2020 Lease Revenue Bond) as percentage of the general fund budget is 18.3% (CalPERS cost is 11.7% and LRB cost 9.1%).
 - Based on CalPERS 9.3% estimated investment return in fiscal year 2023-24.
- The City has implemented “tiered” pension benefits that transfers more of the pension costs to new employees while reducing some pension benefits. The California Public Employees’ Pension Reform Act was implemented at the state level and implemented by the City with new members sharing in 50% of normal costs.
- During fiscal year 2020-21 the City issued Lease Revenue Bonds totaling \$349.5 million to pay down its UAL with CalPERS. The City projects this will save approximately \$172.2 million over the duration of the bonds without extending the amortization period.
- Beginning in fiscal year 2021-22, the City began making contributions to a Section 115 pension prefunding trust as an additional tool to address fluctuations in pension payments. As of June 30, 2024 the balance stands at \$27.8 million. In fiscal year 2024-25 an additional contribution of \$9.4 million was made.

Other Postemployment Benefits (OPEB):

- The City continues to fund its actuarially determined contributions for Other Postemployment Benefits.
- OPEB mainly covers health benefits for retirees of roughly \$157 a month for Miscellaneous employees and up to an additional \$146.50 to \$332.62 a month for Fire and Police retirees.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have any questions, about this report or need additional financial information, contact the City of Torrance, Finance Department, 3031 Torrance Blvd., Torrance, California 90503.



BASIC FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



GOVERNMENT - WIDE FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA

Statement of Net Position

June 30, 2024

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Assets | | | |
| Pooled cash and investments (note 2) | \$ 230,270,083 | \$ 115,692,999 | \$ 345,963,082 |
| Cash and cash equivalents with fiscal agents (note 2) | 32,471,963 | - | 32,471,963 |
| Accounts receivable | 15,173,206 | 15,138,679 | 30,311,885 |
| Accrued interest receivable | 1,654,779 | 1,811,139 | 3,465,918 |
| Due from other governments (note 16) | 19,046,470 | 3,907,208 | 22,953,678 |
| Lease receivable - current (note 5) | 568,372 | 5,468,258 | 6,036,630 |
| Notes receivable (note 4) | 32,900 | - | 32,900 |
| Advance to custodial fund | 61,440 | - | 61,440 |
| Inventories, at cost | 1,458,789 | 5,981,552 | 7,440,341 |
| Prepays and other assets | 1,246,665 | 188,817 | 1,435,482 |
| Long term assets: | | | |
| Advance to successor agency (note 21) | 5,198,252 | 1,217,738 | 6,415,990 |
| Lease receivable - long term (note 5) | 2,780,261 | 162,427,972 | 165,208,233 |
| Capital assets (note 3): | | | |
| Land | 83,188,658 | 8,833,133 | 92,021,791 |
| Right-of-way | 19,950,273 | - | 19,950,273 |
| Construction in progress | 16,423,803 | 4,965,500 | 21,389,303 |
| Infrastructure, net of accumulated depreciation | 164,624,590 | 130,082,608 | 294,707,198 |
| Building and improvements net of accumulated depreciation | 74,946,708 | 8,776,067 | 83,722,775 |
| Machinery, equipment, furniture and fixtures, net of accumulated depreciation | 24,757,001 | 16,857,216 | 41,614,217 |
| Easement, net of accumulated depreciation | - | 1,055,774 | 1,055,774 |
| SBITA assets, net of accumulated amortization | 8,973,787 | 627,104 | 9,600,891 |
| Total Assets | <u>702,828,000</u> | <u>483,031,764</u> | <u>1,185,859,764</u> |
| Deferred Outflows of Resources | | | |
| Deferred refunding charge | 5,465,916 | - | 5,465,916 |
| Deferred pension amounts (notes 9 and 10) | 116,903,111 | 10,377,953 | 127,281,064 |
| Deferred OPEB amounts (note 11) | 21,803,569 | 2,476,576 | 24,280,145 |
| Total Deferred Outflows of Resources | <u>144,172,596</u> | <u>12,854,529</u> | <u>157,027,125</u> |
| Liabilities | | | |
| Accounts payable | 6,989,101 | 5,956,948 | 12,946,049 |
| Accounts payable - contract retention | 540,059 | 121,012 | 661,071 |
| Accrued liabilities | 12,532,369 | 3,497,303 | 16,029,672 |
| Unearned revenue (note 17) | 824,575 | 12,114,319 | 12,938,894 |
| Deposits and guarantees | 6,230,706 | 245,224 | 6,475,930 |
| Interest payable | 3,089,878 | 71,551 | 3,161,429 |
| Notes payable - portion due or payable within one year (note 8) | 222,727 | - | 222,727 |
| SBITA liability - portion due or payable within one year (note 6) | 971,818 | 174,907 | 1,146,725 |
| Long-term liabilities - portion due or payable within one year (notes 7, 8 and 15) | 29,208,280 | 1,248,264 | 30,456,544 |
| Long-term liabilities: | | | |
| Long-term liabilities - portion due or payable after one year (notes 7, 8 and 15) | 451,575,882 | 4,354,497 | 455,930,379 |
| Notes payable - due in more than one year (note 8) | 697,609 | - | 697,609 |
| SBITA liability - due in more than one year (note 6) | 7,992,816 | 457,420 | 8,450,236 |
| Total pension liability - due in more than one year (notes 9 and 10) | 230,911,907 | 19,544,936 | 250,456,843 |
| Total OPEB liability - due in more than one year (note 11) | 55,389,256 | 6,291,430 | 61,680,686 |
| Total Liabilities | <u>807,176,983</u> | <u>54,077,811</u> | <u>861,254,794</u> |
| Deferred Inflows of Resources | | | |
| Deferred leases (note 5) | 3,112,703 | 153,880,155 | 156,992,858 |
| Deferred pension amounts (notes 9 and 10) | 2,259,904 | 509,445 | 2,769,349 |
| Deferred OPEB amounts (note 11) | 2,534,110 | 287,839 | 2,821,949 |
| Total Deferred Inflows of Resources | <u>7,906,717</u> | <u>154,677,439</u> | <u>162,584,156</u> |
| Net Position (Deficit) | | | |
| Net investment in capital assets | 330,710,382 | 167,132,145 | 497,842,527 |
| Restricted | | | |
| Streets & highways | 51,690,058 | - | 51,690,058 |
| Capital projects | 3,281,248 | - | 3,281,248 |
| Community development | 19,511,406 | - | 19,511,406 |
| Public safety | 2,768,404 | - | 2,768,404 |
| Transportation program | - | 32,296,089 | 32,296,089 |
| Pension | 27,791,847 | - | 27,791,847 |
| Debt service | 6,808 | - | 6,808 |
| Unrestricted | (403,843,257) | 87,702,809 | (316,140,448) |
| Total Net Position (Deficit) | <u>\$ 31,916,896</u> | <u>\$ 287,131,043</u> | <u>\$ 319,047,939</u> |

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Activities and Changes in Net Position
Year ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|-----------------------|-----------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 44,823,659 | \$ 2,383,422 | \$ 4,308,189 | \$ 11,165,190 |
| Public safety | 183,967,651 | 12,065,693 | 221,089 | 3,150,353 |
| Public works | 31,248,832 | 1,628,158 | - | 16,608,166 |
| Culture and recreation | 26,074,339 | 5,706,337 | 618,434 | - |
| Community development | 18,824,559 | 11,983,849 | 8,470,654 | - |
| Interest on long-term debt | 12,984,153 | - | - | - |
| Total Governmental Activities | 317,923,193 | 33,767,459 | 13,618,366 | 30,923,709 |
| Business-Type Activities: | | | | |
| Municipal airport | 7,150,797 | 18,260,880 | - | - |
| Transit system | 34,262,858 | 1,211,252 | 25,573,193 | 61,877 |
| Water | 48,543,018 | 53,973,747 | - | - |
| Sewer | 4,588,553 | 6,907,270 | - | - |
| Sanitation | 15,672,008 | 15,903,067 | 398,140 | - |
| Total Business-Type Activities | 110,217,234 | 96,256,216 | 25,971,333 | 61,877 |
| Total Primary Government | \$ 428,140,427 | \$ 130,023,675 | \$ 39,589,699 | \$ 30,985,586 |

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Utility users taxes
- Occupancy taxes
- Business license taxes
- Construction, real property, cogeneration and misc. taxes
- Investment earnings
- Motor vehicle tax (unrestricted)
- Miscellaneous

Loss on disposal of SBITA

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position (Deficit) - beginning

Net Position (Deficit) - ending

See accompanying notes to the basic financial statements.

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|---------------------------------|-----------------------|
| \$ (26,966,858) | \$ - | \$ (26,966,858) |
| (168,530,516) | - | (168,530,516) |
| (13,012,508) | - | (13,012,508) |
| (19,749,568) | - | (19,749,568) |
| 1,629,944 | - | 1,629,944 |
| (12,984,153) | - | (12,984,153) |
| (239,613,659) | - | (239,613,659) |
| - | 11,110,083 | 11,110,083 |
| - | (7,416,536) | (7,416,536) |
| - | 5,430,729 | 5,430,729 |
| - | 2,318,717 | 2,318,717 |
| - | 629,199 | 629,199 |
| - | 12,072,192 | 12,072,192 |
| (239,613,659) | 12,072,192 | (227,541,467) |
| 64,183,124 | - | 64,183,124 |
| 85,530,635 | - | 85,530,635 |
| 40,683,522 | - | 40,683,522 |
| 12,580,760 | - | 12,580,760 |
| 10,544,653 | - | 10,544,653 |
| 19,077,451 | - | 19,077,451 |
| 35,409,582 | 9,735,554 | 45,145,136 |
| 181,407 | - | 181,407 |
| 830,180 | 578,967 | 1,409,147 |
| (16,426) | - | (16,426) |
| 8,385,024 | (8,385,024) | - |
| 277,389,912 | 1,929,497 | 279,319,409 |
| 37,776,253 | 14,001,689 | 51,777,942 |
| (5,859,357) | 273,129,354 | 267,269,997 |
| <u>\$ 31,916,896</u> | <u>\$ 287,131,043</u> | <u>\$ 319,047,939</u> |

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF TORRANCE, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2024

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------|--------------------------------|-----------------------------|
| Assets | | | |
| Pooled cash and investments (note 2) | \$ 66,828,969 | \$ 99,318,290 | \$ 166,147,259 |
| Cash and cash equivalents with fiscal agents (note 2) | 27,791,847 | 3,663,885 | 31,455,732 |
| Accounts receivable | 10,481,146 | 316,131 | 10,797,277 |
| Accrued interest receivable | 930,848 | 411,449 | 1,342,297 |
| Due from other funds (note 13) | 6,565,851 | - | 6,565,851 |
| Due from other governments (note 16) | 15,683,197 | 3,363,273 | 19,046,470 |
| Advance to successor agency (note 13) | 3,915,055 | 1,283,197 | 5,198,252 |
| Advance to custodial fund | 61,440 | - | 61,440 |
| Interfund advances receivable (note 13) | - | 600,000 | 600,000 |
| Notes receivable (note 4) | - | 32,900 | 32,900 |
| Lease receivable (note 5) | 2,576,837 | 771,796 | 3,348,633 |
| Prepays | 901,453 | 250 | 901,703 |
| Total Assets | <u>\$ 135,736,643</u> | <u>\$ 109,761,171</u> | <u>\$ 245,497,814</u> |
| Liabilities | | | |
| Accounts payable | \$ 4,547,853 | \$ 1,892,921 | \$ 6,440,774 |
| Accounts payable - contract retention | - | 468,284 | 468,284 |
| Accrued liabilities | 4,736,696 | 1,695,910 | 6,432,606 |
| Due to other funds (note 13) | - | 6,565,851 | 6,565,851 |
| Interfund advances payable (note 13) | 600,000 | - | 600,000 |
| Unearned revenue (note 17) | 794,432 | 30,143 | 824,575 |
| Deposits and guarantees | 346,368 | 5,884,338 | 6,230,706 |
| Total Liabilities | <u>11,025,349</u> | <u>16,537,447</u> | <u>27,562,796</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue | 2,155,055 | 703,197 | 2,858,252 |
| Deferred leases (note 5) | 2,421,283 | 691,420 | 3,112,703 |
| Total Deferred Inflows of Resources | <u>4,576,338</u> | <u>1,394,617</u> | <u>5,970,955</u> |
| Fund Balances | | | |
| Nonspendable | | | |
| Advances, net | 1,760,000 | 580,000 | 2,340,000 |
| Prepays | 901,453 | 250 | 901,703 |
| Restricted for: | | | |
| Public safety | - | 3,744,172 | 3,744,172 |
| Public works | - | 54,714,324 | 54,714,324 |
| Culture and recreation - | | | |
| Cable TV education | 3,248,120 | - | 3,248,120 |
| Parks and recreation | - | 4,491,175 | 4,491,175 |
| Community development | - | 11,213,966 | 11,213,966 |
| Pension | 27,791,847 | - | 27,791,847 |
| Debt service | - | 6,808 | 6,808 |
| Assigned to: | | | |
| Public safety | 114,292 | - | 114,292 |
| Capital projects - | | | |
| IT replacement | 5,554,519 | - | 5,554,519 |
| Telephone replacement | 1,169,275 | - | 1,169,275 |
| Other | 845,989 | 17,852,971 | 18,698,960 |
| Unassigned | 78,749,461 | (774,559) | 77,974,902 |
| Total Fund Balances | <u>120,134,956</u> | <u>91,829,107</u> | <u>211,964,063</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 135,736,643</u> | <u>\$ 109,761,171</u> | <u>\$ 245,497,814</u> |

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balances of governmental funds \$ 211,964,063

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

| | | | |
|--|----|------------------|-------------|
| Land | \$ | 83,188,658 | |
| Right-of-way | | 19,950,273 | |
| Construction in progress | | 14,823,055 | |
| Infrastructure, net of \$217,963,271 accumulated depreciation | | 164,624,590 | |
| Buildings and improvements, net of \$73,793,165 accumulated depreciation | | 74,946,708 | |
| Machinery and equipment, net of \$43,997,288 accumulated depreciation | | 17,511,638 | |
| SBITA asset, net of \$1,646,966 accumulated amortization | | <u>8,692,200</u> | |
| | | | 383,737,122 |

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.

| | | | |
|---|--|---------------------|---------------|
| Compensated absences | | (14,255,607) | |
| Notes payable | | (920,336) | |
| SBITA liability | | (8,685,869) | |
| Joint Powers Financing Authority lease revenue bonds | | (368,900,000) | |
| Public Property Financing Corporation refunding certificates of participation | | (19,070,000) | |
| Certificates of participation premium | | (1,295,325) | |
| Deferred refunding charge | | 5,465,916 | |
| Total pension liability | | (227,685,043) | |
| Total OPEB liability | | <u>(54,525,726)</u> | |
| | | | (689,871,990) |

Accrued interest payable on long-term debt does not require current financial resources and therefore interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

| | | | |
|---|--|------------------|-------------|
| Accrued interest payable on bonded debt | | (2,903,409) | |
| Accrued interest payable on SBITA liability | | <u>(167,754)</u> | |
| | | | (3,071,163) |

Accrued interest receivable on advance to Successor Agency is considered unavailable revenue and is reported as a deferred inflow in the Governmental Funds Balance Sheet. The interest receivable is included in the governmental activities in the Statement of Net Position as additional advance to Successor Agency.

| | | | |
|---|--|------------------|-----------|
| Deferred inflows of resources - unavailable revenue | | <u>2,858,252</u> | |
| | | | 2,858,252 |

Deferred outflows are not current assets or financial resources, and the deferred inflows are not due and payable in the current period, and therefore are not reported in the Governmental Funds Balance Sheet.

| | | | |
|--|--|--------------------|-------------|
| Deferred outflows of resources - pension | | 115,110,390 | |
| Deferred outflows of resources - OPEB | | 21,463,647 | |
| Deferred inflows of resources - pension | | (2,170,692) | |
| Deferred inflows of resources - OPEB | | <u>(2,494,603)</u> | |
| | | | 131,908,742 |

Internal service funds are used by management to charge the cost of fleet management and self-insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.

(5,608,130)

Net Position of Governmental Activities

\$ 31,916,896

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2024

| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------|--|-------------------------------------|
| Revenues: | | | |
| Taxes | \$ 231,322,318 | \$ 1,277,827 | \$ 232,600,145 |
| Licenses, fees and permits | 5,257,568 | 2,079,820 | 7,337,388 |
| Fines, forfeitures and penalties | 727,156 | 242,302 | 969,458 |
| Use of money and property | 10,810,978 | 25,370,940 | 36,181,918 |
| Intergovernmental | 368,968 | 44,202,958 | 44,571,926 |
| Charges for current services | 25,460,614 | - | 25,460,614 |
| Other revenues | 696,805 | 284,518 | 981,323 |
| Total revenues | <u>274,644,407</u> | <u>73,458,365</u> | <u>348,102,772</u> |
| Expenditures: | | | |
| Current expenditures: | | | |
| General government | 31,899,220 | 5,085,066 | 36,984,286 |
| Nondepartmental | 10,343,454 | - | 10,343,454 |
| Public safety | 148,328,400 | 3,533,534 | 151,861,934 |
| Public works | 18,538,439 | 11,441,297 | 29,979,736 |
| Culture and recreation | 23,102,457 | 591,467 | 23,693,924 |
| Community development | 8,600,980 | 8,674,929 | 17,275,909 |
| Debt service: | | | |
| Principal retirement (note 8) | - | 9,955,000 | 9,955,000 |
| Interest and fiscal charges | - | 12,638,178 | 12,638,178 |
| Capital lease | 217,996 | - | 217,996 |
| Total expenditures | <u>241,030,946</u> | <u>51,919,471</u> | <u>292,950,417</u> |
| Excess of revenues over (under) expenditures | <u>33,613,461</u> | <u>21,538,894</u> | <u>55,152,355</u> |
| Other financing sources (uses): | | | |
| Transfers in (note 14) | 14,652,197 | 7,769,164 | 22,421,361 |
| Transfers out (note 14) | (11,605,911) | (6,602,900) | (18,208,811) |
| SBITA | 5,035,998 | 113,760 | 5,149,758 |
| Total other financing sources (uses) | <u>8,082,284</u> | <u>1,280,024</u> | <u>9,362,308</u> |
| Net change in fund balances | 41,695,745 | 22,818,918 | 64,514,663 |
| Fund balances, July 1, 2023 | <u>78,439,211</u> | <u>69,010,189</u> | <u>147,449,400</u> |
| Fund balances, June 30, 2024 | <u>\$ 120,134,956</u> | <u>\$ 91,829,107</u> | <u>\$ 211,964,063</u> |

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 64,514,663

The change in net position reported for governmental activities in the Statement of Activities and Changes in Net Position is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|---|--------------|-------------|
| Depreciation expense (excluding internal service funds) | (14,254,117) | |
| Asset additions funded by Governmental Funds | 13,132,771 | |
| | | (1,121,346) |

The issuance of long-term debt (e.g. bonds), provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|---|-----------|------------|
| Notes payable | 217,996 | |
| Bond principal payment | 9,955,000 | |
| Subscription payment | 1,095,773 | |
| Amortization of bond premium | 57,570 | |
| Amortization of deferred refunding charge | (293,980) | |
| | | 11,032,359 |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable, available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis until due, rather than as it accrues. This adjustment combines the net changes of accrued interest and advances.

| | | |
|---|--------|--------|
| Accrued interest payable on bonded debt | 32,634 | |
| | | 32,634 |

The amounts below reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds (net change).

| | | |
|---|-------------|-------------|
| Compensated absences (excluding internal service funds) | (528,709) | |
| Interest receivable on advance to Successor Agency | (771,851) | |
| SBITA | (1,239,086) | |
| | | (2,539,646) |

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in total pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.

(41,560,953)

Governmental funds report OPEB benefits paid to retirees as expenditures. However, in the statement of activities, OPEB expense is measured as the change in total OPEB liability and the amortization of deferred outflows and inflows related to OPEB. This amount represents the net change in OPEB related amounts.

(631,687)

Internal service funds are used by management to charge the cost of fleet management and self-insurance to individual funds. The net revenue of certain activities are reported with the governmental activities.

8,050,229

Change in net position of governmental activities

\$ 37,776,253

See accompanying notes to the basic financial statements

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|--------------------|--------------------|---------------------------------|--|
| | Original | Final | Budgetary Basis (see Note A) | Final Budget positive (negative) |
| Budgetary fund balance, July 1, 2023 | \$ 78,439,211 | \$ 78,439,211 | \$ 78,439,211 | \$ - |
| Resources (inflows): | | | | |
| Taxes: | | | | |
| Property Taxes: | | | | |
| Current secured taxes | 43,300,333 | 43,300,333 | 42,879,637 | (420,696) |
| Current unsecured taxes | 1,500,099 | 1,500,099 | 1,406,545 | (93,554) |
| Prior years secured taxes | - | - | - | - |
| Prior years unsecured taxes | 59,961 | 59,961 | 61,176 | 1,215 |
| VLF swap and repayment taxes | 17,826,057 | 17,826,057 | 17,897,819 | 71,762 |
| Penalties and interest | 177,400 | 177,400 | 160,887 | (16,513) |
| Supplemental current secured | 1,146,155 | 1,146,155 | 941,880 | (204,275) |
| Redemption | 795,303 | 795,303 | 659,465 | (135,838) |
| Aircraft assessment tax | 158,666 | 158,666 | 175,715 | 17,049 |
| | <u>64,963,974</u> | <u>64,963,974</u> | <u>64,183,124</u> | <u>(780,850)</u> |
| Taxes other than property: | | | | |
| Sales and use tax | 85,222,083 | 85,307,483 | 85,530,635 | 223,152 |
| Prop 172 sales tax | 2,096,177 | 2,096,177 | 2,112,861 | 16,684 |
| Business license tax | 9,954,870 | 9,954,870 | 10,544,653 | 589,783 |
| Business permit tax | 242,679 | 242,679 | 218,889 | (23,790) |
| Utility users tax | 43,707,406 | 43,707,406 | 40,683,522 | (3,023,884) |
| Construction tax | 2,033,484 | 2,033,484 | 1,308,065 | (725,419) |
| Real property transfer tax | 828,540 | 828,540 | 911,613 | 83,073 |
| Franchise tax-all other | 9,831,080 | 9,831,080 | 12,045,564 | 2,214,484 |
| Public education government fees | 350,000 | 350,000 | 277,038 | (72,962) |
| Occupancy tax | 13,126,729 | 13,126,729 | 12,580,760 | (545,969) |
| Oil severance tax | 14,041 | 14,041 | 4,998 | (9,043) |
| Cogeneration tax | 757,698 | 757,698 | 605,913 | (151,785) |
| Alarm permit fees | 181,248 | 181,248 | 314,683 | 133,435 |
| | <u>168,346,035</u> | <u>168,431,435</u> | <u>167,139,194</u> | <u>(1,292,241)</u> |
| Total taxes | <u>233,310,009</u> | <u>233,395,409</u> | <u>231,322,318</u> | <u>(2,073,091)</u> |
| Licenses, fees and permits: | | | | |
| Fire permits | 181,656 | 181,656 | 230,474 | 48,818 |
| Animal permits | 152,923 | 152,923 | 106,059 | (46,864) |
| Construction/excavation permits | 296,601 | 296,601 | 265,230 | (31,371) |
| Grading permits | 107,248 | 107,248 | 89,870 | (17,378) |
| Building permits | 2,906,912 | 2,906,912 | 2,457,274 | (449,638) |
| Plumbing permits | 60,552 | 60,552 | - | (60,552) |
| Electrical permits | 242,209 | 242,209 | 441,489 | 199,280 |
| Mechanical permits | 128,371 | 128,371 | 183,922 | 55,551 |
| Special energy inspection fees | 974,890 | 974,890 | 1,009,269 | 34,379 |
| Sign permits and filing fees | 41,252 | 41,252 | 44,306 | 3,054 |
| Other licenses and permits | - | - | 158 | 158 |
| NPDES building permit fees | 466,305 | 466,305 | 390,833 | (75,472) |
| Building TEQECC filing fees | 26,396 | 26,396 | 34,308 | 7,912 |
| Oversized vehicle permit fees | 7,214 | 7,214 | 4,376 | (2,838) |
| Total licenses, fees, and permits | <u>5,592,529</u> | <u>5,592,529</u> | <u>5,257,568</u> | <u>(334,961)</u> |

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|-------------------|------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| | | | <u>(see Note A)</u> | <u>positive</u> |
| | | | | <u>(negative)</u> |
| Fines, forfeitures and penalties: | | | | |
| Parking citations | \$ 671,069 | \$ 671,069 | \$ 671,393 | \$ 324 |
| Administrative citations | - | - | 55,763 | 55,763 |
| Traffic fines | 72,627 | 72,627 | - | (72,627) |
| General fines | 16,976 | 16,976 | - | (16,976) |
| Total fines, forfeitures and penalties | <u>760,672</u> | <u>760,672</u> | <u>727,156</u> | <u>(33,516)</u> |
| Use of money and property: | | | | |
| Investment earnings | 1,649,160 | 1,649,160 | 7,573,115 | 5,923,955 |
| Rents and concessions | 2,985,396 | 2,985,396 | 3,230,473 | 245,077 |
| Royalties | 26,472 | 26,472 | 7,390 | (19,082) |
| Total use of money and property | <u>4,661,028</u> | <u>4,661,028</u> | <u>10,810,978</u> | <u>6,149,950</u> |
| Intergovernmental: | | | | |
| State motor vehicle licenses | 131,225 | 131,225 | 181,407 | 50,182 |
| State homeowners property tax relief | 50,938 | 50,938 | 167,624 | 116,686 |
| Other state grants | 167,338 | 167,338 | 19,937 | (147,401) |
| Total Intergovernmental | <u>349,501</u> | <u>349,501</u> | <u>368,968</u> | <u>19,467</u> |
| Charges for current services: | | | | |
| TUSD collection fees | - | - | 27,616 | 27,616 |
| Planning and zoning fees | 1,261,793 | 1,261,793 | 1,159,477 | (102,316) |
| Traffic signal maintenance | 242,177 | 242,177 | 231,583 | (10,594) |
| State encroachment collection fees | 8,114 | 8,114 | 6,043 | (2,071) |
| Grading | 80,603 | 80,603 | 84,206 | 3,603 |
| Plan check fees-building | 2,419,458 | 2,719,458 | 3,340,996 | 621,538 |
| Plan check fees-engineering | 41,004 | 41,004 | 29,063 | (11,941) |
| Green building code fees | 954,784 | 954,784 | 986,892 | 32,108 |
| Appeal fees | 3,931 | 3,931 | 875 | (3,056) |
| Other inspection fees | 423,071 | 423,071 | 637,337 | 214,266 |
| Engineering mapping fees | 56,687 | 56,687 | 38,055 | (18,632) |
| Engineering inspection fees | 887,872 | 887,872 | 735,962 | (151,910) |
| General government service charges | 639,334 | 639,334 | 640,042 | 708 |
| Advertising on shelters | 207,685 | 207,685 | 57,798 | (149,887) |
| Microfilming fees | 401,524 | 401,524 | 394,073 | (7,451) |
| Police charges-copies and photos | 57,700 | 57,700 | 48,189 | (9,511) |
| Police charges-fingerprinting and other | 377,267 | 482,267 | 323,940 | (158,327) |
| Fire department fees | 8,721,105 | 8,721,105 | 9,463,425 | 742,320 |
| Fire department fees-hazardous materials fees | 989,584 | 989,584 | 979,339 | (10,245) |
| Cultural arts center fees | 1,167,489 | 1,167,489 | 943,769 | (223,720) |
| Parks and recreational fees | 4,507,044 | 4,507,044 | 5,235,588 | 728,544 |
| Miscellaneous | 53,980 | 53,980 | 89,265 | 35,285 |
| Library revenues | 3,419 | 3,419 | 7,081 | 3,662 |
| Total charges for current services | <u>23,505,625</u> | <u>23,910,625</u> | <u>25,460,614</u> | <u>1,549,989</u> |

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|--------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis</u> | <u>Final Budget</u> |
| | | | (see Note A) | positive (negative) |
| Other revenues: | | | | |
| Donations-private sources | \$ - | \$ 20,200 | \$ 57,660 | \$ 37,460 |
| Miscellaneous | 209,360 | 209,360 | 639,145 | 429,785 |
| Total other revenues | <u>209,360</u> | <u>229,560</u> | <u>696,805</u> | <u>467,245</u> |
| SBITA | - | 5,035,998 | 5,035,998 | - |
| Transfers in | 14,542,835 | 14,581,095 | 14,652,197 | 71,102 |
| Amounts available for appropriation | <u>361,370,770</u> | <u>366,955,628</u> | <u>372,771,813</u> | <u>5,816,185</u> |
| Charges to appropriation (outflows) | | | | |
| General government: | | | | |
| City Council | 491,690 | 532,213 | 473,805 | 58,408 |
| Commissions and committees: | | | | |
| Parks and recreation | 5,683 | 5,683 | 3,310 | 2,373 |
| Planning | 27,571 | 27,571 | 19,335 | 8,236 |
| Environmental quality | 1,674 | 1,674 | 1,152 | 522 |
| Cultural arts | 2,342 | 2,342 | 1,723 | 619 |
| Traffic | 1,991 | 1,991 | 1,816 | 175 |
| Youth council | 11,103 | 11,103 | 4,970 | 6,133 |
| Historic preservation | 2,389 | 2,389 | 1,122 | 1,267 |
| Commission on aging | 2,719 | 2,719 | 1,764 | 955 |
| Library | 3,357 | 3,357 | 3,084 | 273 |
| Social services | 25,125 | 25,125 | 11,651 | 13,474 |
| City manager | 7,480,444 | 7,295,504 | 7,005,816 | 289,688 |
| City attorney | 3,101,007 | 3,230,446 | 3,083,359 | 147,087 |
| City clerk | 1,348,368 | 1,438,957 | 1,399,018 | 39,939 |
| City treasurer | 341,917 | 365,667 | 342,715 | 22,952 |
| Finance | 6,230,960 | 6,571,866 | 5,966,666 | 605,200 |
| Human resources | 2,337,826 | 2,665,716 | 2,558,706 | 107,010 |
| Civil service | 698,922 | 1,036,303 | 1,011,164 | 25,139 |
| Communications & Info Tech | 10,846,906 | 8,861,456 | 8,811,059 | 50,397 |
| General services | 10,416,004 | 11,168,843 | 10,326,786 | 842,057 |
| Less indirect cost allocation, other funds | (8,557,193) | (8,557,193) | (7,901,694) | (655,499) |
| Total general government | <u>34,820,805</u> | <u>34,693,732</u> | <u>33,127,327</u> | <u>1,566,405</u> |
| Nondepartmental | | | | |
| Community promotion | 542,093 | 603,577 | 557,656 | 45,921 |
| Other | 3,263,293 | 6,075,492 | 6,074,597 | 895 |
| Leaseback payments | 3,779,812 | 3,779,812 | 3,762,835 | 16,977 |
| Total nondepartmental | <u>7,585,198</u> | <u>10,458,881</u> | <u>10,395,088</u> | <u>63,793</u> |

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts Budgetary Basis (see Note A) | Variance with Final Budget positive (negative) |
|--------------------------------------|-------------------------|-----------------------|--|---|
| | Original | Final | | |
| Community Development | \$ 9,604,882 | \$ 8,843,277 | \$ 8,667,264 | \$ 176,013 |
| Public safety: | | | | |
| Police | 95,466,846 | 89,919,141 | 89,379,382 | 539,759 |
| Fire | 58,971,023 | 60,282,795 | 60,280,217 | 2,578 |
| Total public safety | <u>154,437,869</u> | <u>150,201,936</u> | <u>149,659,599</u> | <u>542,337</u> |
| Public works | <u>19,180,298</u> | <u>19,635,990</u> | <u>19,517,101</u> | <u>118,889</u> |
| Culture and recreation | <u>27,055,352</u> | <u>23,850,402</u> | <u>23,388,680</u> | <u>461,722</u> |
| Capital lease | <u>217,996</u> | <u>217,996</u> | <u>217,996</u> | <u>-</u> |
| Transfers out | <u>3,889,639</u> | <u>11,670,750</u> | <u>11,605,911</u> | <u>64,839</u> |
| Total Charges to appropriations | <u>256,792,039</u> | <u>259,572,964</u> | <u>256,578,966</u> | <u>2,993,998</u> |
| Budgetary Fund Balance, July 1, 2024 | <u>\$ 104,578,731</u> | <u>\$ 107,382,664</u> | <u>\$ 116,192,847</u> | <u>\$ 8,810,183</u> |

See accompanying notes to the basic financial statements

CITY OF TORRANCE, CALIFORNIA

Budgetary Comparison Statement

Budget-to-GAAP Reconciliation

General Fund

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

| | |
|--|-----------------------|
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement | \$ 372,771,813 |
| Differences - budget to GAAP: | |
| The fund balance at the beginning of the year (as restated) is not a current year revenue for financial reporting purposes | (78,439,211) |
| SBITA are inflows of budgetary resources, but are not revenues for financial reporting purposes | (5,035,998) |
| Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes | <u>(14,652,197)</u> |
| Total Revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 274,644,407</u> |

Uses/outflows of resources

| | |
|---|-----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement | \$ 256,578,966 |
| Differences - budget to GAAP: | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes | (3,942,109) |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(11,605,911)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 241,030,946</u> |



PROPRIETARY FUND FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF TORRANCE, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2024

| | Business-type Activities | | | | | Total | Governmental |
|---|---------------------------|-----------------------|----------------------|------------------------------|--------------------------------|-----------------------|---------------------------|
| | Enterprise Funds | | | | | | Activity |
| | Transit System Fund | Water Fund | Sewer Fund | Municipal Airport Fund | Nonmajor Enterprise Fund | | Internal Service Funds |
| Assets and Deferred Outflows of Resources | | | | | | | |
| Current assets: | | | | | | | |
| Pooled cash and investments (note 2) | \$ 45,845,965 | \$ 33,365,425 | \$ 13,841,619 | \$ 14,468,086 | \$ 8,171,904 | \$ 115,692,999 | \$ 64,122,824 |
| Cash and cash equivalents with fiscal agents (note 2) | - | - | - | - | - | - | 1,016,231 |
| Accounts receivable | 702,088 | 7,689,000 | 1,641,586 | 848,409 | 4,257,596 | 15,138,679 | 4,375,929 |
| Accrued interest receivable | 321,816 | 232,843 | 96,876 | 1,052,361 | 107,243 | 1,811,139 | 312,482 |
| Lease receivable - current (note 5) | - | - | - | 5,468,258 | - | 5,468,258 | - |
| Inventory | 1,625,485 | 4,356,067 | - | - | - | 5,981,552 | 1,458,789 |
| Due from other governments (note 16) | 3,905,040 | - | 311 | - | 1,857 | 3,907,208 | - |
| Prepays | 147,250 | - | - | - | 41,567 | 188,817 | 344,962 |
| Total current assets | <u>52,547,644</u> | <u>45,643,335</u> | <u>15,580,392</u> | <u>21,837,114</u> | <u>12,580,167</u> | <u>148,188,652</u> | <u>71,631,217</u> |
| Noncurrent assets: | | | | | | | |
| Advance to successor agency (note 13) | - | 1,217,738 | - | - | - | 1,217,738 | - |
| Lease receivable - long term (note 5) | - | - | - | 162,427,972 | - | 162,427,972 | - |
| Capital assets, net (note 3) | 15,396,683 | 107,079,208 | 36,649,777 | 8,419,845 | 3,651,889 | 171,197,402 | 9,127,698 |
| Total noncurrent assets | <u>15,396,683</u> | <u>108,296,946</u> | <u>36,649,777</u> | <u>170,847,817</u> | <u>3,651,889</u> | <u>334,843,112</u> | <u>9,127,698</u> |
| Deferred outflows of resources: | | | | | | | |
| Deferred pension amounts | 4,143,161 | 2,637,999 | 1,058,681 | 560,745 | 1,977,367 | 10,377,953 | 1,792,721 |
| Deferred OPEB amounts | 1,335,408 | 485,604 | 194,241 | 97,121 | 364,202 | 2,476,576 | 339,922 |
| Total deferred outflows of resources | <u>5,478,569</u> | <u>3,123,603</u> | <u>1,252,922</u> | <u>657,866</u> | <u>2,341,569</u> | <u>12,854,529</u> | <u>2,132,643</u> |
| Total Assets and Deferred Outflows of Resources | <u>73,422,896</u> | <u>157,063,884</u> | <u>53,483,091</u> | <u>193,342,797</u> | <u>18,573,625</u> | <u>495,886,293</u> | <u>82,891,558</u> |
| Liabilities and Deferred Inflows of Resources | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | 791,619 | 3,988,661 | 18,389 | 725,295 | 432,984 | 5,956,948 | 548,327 |
| Contract retainage payable | 72,287 | 3,340 | - | 45,385 | - | 121,012 | 71,775 |
| Deposits payable | - | 44,570 | - | 200,654 | - | 245,224 | - |
| Accrued interest payable | 11,940 | 8,912 | - | - | 50,699 | 71,551 | 18,715 |
| Accrued liabilities | 424,417 | 2,930,848 | 33,230 | 25,762 | 83,046 | 3,497,303 | 6,099,763 |
| Compensated absences payable-current | 318,550 | 107,857 | 35,452 | 58,249 | 75,511 | 595,619 | 9,783,476 |
| Current installment sale loan payable - principal (notes 7 and 8) | - | 594,529 | - | - | - | 594,529 | - |
| Easement payable - current | - | 58,116 | - | - | - | 58,116 | - |
| SBITA liability - current (note 6) | 174,907 | - | - | - | - | 174,907 | 54,494 |
| Accrued liabilities for self-insurance claims - current (note 15) | - | - | - | - | - | - | 12,333,118 |
| Unearned revenues (note 17) | 11,828,920 | - | - | 285,399 | - | 12,114,319 | - |
| Total current liabilities | <u>13,622,640</u> | <u>7,736,833</u> | <u>87,071</u> | <u>1,340,744</u> | <u>642,240</u> | <u>23,429,528</u> | <u>28,909,668</u> |
| Noncurrent liabilities: | | | | | | | |
| Compensated absences payable - long term | 906,643 | 306,979 | 100,900 | 165,786 | 214,916 | 1,695,224 | - |
| Long-term obligations (notes 7 and 8) | - | 2,659,273 | - | - | - | 2,659,273 | - |
| SBITA liability - long term (note 6) | 457,420 | - | - | - | - | 457,420 | 224,271 |
| Accrued liability for self-insurance claims long-term (note 15) | - | - | - | - | - | - | 55,146,636 |
| Total pension liability | 7,696,142 | 5,304,803 | 2,033,509 | 976,253 | 3,534,229 | 19,544,936 | 3,226,864 |
| Total OPEB liability | 3,392,438 | 1,233,614 | 493,445 | 246,723 | 925,210 | 6,291,430 | 863,530 |
| Total noncurrent liabilities | <u>12,452,643</u> | <u>9,504,669</u> | <u>2,627,854</u> | <u>1,388,762</u> | <u>4,674,355</u> | <u>30,648,283</u> | <u>59,461,301</u> |
| Deferred inflows of resources: | | | | | | | |
| Deferred leases (note 5) | - | - | - | 153,880,155 | - | 153,880,155 | - |
| Deferred pension amounts | 204,248 | 126,774 | 51,649 | 28,172 | 98,602 | 509,445 | 89,212 |
| Deferred OPEB amounts | 155,207 | 56,439 | 22,576 | 11,288 | 42,329 | 287,839 | 39,507 |
| Total deferred inflows of resources | <u>359,455</u> | <u>183,213</u> | <u>74,225</u> | <u>153,919,615</u> | <u>140,931</u> | <u>154,677,439</u> | <u>128,719</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>26,434,738</u> | <u>17,424,715</u> | <u>2,789,150</u> | <u>156,649,121</u> | <u>5,457,526</u> | <u>208,755,250</u> | <u>88,499,688</u> |
| Net Position | | | | | | | |
| Net investment in capital assets | 14,692,069 | 103,763,950 | 36,649,777 | 8,374,460 | 3,651,889 | 167,132,145 | 9,055,923 |
| Restricted | - | - | - | - | - | - | - |
| Transportation program | 32,296,089 | - | - | - | - | 32,296,089 | - |
| Unrestricted | - | 35,875,219 | 14,044,164 | 28,319,216 | 9,464,210 | 87,702,809 | (14,664,053) |
| Total Net Position | <u>\$ 46,988,158</u> | <u>\$ 139,639,169</u> | <u>\$ 50,693,941</u> | <u>\$ 36,693,676</u> | <u>\$ 13,116,099</u> | <u>\$ 287,131,043</u> | <u>\$ (5,608,130)</u> |

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2024

| | Business-type Activities | | | | | Total | Governmental |
|--|---------------------------|-----------------------|----------------------|------------------------------|--------------------------------|-----------------------|---------------------------|
| | Enterprise Funds | | | | | | Activity |
| | Transit System Fund | Water Fund | Sewer Fund | Municipal Airport Fund | Nonmajor Enterprise Fund | | Internal Service Funds |
| Operating revenues: | | | | | | | |
| Charges for services | \$ 1,205,361 | \$ 51,545,640 | \$ 6,875,943 | \$ 17,047,114 | \$ 15,766,963 | \$ 92,441,021 | \$ 31,247,321 |
| Other | 5,891 | 2,428,107 | 31,327 | 1,213,766 | 136,104 | 3,815,195 | 146,921 |
| Total operating revenues | <u>1,211,252</u> | <u>53,973,747</u> | <u>6,907,270</u> | <u>18,260,880</u> | <u>15,903,067</u> | <u>96,256,216</u> | <u>31,394,242</u> |
| Operating expenses: | | | | | | | |
| Salaries and employee benefits | 19,838,691 | 6,723,723 | 1,932,552 | 1,462,666 | 4,542,394 | 34,500,026 | 4,685,167 |
| Services and supplies | 2,948,185 | 2,369,365 | 323,201 | 200,411 | 2,945,215 | 8,786,377 | 1,636,702 |
| Other professional services | 2,270,017 | 631,300 | 404,647 | 4,557,127 | 3,958,636 | 11,821,727 | 575,616 |
| Depreciation and amortization | 2,718,741 | 2,204,891 | 1,181,866 | 260,581 | 873,796 | 7,239,875 | 1,575,065 |
| Insurance and claims | 142,794 | 32,439 | - | - | 41,780 | 217,013 | 19,504,753 |
| City charges | 6,227,487 | 2,860,822 | 713,950 | 668,916 | 3,211,434 | 13,682,609 | 1,206,536 |
| Cost of water | - | 33,568,387 | - | - | - | 33,568,387 | - |
| Other | 116,943 | 152,091 | 32,337 | 1,096 | 98,753 | 401,220 | 58,517 |
| Total operating expenses | <u>34,262,858</u> | <u>48,543,018</u> | <u>4,588,553</u> | <u>7,150,797</u> | <u>15,672,008</u> | <u>110,217,234</u> | <u>29,242,356</u> |
| Operating income (loss) | <u>(33,051,606)</u> | <u>5,430,729</u> | <u>2,318,717</u> | <u>11,110,083</u> | <u>231,059</u> | <u>(13,961,018)</u> | <u>2,151,886</u> |
| Nonoperating revenues (expenses) | | | | | | | |
| Investment earnings | 2,032,415 | 1,927,037 | 531,746 | 5,164,100 | 153,716 | 9,809,014 | 1,641,719 |
| Gain on sale of capital assets | 566,467 | - | - | - | 12,500 | 578,967 | 84,150 |
| Assistance from other governments | 25,573,193 | - | - | - | - | 25,573,193 | - |
| Interest expense | (11,971) | (61,489) | - | - | - | (73,460) | - |
| Grants | - | - | - | - | 398,140 | 398,140 | - |
| Total nonoperating revenues (expenses) net | <u>28,160,104</u> | <u>1,865,548</u> | <u>531,746</u> | <u>5,164,100</u> | <u>564,356</u> | <u>36,285,854</u> | <u>1,725,869</u> |
| Income (loss) before contributions and transfers | <u>(4,891,502)</u> | <u>7,296,277</u> | <u>2,850,463</u> | <u>16,274,183</u> | <u>795,415</u> | <u>22,324,836</u> | <u>3,877,755</u> |
| Capital grants | 61,877 | - | - | - | - | 61,877 | - |
| Transfers in (note 13) | 3,000,000 | 12,430 | 22,212 | - | 351,768 | 3,386,410 | 4,200,000 |
| Transfers out (note 13) | (76,578) | (8,868) | - | (10,454,994) | (1,230,994) | (11,771,434) | (27,526) |
| Change in net position | <u>(1,906,203)</u> | <u>7,299,839</u> | <u>2,872,675</u> | <u>5,819,189</u> | <u>(83,811)</u> | <u>14,001,689</u> | <u>8,050,229</u> |
| Total net position - July 1, 2023 | 48,894,361 | 132,339,330 | 47,821,266 | 30,874,487 | 13,199,910 | 273,129,354 | (13,658,359) |
| Total net position - June 30, 2024 | <u>\$ 46,988,158</u> | <u>\$ 139,639,169</u> | <u>\$ 50,693,941</u> | <u>\$ 36,693,676</u> | <u>\$ 13,116,099</u> | <u>\$ 287,131,043</u> | <u>\$ (5,608,130)</u> |

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

| | Business-type Activities | | | | | Total | Governmental Activity |
|--|--------------------------|----------------------|----------------------|------------------------|--------------------------|-----------------------|------------------------|
| | Enterprise Funds | | | | | | Internal Service Funds |
| | Transit System Fund | Water Fund | Sewer Fund | Municipal Airport Fund | Nonmajor Enterprise Fund | | |
| Cash flows from operating activities: | | | | | | | |
| Receipts from customers | \$ 1,205,361 | \$ 51,378,378 | \$ 7,096,971 | \$ 13,967,796 | \$ 15,974,437 | \$ 89,622,943 | \$ 32,048,766 |
| Cash payments to suppliers for goods and services | (12,342,301) | (39,647,913) | (1,509,457) | (5,122,106) | (10,773,248) | (69,395,025) | (19,293,718) |
| Cash payments to employees for services | (18,477,372) | (5,834,510) | (1,707,373) | (1,273,661) | (3,955,812) | (31,248,728) | (3,415,347) |
| Other receipts | 5,891 | 2,428,107 | 31,327 | 1,213,766 | 136,104 | 3,815,195 | 146,921 |
| Net cash provided by (used in) operating activities | <u>(29,608,421)</u> | <u>8,324,062</u> | <u>3,911,468</u> | <u>8,785,795</u> | <u>1,381,481</u> | <u>(7,205,615)</u> | <u>9,486,622</u> |
| Cash flows from noncapital financing activities: | | | | | | | |
| Cash received from noncapital grants and subsidies | 28,362,510 | - | - | - | 398,140 | 28,760,650 | - |
| Cash received from other funds | 3,000,000 | 12,430 | 22,212 | - | 351,768 | 3,386,410 | 4,200,000 |
| Cash transfers paid to other funds | (76,578) | (8,868) | - | (10,454,994) | (1,230,994) | (11,771,434) | (27,526) |
| Net cash provided by (used in) noncapital financing activities | <u>31,285,932</u> | <u>3,562</u> | <u>22,212</u> | <u>(10,454,994)</u> | <u>(481,086)</u> | <u>20,375,626</u> | <u>4,172,474</u> |
| Cash flows from capital financing activities: | | | | | | | |
| Cash received from capital grants and subsidies | 61,877 | - | - | - | - | 61,877 | - |
| Cash payments for capital additions | (3,348,569) | (9,099,836) | (286,203) | (499,815) | (456,946) | (13,691,369) | (4,976,060) |
| Proceeds from sale of capital assets | 566,467 | - | - | - | 12,500 | 578,967 | 84,150 |
| Payments for long-term obligations - principal & interest | - | (641,145) | - | - | - | (641,145) | - |
| Net cash provided by (used in) capital financing activities | <u>(2,720,225)</u> | <u>(9,740,981)</u> | <u>(286,203)</u> | <u>(499,815)</u> | <u>(444,446)</u> | <u>(13,691,670)</u> | <u>(4,891,910)</u> |
| Cash flows from investing activities: | | | | | | | |
| Cash received from interest on investments | 1,993,106 | 1,424,789 | 495,598 | 5,030,864 | 129,822 | 9,074,179 | 1,500,599 |
| Cash paid for interest on investments | (11,149) | - | - | - | - | (11,149) | - |
| Cash provided by (used in) investing activities | <u>1,981,957</u> | <u>1,424,789</u> | <u>495,598</u> | <u>5,030,864</u> | <u>129,822</u> | <u>9,063,030</u> | <u>1,500,599</u> |
| Net increase (decrease) in cash, restricted cash and cash equivalents | 939,243 | 11,432 | 4,143,075 | 2,861,850 | 585,771 | 8,541,371 | 10,267,785 |
| Cash and cash equivalents, July 1, 2023 | 44,906,722 | 33,353,993 | 9,698,544 | 11,606,236 | 7,586,133 | 107,151,628 | 54,871,270 |
| Cash and cash equivalents, June 30, 2024 | <u>\$ 45,845,965</u> | <u>\$ 33,365,425</u> | <u>\$ 13,841,619</u> | <u>\$ 14,468,086</u> | <u>\$ 8,171,904</u> | <u>\$ 115,692,999</u> | <u>\$ 65,139,055</u> |
| Reconciliation of cash and cash equivalents: | | | | | | | |
| Pooled cash and investments | 45,845,965 | 33,365,425 | 13,841,619 | 14,468,086 | 8,171,904 | 115,692,999 | 64,122,824 |
| Cash and cash equivalents with fiscal agents | - | - | - | - | - | - | 1,016,231 |
| Total cash and cash equivalents | <u>\$ 45,845,965</u> | <u>\$ 33,365,425</u> | <u>\$ 13,841,619</u> | <u>\$ 14,468,086</u> | <u>\$ 8,171,904</u> | <u>\$ 115,692,999</u> | <u>\$ 65,139,055</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Operating income (loss) | \$ (33,051,606) | \$ 5,430,729 | \$ 2,318,717 | \$ 11,110,083 | \$ 231,059 | \$ (13,961,018) | \$ 2,151,886 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation and amortization | 2,718,741 | 2,204,891 | 1,181,866 | 260,581 | 873,796 | 7,239,875 | 1,575,065 |
| Bad debt expense | - | - | - | 30,583 | - | 30,583 | - |
| Changes in assets and liabilities: | | | | | | | |
| Accounts receivable | (659,734) | (167,262) | 221,028 | 124,481 | 207,474 | (274,013) | 801,445 |
| Prepays and other assets | (6,211) | - | - | - | (40,324) | (46,535) | (104,275) |
| Inventory | (100,969) | (148,123) | - | - | - | (249,092) | (55,637) |
| Accounts payable | 346,272 | (2,598,590) | (35,322) | 279,612 | 219,165 | (1,788,863) | (792,813) |
| Accrued salaries and benefits | 103,585 | 94,822 | (93,526) | 20,456 | (8,496) | 116,841 | 730,002 |
| Other accrued liabilities | (279,210) | 2,713,204 | - | (4,751) | (696,271) | 1,732,972 | 4,641,131 |
| Lease receivable | - | - | - | 5,968,091 | - | 5,968,091 | - |
| SBITA liability | 56,755 | - | - | - | - | 56,755 | - |
| Deferred outflows related to pensions | 1,122,493 | 728,708 | 289,143 | 149,659 | 530,915 | 2,820,918 | 482,124 |
| Deferred outflows related to OPEB | (775,392) | (281,961) | (112,784) | (56,393) | (211,470) | (1,438,000) | (197,373) |
| Total pension liability | 333,502 | 202,613 | 83,607 | 46,709 | 162,508 | 828,939 | 146,788 |
| Total OPEB liability | 881,301 | 320,473 | 128,189 | 64,095 | 240,354 | 1,634,412 | 224,332 |
| Deferred inflows related to pensions | (231,340) | (151,221) | (59,762) | (30,677) | (109,063) | (582,063) | (99,098) |
| Deferred inflows related to OPEB | (66,608) | (24,221) | (9,688) | (4,844) | (18,166) | (123,527) | (16,955) |
| Deferred inflows related to leases | - | - | - | (8,998,090) | - | (8,998,090) | - |
| Deposits and guarantees | - | - | - | (355) | - | (355) | - |
| Unearned revenues | - | - | - | (173,445) | - | (173,445) | - |
| Net cash provided by (used in) operating activities | <u>\$ (29,608,421)</u> | <u>\$ 8,324,062</u> | <u>\$ 3,911,468</u> | <u>\$ 8,785,795</u> | <u>\$ 1,381,481</u> | <u>\$ (7,205,615)</u> | <u>\$ 9,486,622</u> |

Noncash, investing, capital and financing activities:
During fiscal year 2023-24, there were no significant noncash investing, capital, or financing activities.

See accompanying notes to the basic financial statements.



FIDUCIARY FUND FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA
Statement of Net Position - Fiduciary Funds
June 30, 2024

| Assets | Private- Purpose Trust Fund | Total Custodial Funds |
|---|--|--------------------------------------|
| | | |
| Pooled cash and investments (note 2) | \$ 2,527,907 | \$ 2,659,806 |
| Cash and cash equivalents with fiscal agents (note 2) | 270 | - |
| Accounts receivable | - | 486,520 |
| Accrued interest receivable | - | 5,974 |
| Due from other governments | - | 133,612 |
| Prepays | - | 101,826 |
| Capital assets, net | - | 299,845 |
| Total assets | 2,528,177 | 3,687,583 |
| Liabilities | | |
| Accounts payable | - | 19,190 |
| Deposits payable | - | 370,761 |
| Interest payable | 139,250 | - |
| Advances from City (notes 13 and 21) | 6,415,990 | 61,440 |
| Unearned revenue | - | 176,028 |
| Long-term debt: | | |
| Due within one year (note 21) | 2,467,071 | - |
| Due in more than one year (note 21) | 34,642,949 | - |
| Total Liabilities | 43,665,260 | 627,419 |
| Net Position (Deficit) | | |
| Restricted for individuals and organizations | (41,137,083) | 3,060,164 |
| Total Net Position (Deficit) | \$ (41,137,083) | \$ 3,060,164 |

See accompanying notes to basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2024

| | Private- Purpose Trust Fund | Total Custodial Funds |
|--|--|--------------------------------------|
| Additions | | |
| Property taxes | \$ 4,126,386 | \$ - |
| Contributions | - | 1,217,263 |
| Fees | - | 20,605 |
| Use of money and property | <u>2,130</u> | <u>28,755</u> |
| Total additions | <u>4,128,516</u> | <u>1,266,623</u> |
| Deductions | | |
| Residual commitments of former redevelopment agency | 250,000 | - |
| Salaries and employee benefits | - | 181,286 |
| Services and supplies | - | 32,680 |
| Other professional services | 10,490 | 722,770 |
| Insurance and claims | - | 35,017 |
| Depreciation and amortization | - | 116,824 |
| Membership fees | - | 77,745 |
| Debt service | | |
| Interest and fiscal charges of former redevelopment agency | 1,218,320 | - |
| Other | <u>4,000</u> | <u>-</u> |
| Total deductions | <u>1,482,810</u> | <u>1,180,617</u> |
| Change in net position | 2,645,706 | 86,006 |
| Net position (deficit) - beginning | (43,782,789) | 2,974,158 |
| Net position (deficit) - ending | <u>\$ (41,137,083)</u> | <u>\$ 3,060,164</u> |

See accompanying notes to basic financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(1) Description of Funds and Summary of Significant Accounting Policies

Reporting Entity

The City of Torrance (the City) was incorporated in 1921 and became a charter city in 1947. The City is governed by an elected mayor and a six-member council and provides a wide range of services including police and fire protection, sanitation and water services, airport and bus transit services, the construction and maintenance of streets and infrastructure, and recreational activities. The accompanying annual comprehensive financial report includes the financial activities of the City, the primary government, and its component units, entities for which the government is considered to be financially accountable. A description of the component units and the method of incorporating their financial information into the financial statements are summarized as follows:

The Torrance Joint Powers Financing Authority (the Authority) was created in 2020 by the City and the Industrial Development Authority of the City to assist the City with its financing programs. The City is obligated to make certain payments to California Public Employees' Retirement System (CalPERS) in respect of current and retired public safety employees and miscellaneous employees under the pension programs of CalPERS. The Authority issued revenue bonds for the purpose of refunding all or a portion of the City's obligations under the CalPERS contract. In addition, the Authority issued revenue bonds to refund all or a portion of the City's obligations with respect to its Certificates of Participation, Series 2014, and to finance the North Torrance Well Field Project. The financial activity of the Authority has been blended into the City's financial statements within the Governmental Activities in the financial statements.

Separate financial statements for the Torrance Joint Powers Financing Authority can be obtained from the City's Finance Director.

Government-Wide and Fund Financial Statements

The Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. When such balances exist, they are presented as internal balances and eliminated in the total primary government column. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities and Changes in Net Position demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual City-wide cost allocation plan. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods,

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between the governmental and business type activities have not been eliminated.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and private-purpose trust funds financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City's fiduciary fund financial statements report custodial funds and private-purpose trust funds. Custodial funds are used to account for situations where the government's role is purely custodial. Private-purpose trust funds and custodial funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for franchise taxes and grant revenues (for which the availability period is 180 days). Property taxes, taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), licenses, permits, charges for services, interest, and other miscellaneous revenues associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long term debt, which is recognized when due.

The City reports the following major Governmental Fund:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major Enterprise Funds:

The *Transit System Fund* is used to account for the operation of the City’s transit system.

The *Water Fund* is used to account for the provision of water services to the residences and businesses of the City.

The *Sewer Fund* is used to account for the revenues and expenses associated with the operation and improvement of the City’s sewer system.

The *Municipal Airport Fund* is used to account for the airfield operations of the City and leasing of commercial property outside of the airfield.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects), that are restricted to expenditures for special purposes.

The *Capital Project Funds* are used to account for the acquisition, construction and improvement of capital facilities financed by transfers from the General Fund or debt financing.

The *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The *Internal Service Funds* consist of the Fleet Services Fund which is used to account for costs relating to the City's vehicular equipment; the Self-Insurance Fund that is used to account for risk management activities and the Postemployment/Compensated Absences Fund that is used to account for inter-fund charges for postemployment and compensated absences benefits. These funds are financed by charges to other departments or agencies of the City on a cost reimbursement basis.

The *Trust and Custodial Funds* are used to account for the resources held by the City in a fiduciary capacity. The City's fiduciary funds include custodial funds, which are custodial in nature (assets equal liabilities) and a private-purpose trust fund which does include measurement of results of operations. The custodial funds are included in the Statement of Net Position and in the Statement of Changes in Net Position – Fiduciary Funds and are accounted for on an accrual basis of accounting. The City uses a custodial (fiduciary) funds to account for employee unspent pre-tax benefits collected from the participating employees in the Flexible Benefits Fund, safekeeping and disbursement of the private property collected and held in the custody of the police department in the Property Room Evidence Fund, the Area G Citizen Corps Program Fund to account for Area G cities' contributions to finance the community emergency response teams, and the Interoperability Network of South Bay Fund to account for member city revenues to finance a wide-area interoperable government communications network. The City uses a private-purpose trust (fiduciary) fund to account for the successor agency activities since the dissolution of the former redevelopment agency (governmental) funds on February 1, 2012 (see Note 21).

The *Enterprise Funds* are presented on an “economic resources” measurement focus and the full-accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues for the Water Enterprise Fund, the Sewer Enterprise Fund, the Sanitation Enterprise Fund, the Transit System Enterprise Fund, and the Municipal Airport Enterprise Fund are charges for goods and services. Operating expenses for these same enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Accounting for Encumbrances

The encumbrance system of accounting is used. An encumbrance is recorded as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received, as required by the United States of America generally accepted accounting principles (U.S. GAAP). Encumbrances at year end are reported as restricted, committed, or assigned depending on the resources that have been identified to fund the applicable encumbrance.

Cash and Investments

The City pools all nonrestricted cash from all funds for the purpose of increasing interest earnings through investment activities. Investments are carried at fair value. Fair value is estimated by the City's investment management service. The fair value of guaranteed investment contracts and other investments with no regular market are at cost. The fair value of mutual funds, government-sponsored investment pools and other similar investments is stated at share value. Certain money market investments with initial maturities at the time of the purchase of less than one year are recorded at cost which approximates market. Interest income is allocated monthly to the various funds based on their average monthly cash balances. Interest income earned on restricted cash and investments is deposited directly to the fund earning the income.

For purposes of reporting cash flows for Enterprise Fund types, cash and cash equivalents include cash on hand and investments purchased with maturities within 90 days. Cash includes deposits in the cash management pool that has the general characteristics of a demand deposit account.

Cash and Cash Equivalents with Fiscal Agents

Cash and investments restricted as to their use by debt resolutions.

Inventories and Prepaids

Inventories of supplies as determined by perpetual records are accounted for using the consumption method and are stated at cost applied on a first-in, first-out basis.

Prepaids are items that were paid in the current fiscal year but pertain to the next fiscal year activities. The governmental funds use the consumption method in accounting for prepaids.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at acquisition value when received. Depreciation is recorded on a straight-line basis over the useful life of the assets as follows:

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Buildings – 40 years

Improvements – 40 years

Equipment – 5 to 7 years

Infrastructure – 25 to 80 years

For Enterprise Fund types, capital assets are recorded at historical cost, except assets of the Water Enterprise Fund acquired prior to June 30, 1980 which are recorded at their estimated historical cost. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets.

Property Tax Calendar

In 1978, a state constitutional amendment (Proposition 13) provided that the property tax rate is generally limited to 1% of market value, levied only by the County and shared with all other jurisdictions. The County of Los Angeles collects the taxes and distributes such revenues to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations subject to adjustments for voter-approved debt. Property taxes levied on March 1, are due on November 1 and March 1 and become delinquent on December 10 and April 10 for the first and second installments, respectively. The lien date is January 1. City property tax revenues are recognized when levied to the extent that they result in current receivables collectible within 60 days.

Pension Plans

For purposes of measuring the total pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of the City's CalPERS plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. Similar information for the PARS Enhanced Retirement Defined Benefit Pension Plan is based on its own actuarial report. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Investments are reported at fair value.

Governmental Accounting Standards Board Statement 68 (GASB 68) requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

CalPERS pension:

| | |
|-------------------------|--------------------------------|
| Valuation date (VD) | June 30, 2022 |
| Measurement date (MD) | June 30, 2023 |
| Measurement period (MP) | June 30, 2022 to June 30, 2023 |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

PARS pension:

| | |
|-------------------------|-------------------------------|
| Valuation date (VD) | June 30, 2023 |
| Measurement date (MD) | June 30, 2023 |
| Measurement period (MP) | July 1, 2022 to June 30, 2023 |

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Local Government of the City's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Governmental Accounting Standards Board Statement 75 (GASB 75) requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|-------------------------|-------------------------------|
| Valuation date (VD) | June 30, 2023 |
| Measurement date (MD) | June 30, 2023 |
| Measurement period (MP) | July 1, 2022 to June 30, 2023 |

Vacation and Sick Leave

It is the policy of the City to record the cost of vested vacation and sick leave as earned. This amount is included as a liability in the governmental activities in government-wide statements.

Claims and Judgments

The City is self-insured for State unemployment insurance, general liability claims, long-term disability and individual workers' compensation claims of City employees up to certain limits. The City has established risk financing Internal Service Funds where assets are set aside for claim settlements. The unpaid claims liabilities are included in the Self-Insurance Internal Service Fund.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding, net of accumulated amortization reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows related to pensions/OPEB equal to employer contributions made after the measurement date of the total pension/OPEB liability.
- Deferred outflows related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for interest. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions/OPEB for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions/OPEB through the plans.
- Deferred inflows from pensions/OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions/OPEB through the plans.
- Deferred inflows related to pensions/OPEB resulting from the difference in projected and actual earnings on investments of the pensions/OPEB plan fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to certain leases which are measured at the present value of lease payments expected to be received during the lease term, plus any payments received at or before the commencement of the lease term that relate to future periods.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Fund Balance

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in physical form (such as inventory) or that are legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by external legal requirements imposed by other governments, external resource providers, or creditors. City Council imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to the most binding constraint imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless City Council rescinds or modifies the specified use by resolution. If the Council resolution that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a resolution to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes. In Section 3 of the Operating Budget Resolution of the City, City Council delegated authority to assign amounts for specific purposes to the City Manager.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications. The General Fund is the only fund that reports positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three classifications:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and capital related payables that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City’s practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Budgetary Principles

The City uses the modified accrual plus encumbrances as its budgetary basis of accounting. The City is required by its Charter to adopt an annual budget. On or before the first day of June each year, the City Manager shall submit to City Council a proposed budget for all departments. The said budget shall include estimates for all revenues and expenditures for the ensuing year. From the effective date of the budget, the amounts stated therein, as proposed expenditures become appropriations to the various City departments. The following governmental funds are annually appropriated: General Fund, Debt Service Fund, Rental Assistance Program Fund, Street Lighting District Assessment Fund, Vanpool Rideshare Fund, Low Mod Housing Fund, and Meadow Park Parking Lot District Fund. Budgets for the Capital Improvement Fund and Special Revenue Capital Project Funds are long-term in nature. Therefore, no budgetary comparisons are presented in the accompanying financial statements. The enterprise funds with annual appropriations are: Transit System Fund, Water Fund, Sewer Fund, Municipal Airport Fund, and Sanitation Fund.

The City Council may amend the budget by a majority vote during the fiscal year. The City Manager may make such changes within the budget totals and allocations of any department during the fiscal year as he deems reasonably necessary in order to meet the City’s needs or goals, however, the City Manager may not increase appropriations allocated in the budget for any

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

department without an amendment to the budget approved by the City Council. All operating appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered. Capital project appropriations lapse when individual projects are completed or canceled.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgeted revenue amounts, as presented in the accompanying financial statements, represent the original budget as modified by adjustments during the year for those items which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year.

New Accounting Pronouncements

Current Year Standards

GASB 99, “*Omnibus 2022*”, effective upon issuance for requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. This statement is effective for fiscal years beginning after June 15, 2022 for requirements related to leases, PPPs, and SBITAs. This statement is also effective for fiscal years beginning after June 15, 2023 for requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53. The implementation of this standard did not have an impact on the City’s financial statements.

GASB 100, “*Accounting Changes and Error Corrections*”, effective for fiscal years beginning after June 15, 2023. This statement enhances the accounting and financial reporting requirements for accounting changes and error corrections. It defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. The implementation of this standard did not have an impact on the City’s financial statements.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City’s financial reporting requirements in the future:

GASB 101, “*Compensated Absences*”, effective for fiscal years beginning after December 15, 2023. This statement updates the recognition and measurement guidance for compensated absences through aligning the guidance under a unified model and by amending certain previously required disclosures.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

GASB 102, “*Certain Risk Disclosures*”, effective for fiscal years beginning after December 15, 2023. This statement provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

GASB 103, “*Financial Reporting Model Improvements*”, effective for fiscal years beginning after June 15, 2025. This statement improves 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.

GASB 104, “*Disclosure of Certain Capital Assets*”, effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure, and requires additional disclosures for capital assets held for sale.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(2) Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

| | | |
|---|----|---------------------------|
| Cash and investments | \$ | 345,963,082 |
| Cash and investments held by bond trustee | | 32,471,963 |
| Fiduciary funds: | | |
| Cash and investments | | 5,187,713 |
| Cash and investments held by bond trustee | | <u>270</u> |
| Total cash and investments | \$ | <u><u>383,623,028</u></u> |

Cash and investments as of June 30, 2024 consist of the following:

| | | |
|--------------------------------------|----|---------------------------|
| Cash on hand | \$ | 5,609 |
| Cash with fiscal agent | | 1,023,903 |
| Deposits with financial institutions | | 43,855,320 |
| Investments | | <u>338,738,196</u> |
| Total cash and investments | \$ | <u><u>383,623,028</u></u> |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Investments Authorized by the California Government Code and the City Investment Policy

The table that follows identifies the **investment types** that are authorized for the City by the California Government Code and the City investment policy. The table also identifies certain provisions of the California Government Code (or the City investment policy, if more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City investment policy.

| Investment Types <u>Authorized by State Law</u> | Authorized By Investment <u>Policy</u> | *Maximum <u>Maturity</u> | *Maximum Percentage <u>Of Portfolio</u> | *Maximum Investment <u>In One Issuer</u> |
|--|--|-----------------------------|---|--|
| Local Agency Bonds | Yes | 5 years | 10% | None |
| U.S. Treasury Obligations | Yes | 5 years | None | None |
| U.S. Agency Securities | Yes | 5 years | 75% | 30% |
| Banker's Acceptances | Yes | 180 days | 20% | 5% |
| Commercial Paper | Yes | 270 days | 15% | 10% |
| Negotiable Certificates of Deposit | Yes | 5 years | 20% | None |
| Time Certificates of Deposit | Yes | 1 year | 10% | None |
| Repurchase Agreements | Yes | 30 days | 10% | None |
| Reverse Repurchase Agreements | No | N/A | N/A | None |
| Medium-Term Notes | Yes | 5 years | 20% | 5% |
| Mutual Funds | No | N/A | N/A | N/A |
| Money Market Mutual Funds | Yes | N/A | None | None |
| Mortgage Pass-Through Securities | No | N/A | N/A | None |
| County Pooled Investment Funds | No | N/A | N/A | None |
| Local Agency Investment Fund (LAIF) | Yes | N/A | \$65 mil per agency | None |
| JPA Pools (other investment pools) | No | N/A | N/A | None |

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City investment policy. The following table identifies the **investment types** that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address **interest rate risk, credit risk, and concentration of credit risk.**

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage Allowed</u> | <u>Maximum Investment In One Issuer</u> |
|---------------------------------------|-----------------------------|---|---|
| U.S. Treasury Obligations | None | None | None |
| U.S. Agency Securities | None | None | None |
| Banker's Acceptances | 180 days | None | None |
| Commercial Paper | 270 days | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Investment Contracts | 30 years | None | None |
| LAIF | None | None | None |

Disclosures Relating to Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices of similar assets in active markets; Level 3 inputs are significant unobservable inputs.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The City has the following recurring fair value measurements as of June 30, 2024:

| Investment Type | Fair Value Measurement | | | | |
|-----------------------------------|------------------------|------------------------|---------------------------------|------------------------------------|---------------------------------|
| | | Exempt from Disclosure | Level 1 Inputs (not applicable) | Level 2 Inputs (observable inputs) | Level 3 Inputs (not applicable) |
| U.S. treasury notes | \$ 27,579,335 | \$ - | \$ - | \$ 27,579,335 | \$ - |
| Local municipal bonds | 617,665 | - | - | 617,665 | - |
| Federal agency securities | 147,549,390 | - | - | 147,549,390 | - |
| Corporate medium term notes | 42,808,677 | - | - | 42,808,677 | - |
| Negotiable certificate of deposit | 8,439,212 | - | - | 8,439,212 | - |
| CAMP | 86,247,426 | - | - | 86,247,426 | - |
| Corporate bonds | 4,989,650 | - | - | 4,989,650 | - |
| Subtotal | 318,231,355 | - | - | 318,231,355 | - |
| Money market mutual funds | 16,840,341 | 16,840,341 | - | - | - |
| State investment pool | 8,116 | 8,116 | - | - | - |
| | 335,079,812 | 16,848,457 | - | 318,231,355 | - |
| <u>Held by bond trustee:</u> | | | | | |
| Money market mutual funds | 3,658,384 | 3,658,384 | - | - | - |
| | 3,658,384 | 3,658,384 | - | - | - |
| Total | \$ 338,738,196 | \$ 20,506,841 | \$ - | \$ 318,231,355 | \$ - |

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City investments by maturity:

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

| Investment Type | Remaining Maturity (in Months) | | | | |
|-----------------------------------|--------------------------------|-----------------------|----------------------|------------------------|-------------|
| | 12 Months Or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months | |
| U.S. treasury notes | \$ 27,579,335 | \$ 14,772,900 | \$ 8,101,335 | \$ 4,705,100 | \$ - |
| Local municipal bonds | 617,665 | 278,272 | - | 339,393 | - |
| Federal agency securities | 147,549,390 | 24,394,515 | 51,611,930 | 71,542,945 | - |
| Corporate medium term notes | 42,808,677 | 11,097,895 | 3,465,648 | 28,245,134 | - |
| Negotiable certificate of deposit | 8,439,212 | 4,374,370 | 2,367,473 | 1,697,369 | - |
| CAMP | 86,247,426 | 86,247,426 | - | - | - |
| Corporate bonds | 4,989,650 | - | - | 4,989,650 | - |
| Money market mutual funds | 16,840,341 | 16,840,341 | - | - | - |
| State investment pool | 8,116 | 8,116 | - | - | - |
| | <u>335,079,812</u> | <u>158,013,835</u> | <u>65,546,386</u> | <u>111,519,591</u> | <u>-</u> |
| <u>Held by bond trustee:</u> | | | | | |
| Money market mutual funds | 3,658,384 | 3,658,384 | - | - | - |
| | <u>3,658,384</u> | <u>3,658,384</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 338,738,196</u> | <u>\$ 161,672,219</u> | <u>\$ 65,546,386</u> | <u>\$ 111,519,591</u> | <u>\$ -</u> |

Disclosures Relating to Credit Risk

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

| Investment Type | | Minimum | | Rating as of Year End | | | |
|-----------------------------------|-----------------------|---------|-------------|-----------------------|-----------------------|----------------------|-----------------------|
| | | Legal | Exempt from | AAA | AA | A | Not Rated |
| | | Rating | Disclosure | | | | |
| U.S. treasury notes | \$ 27,579,335 | N/A | \$ - | \$ - | \$ - | \$ - | \$ 27,579,335 |
| Local municipal bonds | 617,665 | N/A | - | - | - | - | 617,665 |
| Federal agency securities | 147,549,390 | N/A | - | - | 147,549,390 | - | - |
| Corporate medium term notes | 42,808,677 | A | - | - | 17,340,756 | 25,467,921 | - |
| Negotiable certificate of deposit | 8,439,212 | N/A | - | - | - | - | 8,439,212 |
| CAMP | 86,247,426 | N/A | - | - | - | - | 86,247,426 |
| Corporate bonds | 4,989,650 | N/A | - | - | 4,989,650 | - | - |
| Money market mutual funds | 16,840,341 | N/A | - | - | - | 16,840,341 | - |
| State investment pool | 8,116 | N/A | - | - | - | - | 8,116 |
| | <u>335,079,812</u> | | <u>-</u> | <u>-</u> | <u>169,879,796</u> | <u>42,308,262</u> | <u>122,891,754</u> |
| Held by bond trustee | | | | | | | |
| Money market mutual funds | 3,658,384 | A | - | 3,658,384 | - | - | - |
| | <u>3,658,384</u> | | <u>-</u> | <u>3,658,384</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL | <u>\$ 338,738,196</u> | | <u>\$ -</u> | <u>\$ 3,658,384</u> | <u>\$ 169,879,796</u> | <u>\$ 42,308,262</u> | <u>\$ 122,891,754</u> |

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The one exception is the Policy limits the percentage allowed in any one issuer for Federal agencies to 30% per agency. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Reported Amount</u> |
|---------------------------------|---------------------------|------------------------|
| Federal Farm Credit Bank | Federal agency securities | \$ 61,939,190 |
| Federal Home Loan Bank | Federal agency securities | 57,196,895 |
| Federal Home Loan Mortgage Corp | Federal agency securities | 25,426,745 |

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, \$15,923,958 of the City deposits with financial institutions in excess of federal depository insurance limits were secured by pledged securities in an undivided collateral pool held in the name of Bank of America under trust with Bank of New York Trust.

For investments identified herein as held by bond trustee, the bond trustee, at the direction of the City Treasurer, selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

(3) Capital Assets

Infrastructure assets at June 30, 2024 (in thousands):

| Description | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Cost</u> |
|--------------------|-------------------|-------------------------------------|-------------------|
| Road system | \$ 345,219 | \$ (206,072) | \$ 139,147 |
| Storm drain system | 34,055 | (11,630) | 22,425 |
| Sewer lines | 78,053 | (52,946) | 25,107 |
| Water system | <u>151,479</u> | <u>(43,451)</u> | <u>108,028</u> |
| | <u>\$ 608,806</u> | <u>\$ (314,099)</u> | <u>\$ 294,707</u> |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Capital Asset activity for the year ended June 30, 2024 was as follows (in thousands):

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|--------------------|------------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 83,189 | \$ - | \$ - | \$ - | \$ 83,189 |
| Right-of-way | 19,950 | - | - | - | 19,950 |
| Construction in progress | <u>21,064</u> | <u>8,167</u> | <u>(12,807)</u> | - | <u>16,424</u> |
| Total capital assets not being depreciated | <u>124,203</u> | <u>8,167</u> | <u>(12,807)</u> | - | <u>119,563</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements and buildings | 146,073 | 2,667 | - | - | 148,740 |
| Machinery and equipment | 78,020 | 7,126 | (1,218) | - | 83,928 |
| Infrastructure | 369,378 | 13,210 | - | - | 382,588 |
| SBITA | <u>5,353</u> | <u>5,482</u> | <u>(164)</u> | - | <u>10,671</u> |
| Total capital assets being depreciated | <u>598,824</u> | <u>28,485</u> | <u>(1,382)</u> | - | <u>625,927</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Land improvements and buildings | (70,469) | (3,324) | - | - | (73,793) |
| Machinery and equipment | (55,276) | (4,908) | 1,013 | - | (59,171) |
| Infrastructure | (210,386) | (7,577) | - | - | (217,963) |
| SBITA | <u>(441)</u> | <u>(1,273)</u> | <u>16</u> | - | <u>(1,698)</u> |
| Total accumulated depreciation and amortization | <u>(336,572)</u> | <u>(17,082)</u> | <u>1,029</u> | - | <u>(352,625)</u> |
| Total capital assets being depreciated, net | <u>262,252</u> | <u>11,403</u> | <u>(353)</u> | - | <u>273,302</u> |
| Governmental activities capital assets, net | <u>\$ 386,455</u> | <u>\$ 19,570</u> | <u>\$ (13,160)</u> | <u>\$ -</u> | <u>\$ 392,865</u> |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|------------------|--------------------|-------------|-------------------|
| Business-Type Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 8,833 | \$ - | \$ - | \$ - | \$ 8,833 |
| Construction in progress | 19,461 | 9,686 | (24,672) | - | 4,475 |
| Capitalized construction interest | 491 | - | - | - | 491 |
| Total capital assets not being depreciated | 28,785 | 9,686 | (24,672) | - | 13,799 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 203,455 | 22,763 | - | - | 226,218 |
| Easement | 1,743 | - | - | - | 1,743 |
| Land improvements and buildings | 22,607 | 454 | - | - | 23,061 |
| Machinery and equipment | 78,784 | 2,383 | (1,323) | - | 79,844 |
| Furniture and fixtures | 2,011 | - | - | - | 2,011 |
| SBITA | 747 | 221 | - | - | 968 |
| Total capital assets being depreciated | 309,347 | 25,821 | (1,323) | - | 333,845 |
| Less accumulated depreciation and amortization for: | | | | | |
| Infrastructure | (93,177) | (2,959) | - | - | (96,136) |
| Easement | (629) | (58) | - | - | (687) |
| Land improvements and buildings | (13,989) | (296) | - | - | (14,285) |
| Machinery and equipment | (60,551) | (3,740) | 1,304 | - | (62,987) |
| Furniture and fixtures | (2,011) | - | - | - | (2,011) |
| SBITA | (154) | (187) | - | - | (341) |
| Total accumulated depreciation and amortization | (170,511) | (7,240) | 1,304 | - | (176,447) |
| Total capital assets being depreciated, net | 138,836 | 18,581 | (19) | - | 157,398 |
| Business-type activities capital assets, net | \$ 167,621 | \$ 28,267 | \$ (24,691) | \$ - | \$ 171,197 |

The capital assets for the Fleet Services Fund and the Self-Insurance Fund, internal service funds, have been consolidated into the governmental activities, and are included in the machinery and equipment and SBITA category: asset additions amounted to \$3,804,043 and asset deductions amounted to \$1,015,541.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Depreciation and amortization expense was charged to functions/programs of the primary government as follows (in thousands):

| | |
|--|------------------|
| Governmental Activities: | |
| General government | \$ 5,012 |
| Public safety | 2,183 |
| Public works | 8,827 |
| Community development | 119 |
| Culture and recreation | 941 |
| | <hr/> |
| Total depreciation and amortization expense - governmental activities | <u>\$ 17,082</u> |
| Business-type activities: | |
| Water | \$ 2,205 |
| Sewer | 1,182 |
| Sanitation | 874 |
| Municipal Airport | 260 |
| Transit System | 2,719 |
| | <hr/> |
| Total depreciation and amortization expense - business-type activities | <u>\$ 7,240</u> |

Included in the depreciation charge to general government is the amount of depreciation for the Fleet Services Fund, an internal service funds. This amount includes depreciation expense of \$1,575,065, and retirements of \$1,016,979. The result is a net addition to accumulated depreciation in the amount of \$558,086.

(4) Notes Receivable

Rehabilitation Housing

This represents a number of small loans given to eligible participants in the City's Federal Housing Rehabilitation program. These loans, usually less than \$10,000, are no-interest bearing loans that will be repaid when the property is sold. The balance of these loans as of June 30, 2024 is \$32,900.

(5) Lease Receivables

The City leases land and commercial spaces to multiple entities with agreements ranging from 7 to 88 years with interest rates between 2.24% and 2.53%. The City recognized \$9,643,653 of lease revenue during the fiscal year ended June 30, 2024, and reported \$171,244,863 and \$156,992,858 of lease receivables and deferred inflows of resources, respectively, as of June 30, 2024.

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are calculated as a percentage of the lessee's revenues. During the year ended June

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

30, 2024, the City received variable payments totaling \$2,521,470, which are recorded as revenue in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The future lease receipts are as follows (in thousands):

| | Principal | Interest | Total |
|----------------------|------------|-----------|------------|
| Year ending June 30: | | | |
| 2025 | \$ 6,037 | \$ 4,121 | \$ 10,158 |
| 2026 | 4,730 | 4,033 | 8,763 |
| 2027 | 4,964 | 3,956 | 8,920 |
| 2028 | 5,168 | 3,879 | 9,047 |
| 2029 | 5,195 | 3,784 | 8,979 |
| 2030 to 2034 | 23,272 | 17,167 | 40,439 |
| 2035 to 2039 | 16,864 | 14,671 | 31,535 |
| 2040 to 2044 | 18,995 | 12,105 | 31,100 |
| 2045 to 2049 | 18,854 | 9,764 | 28,618 |
| 2050 to 2054 | 17,341 | 7,286 | 24,627 |
| 2055 to 2059 | 10,405 | 5,679 | 16,084 |
| 2060 to 2064 | 13,138 | 4,197 | 17,335 |
| 2065 to 2069 | 16,907 | 2,305 | 19,212 |
| 2070 to 2072 | 9,375 | 357 | 9,732 |
| | \$ 171,245 | \$ 93,304 | \$ 264,549 |

(6) Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA asset is presented in the Capital Assets section, on the government-wide Statement of Net Position and presented in the Capital Assets Note 3.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

As of June 30, 2024, the City had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

| | Governmental Activities | | |
|----------------------|-------------------------|----------|-----------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 972 | \$ 174 | \$ 1,146 |
| 2026 | 950 | 155 | 1,105 |
| 2027 | 818 | 137 | 955 |
| 2028 | 712 | 121 | 833 |
| 2029 | 738 | 107 | 845 |
| 2030 to 2034 | 3,392 | 321 | 3,713 |
| 2034 to 2036 | 1,383 | 54 | 1,437 |
| | \$ 8,965 | \$ 1,069 | \$ 10,034 |

| | Business-Type Activities | | |
|----------------------|--------------------------|----------|--------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 175 | \$ 12 | \$ 187 |
| 2026 | 185 | 9 | 194 |
| 2027 | 196 | 5 | 201 |
| 2028 | 38 | 1 | 39 |
| 2029 | 38 | 1 | 39 |
| | \$ 632 | \$ 28 | \$ 660 |

(7) Long-term Debt

a) Certificates of Participation

2016 Refunding Certificates of Participation

In 2016, the City, with the Public Property Financing Corporation of California, issued \$22,135,000 of refunding certificates of participation to refinance the 2009 certificates of

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

participation issued by the Torrance Public Financing Authority to finance the acquisition of approximately 15 acres of real property for a regional transit center and other City uses. Debt proceeds and the 2009 certificates of participation reserves of \$1,251,320 were deposited in an irrevocable trust with an escrow agent to redeem the 2009 certificates of participation on November 15, 2016. As a result, the 2009 certificates of participation are considered defeased, and the related liability has been removed from the books. The undiscounted cash flows required to service the 2016 Refunding Certificates of Participation that were issued during the year ended June 30, 2016 will be \$10,134,685 more than the cash flows that would have been required to service the defeased 2009 Certificates. The 2016 Refunding Certificates of Participation extend the debt service period by 7 years through fiscal year 2046/47. The economic gain (difference between the present values of the old and the new debt service payments) resulting from this transaction was \$1,565,891. A portion (\$6,105,790) of the 2016 Refunding Certificates of Participation was set aside for the construction of capital improvements related to an emergency operations center and any other public capital improvements selected by the City. The refunding certificates of participation debt is considered to be capital related.

There is no reserve requirement for the 2016 Refunding Certificates of Participation. Pledged rental payments equaled debt service payment during fiscal year ended June 30, 2024.

The principal matures November 1 each year through 2046 at variable amounts ranging from \$395,000 to \$1,235,000. Interest is payable on November 1 and May 1 with interest rates ranging from 2.00% to 5.00% and \$19,070,000 remains outstanding as of June 30, 2024.

Annual debt service requirements are as follows (in thousands):

| | Annual Debt Service Requirement | | |
|----------------------|---------------------------------|-----------------|------------------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 510 | \$ 748 | \$ 1,258 |
| 2026 | 530 | 727 | 1,257 |
| 2027 | 550 | 705 | 1,255 |
| 2028 | 580 | 680 | 1,260 |
| 2029 | 610 | 650 | 1,260 |
| 2030 to 2034 | 3,505 | 2,780 | 6,285 |
| 2035 to 2039 | 4,170 | 2,117 | 6,287 |
| 2040 to 2044 | 5,055 | 1,233 | 6,288 |
| 2045 to 2047 | 3,560 | 219 | 3,779 |
| | <u>\$ 19,070</u> | <u>\$ 9,859</u> | <u>\$ 28,929</u> |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

b) Lease Revenue Bonds

2020 Lease Revenue Bonds

In 2020, the City, with the Torrance Joint Powers Financing Authority, issued \$349,515,000 of lease revenue bonds to refinance a portion of the Unfunded Accrued Liability (UAL) of the City’s Miscellaneous, Safety Fire and Safety Police pension plans with CalPERS. The refinancing was estimated to generate overall savings through FY 2044 of about \$172.2 million.

There is no reserve requirement for the 2021 Lease Revenue Bonds. Pledged rental payments equaled debt service payment during fiscal year ended June 30, 2024.

The principal matures October 1 each year through 2043 at variable amounts ranging from \$2,015,000 to \$26,590,000. Interest is payable on October 1 and April 1 with interest rates ranging from 1.239% to 3.803% and \$332,070,000 remains outstanding as of June 30, 2024.

Annual debt service requirements are as follows (in thousands):

| | Annual Debt Service Requirement | | |
|----------------------|---------------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 8,650 | \$ 10,691 | \$ 19,341 |
| 2026 | 9,325 | 10,538 | 19,863 |
| 2027 | 10,050 | 10,348 | 20,398 |
| 2028 | 10,830 | 10,120 | 20,950 |
| 2029 | 11,655 | 9,858 | 21,513 |
| 2030 to 2034 | 72,600 | 44,001 | 116,601 |
| 2035 to 2039 | 103,190 | 30,023 | 133,213 |
| 2040 to 2044 | 105,770 | 8,978 | 114,748 |
| | <u>\$ 332,070</u> | <u>\$ 134,557</u> | <u>\$ 466,627</u> |

2021 Lease Revenue Bonds

In 2021, the City, with the Torrance Joint Powers Financing Authority, issued \$39,725,000 of lease revenue bonds to refinance the 2014 certificates of participation issued by the Torrance Public Financing Authority to construct certain maintenance and entertainment facilities within the City. Debt proceeds and the 2014 certificates of participation reserves of \$2,611,940 were deposited in an irrevocable trust with an escrow agent to redeem the 2014 certificates of participation on April 15, 2021. As a result, the 2014 certificates of participation are considered defeased, and the related liability has been removed from the books. The economic gain (difference between the present values of the old and the new debt service payments)

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

resulting from this transaction was approximately \$3.8 million. Proceeds from the 2014 Refunding Certificates of Participation was set aside for the construction of street improvements, storm drain improvements, and purchases of equipment. The lease revenue bonds are considered to be capital related.

There is no reserve requirement for the 2021 Lease Revenue Bonds. Pledged rental payments equaled debt service payment during fiscal year ended June 30, 2024.

The principal matures June 1 each year through 2044 at variable amounts ranging from \$1,445,000 to \$2,415,000. Interest is payable on December 1 and June 1 with interest rates ranging from 0.408% to 3.379% and \$36,830,000 remains outstanding as of June 30, 2024.

Annual debt service requirements are as follows (in thousands):

| | Annual Debt Service Requirement | | |
|----------------------|---------------------------------|------------------|------------------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 1,465 | \$ 1,043 | \$ 2,508 |
| 2026 | 1,480 | 1,026 | 2,506 |
| 2027 | 1,495 | 1,006 | 2,501 |
| 2028 | 1,520 | 981 | 2,501 |
| 2029 | 1,555 | 952 | 2,507 |
| 2030 to 2034 | 8,340 | 4,187 | 12,527 |
| 2035 to 2039 | 9,645 | 2,884 | 12,529 |
| 2040 to 2044 | 11,330 | 1,174 | 12,504 |
| | <u>\$ 36,830</u> | <u>\$ 13,253</u> | <u>\$ 50,083</u> |

c) Water Fund Easement

In August 2012, the City entered into a thirty year easement agreement with the Torrance Unified School District for access to a land-locked, City-owned parcel to be developed as a water well, treatment and storage facility. The net book value of the easement asset as of June 30, 2024 is \$1,055,774. The related debt is considered to be capital debt.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The future easement obligations at June 30, 2024 are as follows (in thousands):

| | Water Enterprise Fund |
|----------------------|--------------------------|
| Year ending June 30: | |
| 2025 | \$ 58 |
| 2026 | 58 |
| 2027 | 58 |
| 2028 | 58 |
| 2029 | 58 |
| 2030 to 2034 | 291 |
| 2035 to 2039 | 291 |
| 2040 to 2042 | 174 |
| | \$ 1,046 |

d) Water Fund Installment Sale Agreement

In 2017, the City entered into an installment sale agreement with the Public Property Financing Corporation of California (the “Corporation”), for the purpose of financing the drilling and construction of a new water well, the North Torrance Well Field Project (the “Project”). The Corporation or its assignee provided \$5,749,428 for construction of the Project. The installment sale agreement debt is considered to be capital related.

The principal matures May 1 and November 1 each year from 2018 through 2028 at variable amounts ranging from \$195,000 to \$317,071. Interest is payable on May 1 and November 1 at a rate of 2.36% and \$2,265,830 remains outstanding as of June 30, 2024.

Annual debt service requirements are as follows (in thousands):

| | Water Fund Annual Debt Service Requirement | | |
|----------------------|--|----------|----------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 595 | \$ 50 | \$ 645 |
| 2026 | 609 | 36 | 645 |
| 2027 | 623 | 21 | 644 |
| 2028 | 439 | 7 | 446 |
| | \$ 2,266 | \$ 114 | \$ 2,380 |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(8) Changes in Long-Term Obligations

The following is a summary of changes in the City’s long-term obligations for the year ended June 30, 2024 (in thousands):

| Governmental Activities: | Balance June 30, 2023 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2024 | Amounts due within One Year | Amounts Due in more than One Year |
|--|-----------------------------|-----------------------|-------------------------|-----------------------------|-----------------------------------|---|
| Other Long-term Liabilities | | | | | | |
| Compensated absences payable | \$ 22,803 | 5,578 | 4,342 | \$ 24,039 | 6,250 | 17,789 |
| Notes payable | 1,139 | - | 219 | 920 | 223 | 697 |
| SBITA liability (note 6) | 4,904 | 4,878 | 817 | 8,965 | 972 | 7,993 |
| Claims & judgments (note 15) | 68,816 | 19,005 | 20,341 | 67,480 | 12,333 | 55,147 |
| Other Debt | | | | | | |
| Certificates of Participation: | | | | | | |
| 2016 refunding certificates | 19,560 | - | 490 | 19,070 | 510 | 18,560 |
| 2016 premium | 1,352 | - | 57 | 1,295 | - | 1,295 |
| Lease Revenue Bonds: | | | | | | |
| 2020 lease revenue bonds | 340,085 | - | 8,015 | 332,070 | 8,650 | 323,420 |
| 2021 lease revenue bonds | 38,280 | - | 1,450 | 36,830 | 1,465 | 35,365 |
| Total Governmental Activities | \$496,939 | 29,461 | 35,731 | \$ 490,669 | 30,403 | 460,266 |
| Business-Type Activities: | | | | | | |
| Other Long-term Liabilities | | | | | | |
| Compensated absences payable | \$ 2,262 | 453 | 424 | \$ 2,291 | 596 | 1,695 |
| SBITA liability (note 6) | 575 | 473 | 416 | 632 | 175 | 457 |
| Direct Borrowings | | | | | | |
| Easement payable - Water Fund | 1,104 | - | 58 | 1,046 | 58 | 988 |
| Installment Sale Agreement - Water Fund | 2,847 | - | 581 | 2,266 | 595 | 1,671 |
| Total Business-Type Activities | \$ 6,788 | 926 | 1,479 | \$ 6,235 | 1,424 | 4,811 |

Compensated Absences

The City’s policy regarding compensated absences is described in Note 1. The funded portion of this debt, is recorded in the Internal Service funds and business-type Enterprise funds totaling \$9,783,476 and \$2,290,843 respectively. The unfunded portion, amounting to \$14,255,607 is recorded in the governmental activities and is expected to be paid from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund.

Notes Payable

The City entered into a 7-year municipal lease-to-own financing with Republic First National to purchase eight ambulances from Southwest Ambulance Sales LLC in the amount of \$1,560,528, with a total interest cost of \$138,391 at an annual rate of 2.17%. The annual payment is payable on

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Notes to the Basic Financial Statements

Year ended June 30, 2024

March 15, and at the end of the term, the City will own the ambulances. As of June 30, 2024, \$920,336 of principal remains outstanding.

Claims and Judgments

The long-term liability for self-insurance claims and judgments is recorded in the Self-Insurance Fund of the Internal Service funds and the liability is liquidated in that fund. Since the Internal Service funds primarily serve the governmental funds, the long-term liability for claims and judgments has been included in the governmental activities in the Government-wide Statement of Net Position. As of June 30, 2024, claims and judgments payable was \$67,479,754 (see Note 15).

(9) Pension Plan

The following is a summary of pension related items for the year ended June 30, 2024:

| | Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense / (Income) |
|-------------------------|------------------------------|---|--|---|
| CalPERS Miscellaneous | \$ 76,841,231 | \$ 46,161,306 | \$ (2,347,675) | \$ 21,044,051 |
| CalPERS Safety – Police | 97,771,105 | 48,101,862 | (402,430) | 29,234,882 |
| CalPERS Safety – Fire | 57,791,747 | 30,747,756 | (19,244) | 14,713,106 |
| PARS (see Note 10) | 18,052,760 | 2,270,140 | - | 2,054,905 |
| Total | \$ 250,456,843 | \$ 127,281,064 | \$ (2,769,349) | \$ 67,046,944 |

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Local Government’s separate Safety (police and fire) and Miscellaneous (all other) plans, agent multiple-employer defined benefit pension plans 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 Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS’ website under Forms and Publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death

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benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The City typically uses the General Fund and the enterprise funds to liquidate pension and other post-retirement obligations. The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

| | Miscellaneous | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-55 | 52-62 |
| Monthly benefits, as a % of eligible compensation | 2.0% | 2.0% |
| Required employee contribution rates | 6.856% | 6.000% |
| Required employer contribution: | | |
| Normal cost rate | 9.25% | 12.479% |
| Payment of unfunded liability | \$ 6,118,786 | \$ - |

| | Safety - Police | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50-57 |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2.7% |
| Required employee contribution rates | 9.135% | 11.25 % or 13.00% |
| Required employer contribution: | | |
| Normal cost rate | 26.76% | 26.221% or 22.529% |
| Payment of unfunded liability | \$ 5,129,929 | \$ - |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

| | Safety – Fire | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50-57 |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2.7% |
| Required employee contribution rates | 9.049% | 10.25% or 11.00% |
| Required employer contribution: | | |
| Normal cost rate | 20.07% | 20.822% or 22.549% |
| Payment of unfunded liability | \$ 3,350,660 | \$ - |

Employees Covered

At June 30, 2023 measurement date, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety - Police | Safety - Fire |
|---|----------------------|------------------------|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 1,262 | 409 | 226 |
| Inactive employees entitled to but not yet receiving benefits | 1,420 | 127 | 48 |
| Active employees | 924 | 175 | 135 |
| Total | 3,606 | 711 | 409 |

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the measurement period ending June 30, 2023 (the measurement date), the average active employee contribution rate is 7.39 percent for Miscellaneous, 9.94 percent for Safety – Police and 9.74 percent for Safety – Fire, of annual pay, and the employer’s contribution rate is 10.40 percent for Miscellaneous, 28.07 percent for Safety – Police and 22.02 percent for Safety – Fire, of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact

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Notes to the Basic Financial Statements

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due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability based on the following actuarial methods and assumptions:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.5% |
| Salary Increases | Varies by entry age and service |
| Investment Rate of Return | 7.00% net of pension plan investment and administrative expenses; includes inflation |
| Retirement Age | Based on 2021 CalPERS' Experience Study for the period 2001 - 2019 |
| Mortality Rate Table | Based on 2021 CalPERS' Experience Study for the period 2001 - 2019 |

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.

Subsequent Events

Since the valuation date, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the total pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, the long-term price inflation assumption of 2.3% per annum remains appropriate.

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.

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Notes to the Basic Financial Statements

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In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 10 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 follows:

| Asset Class ¹ | New Strategic Allocation | Real Return^{1,2} |
|-----------------------------------|---------------------------------|----------------------------------|
| Public Equities – Cap Weighted | 30.00% | 9.3% |
| Public Equities – Factor Weighted | 12.00 | n/a |
| Treasury | 5.00 | 1.2 |
| Mortgage-backed Securities | 5.00 | 2.0 |
| Investment Grade Corporates | 10.00 | 3.7 |
| High Yield | 5.00 | n/a |
| Emerging Market Debt | 5.00 | n/a |
| Private Debt | 5.00 | n/a |
| Private Equity | 13.00 | 11.8 |
| Real Assets | 15.00 | 7.7 |
| Leverage | (5.00) | n/a |
| Total | 100.00% | |

¹ An expected inflation of 2.5% used for this period

² Figures are based on the 2021 Asset Liability Management study

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Changes in Total Pension Liability

The following table shows the changes in total pension liability recognized over the measurement period.

| | Miscellaneous | | |
|---|-----------------------------------|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Total Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2022 | \$ 735,664,670 | \$ 662,753,411 | \$ 72,911,259 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 10,772,264 | - | 10,772,264 |
| Interest on the Total Pension Liability | 49,672,891 | - | 49,672,891 |
| Changes of Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | (555,304) | - | (555,304) |
| Changes of Assumptions | - | - | - |
| Net Plan to Plan Resource Movement | - | - | - |
| Contributions from the Employer | - | 11,657,493 | (11,657,493) |
| Contributions from Employees | - | 4,393,192 | (4,393,192) |
| Net Investment Income | - | 40,396,552 | (40,396,192) |
| Administrative Expense | - | (487,358) | 487,358 |
| Benefit Payments, including Refunds of Employee Contributions | (41,197,053) | (41,197,053) | - |
| Other Miscellaneous Income/(Expense) | - | - | - |
| Net Changes during 2022-23 | 18,692,798 | 14,762,826 | 3,929,972 |
| Balance at: 6/30/2023 | \$ 754,357,468 | \$ 677,516,237 | \$ 76,841,231 |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

| | Safety - Police | | |
|--|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Total Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2022 | \$ 668,922,276 | \$ 582,620,327 | \$ 86,301,949 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 10,449,013 | - | 10,449,013 |
| Interest on the Total Pension Liability | 45,576,331 | - | 45,576,331 |
| Changes of Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | 5,654,688 | - | 5,654,688 |
| Changes of Assumptions | - | - | - |
| Net Plan to Plan Resource Movement | - | - | - |
| Contributions from the Employer | - | 12,349,064 | (12,349,064) |
| Contributions from Employees | - | 2,831,357 | (2,831,357) |
| Net Investment Income | - | 35,458,887 | (35,458,887) |
| Administrative Expense | - | (428,432) | 428,432 |
| Benefit Payments, including Refunds of Employee Contributions | (38,549,863) | (38,549,863) | - |
| Other Miscellaneous Income/(Expense) | - | - | - |
| Net Changes during 2022-23 | 23,130,169 | 11,661,013 | 11,469,156 |
| Balance at: 6/30/2023 | \$ 692,052,445 | \$ 594,281,340 | \$ 97,771,105 |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

| | Safety - Fire | | |
|---|-----------------------------------|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Total Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2022 | \$ 418,086,191 | \$ 366,132,478 | \$ 51,953,713 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 5,798,843 | - | 5,798,843 |
| Interest on the Total Pension Liability | 28,354,338 | - | 28,354,338 |
| Changes of Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | 2,642,770 | - | 2,642,770 |
| Changes of Assumptions | - | - | - |
| Net Plan to Plan Resource Movement | - | - | - |
| Contributions from the Employer | - | 7,224,125 | (7,224,125) |
| Contributions from Employees | - | 1,914,964 | (1,914,964) |
| Net Investment Income | - | 22,088,065 | (22,088,065) |
| Administrative Expense | - | (269,237) | 269,237 |
| Benefit Payments, including Refunds of Employee Contributions | (25,391,886) | (25,391,886) | - |
| Other Miscellaneous Income/(Expense) | - | - | - |
| Net Changes during 2022-23 | 11,404,065 | 5,566,031 | 5,838,034 |
| Balance at: 6/30/2023 | \$ 429,490,256 | \$ 371,698,509 | \$ 57,791,747 |

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

The following presents the total pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.90%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

| | Discount Rate – 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|--|-------------------------------|----------------------------------|-------------------------------|
| Plan's Total Pension Liability – Miscellaneous | \$ 172,273,070 | \$ 76,841,231 | \$ (2,232,734) |
| Plan's Total Pension Liability – Safety-Police | \$ 188,908,360 | \$ 97,771,105 | \$ 22,954,388 |
| Plan's Total Pension Liability – Safety-Fire | \$ 110,450,365 | \$ 57,791,747 | \$ 14,088,325 |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2023, the City recognized a pension expense of \$21,044,051 for the Miscellaneous Plan, \$29,234,882 for the Safety-Police Plan and \$14,713,106 for the Safety-Fire Plan.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to the Plans as follows:

| Miscellaneous | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Pension Contributions Subsequent to Measurement Date | \$ 7,411,431 | \$ - |
| Differences between Expected and Actual Experience | - | (2,347,675) |
| Changes of Assumptions | 6,830,518 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 31,919,357 | - |
| Total | \$ 46,161,306 | \$ (2,347,675) |

| Safety - Police | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Pension Contributions Subsequent to Measurement Date | \$ 8,143,861 | \$ - |
| Differences between Expected and Actual Experience | 3,822,534 | (402,430) |
| Changes of Assumptions | 7,597,361 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 28,538,106 | - |
| Total | \$ 48,101,862 | \$ (402,430) |

| Safety - Fire | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Pension Contributions Subsequent to Measurement Date | \$ 4,956,696 | \$ - |
| Differences between Expected and Actual Experience | 2,638,889 | (19,244) |
| Changes of Assumptions | 5,101,556 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 18,050,615 | - |
| Total | \$ 30,747,756 | \$ (19,244) |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

Deferred outflows of resources related to contributions subsequent to the measurement date reported above for Miscellaneous, Safety-Police and Safety-Fire in the amounts of \$7,411,431, \$8,143,861 and \$4,956,696, respectively, will be recognized as a reduction of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| | Deferred Outflows/(Inflows) of Resources | Deferred Outflows/(Inflows) of Resources | Deferred Outflows/(Inflows) of Resources |
|--|---|---|---|
| Measurement Period Ending June 30 | Miscellaneous | Safety - Police | Safety - Fire |
| 2025 | \$ 9,838,568 | \$ 14,120,096 | \$ 6,599,591 |
| 2026 | 3,717,279 | 5,329,009 | 5,179,848 |
| 2027 | 21,960,933 | 19,323,281 | 13,346,696 |
| 2028 | 885,420 | 783,185 | 654,681 |
| 2029 | - | - | - |
| Thereafter | - | - | - |

(10) PARS Enhanced Retirement Defined Benefit Pension Plan

Pursuant to a Plan Document dated January 25, 2004, the City provides an enhanced retirement benefit to members of the Torrance Professional and Supervisory Association (TPSA), the Engineer Bargaining Unit, the Fiscal Bargaining Unit, and certain Information Technology Specialists who migrated to the TPSA on October 19, 2004. This benefit takes the form of a single employer defined benefit pension plan. The authority to establish and amend the funding policy is the City Council. Currently it is the City’s policy to annually fund an amount budgeted to approximate the required annual contribution for that fiscal year.

Benefits are available to members hired on or before January 25, 2004 that retire from the City at an age of 55 or greater and with five or more years of City service. Benefits are also available to members hired between January 25, 2004 and December 31, 2012 that retire from the City at an age of 55 or greater and with five or more years of City service specific to the eligible bargaining unit, as identified previously. New hires after December 31, 2012 are not eligible for this benefit.

Generally, the enhanced benefit is expressed as .46951% times years of CalPERS eligible service times the member’s highest annual compensation while a bargaining group member. This plan is administered for the City through a third party administrator, Public Agency Retirement Services (PARS). Copies of PARS’ annual financial report may be obtained from its executive office at 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

CITY OF TORRANCE, CALIFORNIA

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Year ended June 30, 2024

Employees covered – At June 30, 2023 (measurement date), the following employees were covered by the benefit term for the Plan:

| | |
|---------------------|-------------------|
| Retirees | 162 |
| Vested terminations | 35 |
| Suspended | 17 |
| Active employees | <u>52</u> |
| Total | <u><u>266</u></u> |

Contribution Description

The City’s funding policy is to make the contribution as determined by the Plan’s actuary. The Plan’s annual pension cost for the fiscal year ended June 30, 2024, is based on an actuarial valuation as of June 30, 2022. For the fiscal year ended June 30, 2024, the City’s annual pension cost is \$2,054,905. The City contributed \$1,372,000 to the plan.

| | |
|----------------------------|--|
| Measurement Date: | June 30, 2023 |
| Actuarial Valuation Date: | June 30, 2023 |
| Asset Valuation Method: | Investment gains and losses over 5 year period, not less than 80% nor more than 120% of market value |
| Discount rate: | 5.25% |
| Mortality: | CalPERS’ 2021 Experience Study |
| General Inflation: | 2.5% |
| Cost of Living Adjustment: | 2% |
| Termination: | CalPERS’ 2021 Experience Study |
| Salary Increases: | Varies by entry age and service |
| Retirement Age: | CalPERS’ 2021 Experience Study |

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

Plan funded status based on the excess of

- 1) Plan Assets over
- 2) Actuarial Accrued Liability

Actuarial valuation of assets are not less than 80% nor more than 120% of market value. This is due to investment gains/losses being spread over a 5 year rolling period.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the actuary stress tested the plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 5.25 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

Change in Total Pension Liability

The following table shows the changes in total pension liability recognized over the measurement period:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Total Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2022 | \$ 35,935,539 | \$ 17,732,689 | \$ 18,202,850 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 404,155 | - | 404,155 |
| Interest on the total pension liability | 1,865,183 | - | 1,865,183 |
| Differences between actual and expected experience | 335,110 | - | 335,110 |
| Change of assumptions | - | - | - |
| Contributions from the employer | - | 1,362,000 | (1,362,000) |
| Investment income | - | 1,446,500 | (1,446,500) |
| Administrative expense | - | (53,962) | 53,962 |
| Benefit payments, including refunds | (1,645,856) | (1,645,856) | - |
| Net Changes | 958,592 | 1,108,682 | (150,090) |
| Balance at: 6/30/2023 | \$ 36,894,131 | \$ 18,841,371 | \$ 18,052,760 |

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

The following presents the total pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 5.25%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.25%) or 1 percentage-point higher (6.25%) than the current rate:

| | 1% Decrease (4.25%) | Discount Rate (5.25%) | 1% Increase (6.25%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Total Pension Liability | \$ 22,693,609 | \$ 18,052,760 | \$ 14,186,932 |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2023 (the measurement date), the City recognized a pension expense of \$2,054,905 for the Plan.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to the Plan as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 107,144 | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | 790,996 | - |
| Employer contributions made subsequent to the measurement date | 1,372,000 | - |
| Total | \$ 2,270,140 | \$ - |

As of June 30, 2024, deferred outflows of resources related to employer contributions subsequent to the measurement date in the amount of \$1,372,000 will be recognized as a reduction of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Period Ending June 30: | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2025 | \$ 273,843 |
| 2026 | 86,476 |
| 2027 | 639,624 |
| 2028 | (101,803) |
| 2029 | - |
| Thereafter | - |

(11) Other Postemployment Benefit Plan

Plan Description

The City has established the City of Torrance Retiree Healthcare Plan (the “Plan”), an agent multiple-employer defined benefit postemployment healthcare plan. The Plan provides post-retirement medical benefits to eligible retirees and their dependents through the California Public Employees Medical and Hospital Care Act (PEMHCA) and managed through the California Retiree Benefit Trust (CERBT). All employees are vested after five years of employment and must reach the age of 50 and qualify for CalPERS retirement in order to receive these benefits. Benefits are

CITY OF TORRANCE, CALIFORNIA

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payable for the life of the retiree and survivor coverage continues after the death of the retiree. A separate financial report is not prepared for the Plan.

Employees Covered

As of the June 30, 2023 valuation date, the following current and former employees were covered by the benefit terms under the Plan:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 842 |
| Inactive employees entitled to but not yet receiving benefits | 505 |
| Active employees | <u>1,196</u> |
| Total | <u><u>2,543</u></u> |

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreement between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution (ADC). In the measurement date June 30, 2023, the City’s cash contributions were \$5,644,000 in payments to the Trust.

Total Other Postemployment Benefit (OPEB) Liability

The City’s total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2022.

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial methods and assumptions:

| | |
|--|---|
| Measurement Date | June 30, 2023 |
| Measurement Period | July 1, 2022 to June 30, 2023 |
| Actuarial Cost Method | Entry age normal, level percentage of payroll |
| Actuarial Assumptions: | |
| Discount Rate | 6.25% |
| Inflation | 2.5% |
| Salary Increases | Aggregate – 2.75%, Merit - CalPERS 2021 assumptions |
| Investment Rate of Return | 6.25% |
| Medical Trend | Non-Medicare – 7.6%, Medicare – 5.9% |
| Mortality, Retirement, Disability, Termination | CalPERS 2021 Experience Study |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

The target allocation shown below was adopted by CERBT effective March 2022.

| Asset Class | Strategic Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|------------------------------------|---|
| Global Equity | 49% | 4.56% |
| Fixed Income | 23 | 1.56 |
| TIPS | 5 | (0.08) |
| Commodities | 3 | 1.22 |
| REITs | 20 | 4.06 |
| Total | 100% | |

Discount Rate

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Changes in Total OPEB Liability

The following table shows the changes in total OPEB liability recognized over the measurement period.

| | Increase (Decrease) | | |
|---|-----------------------------|------------------------------------|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Total OPEB Liability (c) = (a) - (b) |
| Balance at: 6/30/2022 | \$ 80,137,762 | \$ 34,480,727 | \$ 45,657,035 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,105,585 | - | 2,105,585 |
| Interest on the Total OPEB Liability | 5,011,817 | - | 5,011,817 |
| Changes of Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | 5,732,980 | - | 5,732,980 |
| Changes of Assumptions | 11,852,107 | - | 11,852,107 |
| Contributions from the Employer | - | 5,644,000 | (5,644,000) |
| Contributions from Employees | - | - | - |
| Net Investment Income | - | 3,067,253 | 3,067,253 |
| Administrative Expense | - | (32,415) | 32,415 |
| Benefit Payments | (4,171,763) | (4,171,763) | - |
| Net Changes during 2022-23 | 20,530,726 | 4,507,075 | 16,023,651 |
| Balance at: 6/30/2023 | \$ 100,668,488 | \$ 38,987,802 | \$ 61,680,686 |

Change of Assumptions

The claims cost was updated to reflect current premiums and plan selection, while morbidity and the population for curving were updated to reflect the most recent CalPERS experience study. Initial health trend rates were updated to reflect the most recent industry survey of current year expectations grading down to ultimate rates based on Bureau of Labor and Statistics 75-year averages.

Change of Benefit Terms

The City's contribution to Police Yearly Stipend increased from 2.0% to 2.5% of payroll effective July 1, 2024. The impact on the Total OPEB liability is \$4,564,428.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

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

The following presents the total OPEB liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.25%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25%) or 1 percentage-point higher (7.25%) than the current rate:

| | Discount Rate – 1% (5.25%) | Current Discount Rate (6.25%) | Discount Rate + 1% (7.25%) |
|----------------------|---------------------------------------|--|---------------------------------------|
| Total OPEB Liability | \$ 75,060,927 | \$ 61,680,686 | \$ 50,658,739 |

Sensitivity of the Total OPEB Liability to Changes in the Medical Trend Rates

The following presents the total OPEB liability of the Plan as of the Measurement Date, calculated using the medical trend rates of Non-Medicare – 7.60% and Medicare – 5.90%, as well as what the total OPEB liability would be if it were calculated using medical trend rates that are 1 percentage-point lower (Non-Medicare – 6.60%, Medicare – 4.90%) or 1 percentage-point higher (Non-Medicare – 8.60%, Medicare – 6.90%) than the current rates:

| | Medical Trend Rates – 1% (6.60% and 4.90%) | Current Medical Trend Rates (7.60% and 5.90%) | Medical Trend Rates + 1% (8.60% and 4.90%) |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 52,066,604 | \$ 61,680,686 | \$ 73,568,849 |

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

For the measurement period ended June 30, 2023, the City recognized OPEB expense of \$6,551,576.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to OPEB as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| OPEB Contributions Subsequent to Measurement Date | \$ 5,837,000 | \$ - |
| Differences between Expected and Actual Experience | 4,971,628 | 2,786,949 |
| Changes of Assumptions | 11,316,437 | 35,000 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 2,155,080 | - |
| Total | \$ 24,280,145 | \$ 2,821,949 |

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Notes to the Basic Financial Statements

Year ended June 30, 2024

Deferred outflows of resources related to contributions subsequent to the measurement date reported above in the amounts of \$5,837,000, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| | Deferred Outflows/(Inflows) of Resources |
|----------------------------|---|
| Year Ending June 30 | Miscellaneous |
| 2025 | \$ 2,042,012 |
| 2026 | 2,073,529 |
| 2027 | 3,477,835 |
| 2028 | 2,119,418 |
| 2029 | 2,335,337 |
| Thereafter | 3,373,065 |

(12) Deferred Compensation Plan

During fiscal year 1973-74, the City Council adopted Resolution 74-120 establishing a deferred compensation plan (Plan) for the benefit of its eligible employees. The City established the Plan to attract and hold well-qualified City employees by permitting them to make special provisions for monthly payments upon retirement. The Plan was qualified under the applicable provisions of the Federal Internal Revenue Code and complies with the provisions of Sections 53212 and 53214 of the California Government Code. Prior to fiscal year 1996-97, in accordance with Section 457 of the Internal Revenue Code, all assets of the Plan remained the property of the City until paid or made available to participants, subject only to the claims of the City's general creditors.

As a result of changes to Section 457 deferred compensation plans resulting from the Small Business Job Protection Act of 1996, the City's deferred compensation plan administrator, Great West Life & Annuity Insurance Company (GWLAIC) established a custodial account on behalf of the Plan participants. Effective July 1, 1998, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in the custodial account for the exclusive benefit of the employee participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the Plan, all investment decisions under the Plan are the responsibility of the Plan participants. The City has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the Plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the Plan or terminate service with the City, they may be eligible to receive payments under the Plan in accordance with provisions thereof. In the event of

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

serious financial emergency, the City may approve, upon request, withdrawals from the Plan by the participants, along with their allocated contributions.

(13) Other Required Individual Fund Disclosures

Interfund Transactions – Due to/Due from Other Funds

Interfund receivable and payable balances at June 30, 2024 were as follows (in thousands):

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------------|----------|
| General Fund | Nonmajor Governmental Funds | \$ 6,566 |

The receivables from the nonmajor governmental funds represent short-term loans to cover negative cash balances in various funds.

Interfund Transactions - Advances

The balances of advances between funds at June 30, 2024 were as follows (in thousands):

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|--------------|--------|
| Nonmajor Governmental Funds | General Fund | \$ 600 |

The advance from the Parks and Recreation Facilities Fund (a nonmajor governmental fund) to the General Fund represents a loan for property acquisition.

Successor Agency – Advances

The balances of advances to the Successor Agency Trust at June 30, 2024 were as follows (in thousands):

| Receivable Fund | Amount |
|-----------------------------|----------|
| General Fund | \$ 3,915 |
| Nonmajor Governmental Funds | 1,283 |
| Water Enterprise Fund | 1,218 |
| | \$ 6,416 |

The advances to the Successor Agency Trust represent loans to fund infrastructure improvements and Supplemental Educational Revenue Augmentation Fund (SERAF) payments. As required by law, 20% of the loan repayments from the Successor Agency are transferred to the Low Mod Housing Fund. More information regarding the Successor Agency Trust can be found in Note 21.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(14) Transfers In and Out

The balances of transfers between funds for the year ended June 30, 2024 were as follows (in thousands):

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> |
|-----------------------------------|--------------------------------|------------------|
| General Fund | Water Enterprise Fund | \$ 12 |
| | Sewer Enterprise Fund | 22 |
| | Nonmajor Enterprise Fund | 283 |
| | Internal Service Funds | 4,200 |
| | Nonmajor Governmental Funds | 7,089 |
| | | <u>11,606</u> |
| Transit System Enterprise Fund | General Fund | 61 |
| | Nonmajor Enterprise Fund | 16 |
| | | <u>77</u> |
| Water Enterprise Fund | General Fund | 6 |
| | Nonmajor Enterprise Fund | 3 |
| | | <u>9</u> |
| Municipal Airport Enterprise Fund | General Fund | 10,356 |
| | Nonmajor Governmental Funds | 67 |
| | Nonmajor Enterprise Fund | 32 |
| | | <u>10,455</u> |
| Internal Service Funds | General Fund | 9 |
| | Nonmajor Enterprise Fund | 18 |
| | | <u>27</u> |
| Nonmajor Enterprise Fund | General Fund | <u>1,231</u> |
| Nonmajor Governmental Funds | General Fund | 2,989 |
| | Transit System Enterprise Fund | 3,000 |
| | Nonmajor Governmental Funds | 613 |
| | | <u>6,602</u> |
| Total | | <u>\$ 30,007</u> |

Major activity within the fund transfers category can be summarized as follows:

- General Fund transfers to the Self-Insurance Fund (an internal service fund) represent contributions to fund self-insured claims and settlements;
- General Fund transfers to the Capital Improvement Fund (a nonmajor governmental fund) represents contributions to fund various capital projects;

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

- Transfers to the General Fund from the Municipal Airport Enterprise Fund represent transfers to fund operations and equipment replacement;
- Transfers to the Transit System Enterprise Fund from the Proposition A Fund (a nonmajor governmental fund) represent contributions to improve public transit and related transportation infrastructure;
- Transfers to the General Fund from the Gas Tax Fund (a nonmajor governmental fund) represent transfers to fund various street-related operations.

(15) Risk Management

The City self-insures some risks, often within certain dollar limits, and fully insures other risks through the purchase of commercial insurance.

Liability: The City insures automobile and general liability risks to \$5,000,000 per occurrence. There is excess liability coverage of \$25,000,000 for amounts above the \$5,000,000 self-insured retention.

The City also purchases insurance with lower or no deductibles/retentions covering the following specific risks: The Airport, Pollution Liability related to named locations, the Farmer's Market and certain special events.

Workers' Compensation: The City is self-insured for workers' compensation risks up to \$2,000,000 per occurrence. Excess coverage is in place for amounts above the \$2,000,000 self-insured retention up to State of California statutory limits.

Property: The City purchases all risks property insurance, subject to exclusions, covering City buildings, contents, vehicles, and machines subject to deductibles of \$1,000 to \$150,000 per occurrence depending upon the type of loss.

Crime: The City purchases crime insurance up to \$15,000,000 per occurrence for the loss of money and securities caused by employees and or others.

Short and Long Term Disability: The City purchases commercially available insurance to cover disability claims.

As of June 30, 2024, \$52,657,699 and \$14,822,055 have been accrued for workers' compensation and general liability claims, respectively. These accruals represent estimates of amounts to be ultimately paid for reported claims and incurred but unreported claims based upon past experience, modified for current trends and other information.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

Changes in the balance of claim liabilities during the period for all Self-Insurance Funds combined are as follows (in thousands):

| Fiscal years | Beginning fiscal year liability balance | Current year claims and changes in estimates | Claim payments | Ending fiscal year balance |
|--------------|---|---|----------------|-------------------------------|
| 2022-23 | \$ 73,014 | \$ 10,949 | \$ (15,147) | \$ 68,816 |
| 2023-24 | 68,816 | 7,779 | (9,115) | 67,480 |

(16) Due from/Due to Other Governments

Amounts due from other governments consisted of the following at June 30, 2024 (in thousands):

| | State of California | Federal Agencies | County of Los Angeles | Other Local Governments | Total |
|--------------------------------|------------------------|---------------------|--------------------------|----------------------------|------------------|
| Governmental Funds: | | | | | |
| General Fund | \$ 14,182 | \$ - | \$ 1,501 | \$ - | \$ 15,683 |
| Other Governmental Funds: | | | | | |
| Measure R Highway Fund | - | - | 651 | - | 651 |
| State Gas Tax Improvement Fund | 1,003 | - | - | - | 1,003 |
| Grants and Donation Fund | - | 1,418 | 135 | 65 | 1,618 |
| Police Inmate Welfare Fund | - | - | 8 | - | 8 |
| Measure M Grant Fund | - | - | 39 | - | 39 |
| Rental Assistance Program Fund | - | 40 | - | 4 | 44 |
| DNA Sampling Fund | - | - | 1 | - | 1 |
| Enterprise Funds: | | | | | |
| Transit System Fund | 866 | 2,254 | 785 | - | 3,905 |
| Nonmajor Enterprise Fund | - | - | 2 | - | 2 |
| Total | <u>\$ 16,051</u> | <u>\$ 3,712</u> | <u>\$ 3,122</u> | <u>\$ 69</u> | <u>\$ 22,954</u> |

(17) Unearned Revenue

The table that follows shows activity for the City’s unearned revenue accounts as of June 30, 2024. The unearned revenue in the Transit System Enterprise Fund represents amounts that will be recognized when eligible purchases occur. The rents received by the Municipal Airport Enterprise Fund in June for July will be recognized in July 2024. In May and June of 2024, the Parks and Recreation program of the General Fund collected revenues for summer classes which begin in July. These revenues will be recognized in July 2024.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

**Unearned Revenue Activity for Fiscal Year Ended June 30, 2024
(in thousands)**

| | <u>Balance at July 1, 2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at June 30, 2024</u> |
|--|------------------------------------|------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Parks and Recreation revenues received | | | | |
| in May and June for July classes | \$ 715 | \$ 795 | \$ 715 | \$ 795 |
| Section 8 Housing - Emergency | | | | |
| Housing Voucher | 10 | 33 | 13 | 30 |
| Total governmental funds | <u>725</u> | <u>828</u> | <u>728</u> | <u>825</u> |
| Enterprise Funds: | | | | |
| Transit Security Reserve | 1,343 | - | - | 1,343 |
| Transit Prop 1B | 1,505 | 52 | 40 | 1,517 |
| Transit Prop C (MOSIP) | 2,193 | 6 | 8 | 2,191 |
| Transit Measure R Operations | 2,574 | 2,082 | 2,574 | 2,082 |
| Transit Measure M Operations | 3,636 | 4,288 | 3,636 | 4,288 |
| Transit Cap and Trade Capital | 392 | 16 | - | 408 |
| Airport rents received for July | 459 | 2,418 | 2,592 | 285 |
| Total Enterprise Funds | <u>12,102</u> | <u>8,862</u> | <u>8,850</u> | <u>12,114</u> |
| Total | <u>\$ 12,827</u> | <u>\$ 9,690</u> | <u>\$ 9,578</u> | <u>\$ 12,939</u> |

(18) Deficit Fund Balance and Net Position (Accumulated Deficit)

The Community Development Block Grant Fund, a special revenue fund, has an accumulated deficit of \$64,853 at June 30, 2024. Such deficit is attributed to a retention withheld by the City from a construction contract that will be released upon project completion and will then be submitted to the grantor for reimbursement. The grantor also withholds 5% retention on funding reimbursements.

The Self-Insurance Fund, an internal service fund, has an accumulated deficit of \$52,056,248 at June 30, 2024. Such deficit is attributed to replenishment of the reserve for general liability claims resulting from settlements of claims in excess of established reserves. It is anticipated that the deficit will continue to be reduced over future years through increases in annual charges made through the budgeting process, as they become necessary. Excess charges will be distributed to all funds proportionately depending on their proportionate benefit of the Self-Insurance Fund.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(19) Commitments and Contingencies

The City has various outstanding contracts and purchase orders for services, supplies, materials and capital projects that have not been completed as of fiscal year-end. These commitments total \$37,984,266 at June 30, 2024.

The balances of encumbrances and other commitments by funds at June 30, 2024 were as follows (in thousands):

Governmental Funds:

| | | |
|-----------------------------|----|---------------|
| General Fund | \$ | 4,002 |
| Capital improvement funds | | 33,947 |
| Nonmajor governmental funds | | 35 |
| Total governmental funds | \$ | <u>37,984</u> |

The City has been named as a defendant in certain other claims and litigation matters as follows:

- The City is involved in an ongoing dispute relating to contamination on City-owned properties which have been leased out to industrial operators since the 1950s. The City has filed a number of claims against the industrial operators, and counter-claims have been filed against the City, as the owner of the properties at issue. The case is currently in the expert discovery phase and is scheduled for trial in 2025. The Los Angeles Regional Water Quality Control Board has also issued a cleanup and abatement order, naming the City and several of the same defendants in this case. Several insurance carriers are participating in the defense of the City. It is likely that other parties will be liable for the majority of the overall cleanup and remediation costs, which are estimated to be in excess of \$50 million. The City's liability cannot be reasonably estimated at this time, however, given the total estimated liability of this matter, even a small share of liability could be material.
- The City was sued as a result of a City-owned slope failing and depositing mud on a private property owner's parking lot. The case is currently in the discovery phase and is scheduled for trial in 2025. There is the possibility that the City may be found liable. The City's liability cannot be reasonably estimated at this time, but is anticipated to be less than \$500,000.
- A claim was lodged against the City relating to injuries allegedly caused by a city-maintained tree. The case is currently in the discovery phase and is scheduled for trial in 2025. Likelihood is unable to be determined at this time as certain material facts have yet to be determined. The City estimates liability would be between \$175,000 - \$500,000.
- A claim was lodged against the City relating to injuries and damages allegedly caused by a collision with a city-owned bus. The case is currently in the discovery phase and is scheduled for trial in 2025. Likelihood is unable to be determined at this time as certain material facts have yet to be determined. The City estimates liability would be between \$150,000 - \$350,000 but this may change as additional information is obtained.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

(20) Fund Balance Policies

The City will strive to maintain at the end of each fiscal year a General Fund Unassigned fund balance at a level that is equal to at least 20% of the fiscal year's General Fund Operating Fund budget appropriation, as amended. In a year in which the City falls short, a plan shall be identified to return to meet the 20% policy. Within this amount, City Council may set a portion aside under an Economic Anomaly Reserve. As of June 30, 2024, the unassigned fund balance of the General Fund includes an Economic Anomaly Reserve of \$12,884,270. Council approval will be required before expending funds from the Economic Anomaly Reserve.

As part of the Operating Budget Resolution of the City, City Council delegates authority to assign amounts for specific purposes to the City Manager. As of June 30, 2024, the assigned fund balance of \$25,605,239 consists of amounts intended to be used for capital-related projects, including a portion set aside for various equipment replacement.

(21) Successor Agency Trust for Assets of Former Redevelopment Agency

a) Long-term Debt – Successor Agency Bonds

2018 Tax Allocation Refunding Bonds – Downtown Redevelopment Project

On October 2018, the Former Redevelopment Agency issued \$3,665,000 Tax Allocation Refunding Bonds. Proceeds of the Bonds were used to refund the Agency's outstanding Downtown Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A, to fund a reserve for the Bonds, to pay premium of the 2018 Insurance Policy, and to pay the costs of issuing the Bonds. Starting from September 1, 2019 and continuing through 2028, the principal on the term bonds matures at variable amounts ranging from \$310,000 to \$445,000. Interest is payable on March 1 and September 1 of each year with rates ranging from 3.00% to 5.00%. Principal and interest are to be repaid directly from the tax increments accruing to the Agency.

The reserve requirement is equal to the lesser of: 1) 10% of the original principal amount of the bonds; 2) 125% of average annual debt service payments; or 3) the maximum annual debt service payments. This requirement will be satisfied by the delivery of the 2018 Reserve Policy in the amount of \$412,448 on the closing date of the 2018 bonds. The Successor Agency will have no obligation to replace the 2018 Reserve Policy or to fund the reserve account with cash if 1) amounts are not available under the 2018 Reserve Policy, or 2) any rating assigned to the bond insurer is downgraded, withdrawn or suspended.

2018 Tax Allocation Refunding Bonds – Industrial Redevelopment Project

On October 2018, the Former Redevelopment Agency issued \$11,505,000 Tax Allocation Refunding Bonds. Proceeds of the 2018 Series Bonds were used to refund the Agency's outstanding Industrial Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A and B, and 1999 Series C, to fund a reserve for the Bonds, to pay premium of the 2018 Insurance Policy, and to pay the costs of issuing the Bonds. Starting from September 1, 2019 and continuing through 2028, the principal on the term bonds matures at variable amounts

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

ranging from \$960,000 to \$1,390,000. Interest is payable on March 1 and September 1 of each year with rates ranging from 3.00% to 5.00%.

The reserve requirement is equal to the lesser of: 1) 10% of the original principal amount of the bonds; 2) 125% of average annual debt service payments; or 3) the maximum annual debt service payments. This requirement will be satisfied by the delivery of the 2018 Reserve Policy in the amount of \$1,294,318 on the closing date of the 2018 bonds. The Successor Agency will have no obligation to replace the 2018 Reserve Policy or to fund the reserve account with cash if 1) amounts are not available under the 2018 Reserve Policy, or 2) any rating assigned to the bond insurer is downgraded, withdrawn or suspended.

Annual debt service requirements to maturity for all tax allocation bonds to be paid from the Successor Agency Trust are as follows (in thousands):

| | Annual Debt Service Requirement | | |
|----------------------|--|-----------------|-----------------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2025 | \$ 1,515 | \$ 380 | \$ 1,895 |
| 2026 | 1,590 | 302 | 1,892 |
| 2027 | 1,665 | 221 | 1,886 |
| 2028 | 1,750 | 135 | 1,885 |
| 2029 | 1,835 | 46 | 1,881 |
| | <u>\$ 8,355</u> | <u>\$ 1,084</u> | <u>\$ 9,439</u> |

Advances and Notes Payable

At June 30, 2024, the Successor Agency Trust had advances and notes payable in the following amounts:

Advance from Los Angeles County: The maximum annual debt service on Agency indebtedness may not exceed \$1,550,000. Such advances are to be repaid in the fiscal year immediately following the year in which the Agency’s annual tax increment allocation exceeds the annual debt service requirement. This advance bears simple interest at the rate of 7.0% per year. At June 30, 2024, the principal balance outstanding is \$12,733,970 and accrued interest is \$15,201,159.

Pledged Revenue

The Successor Agency Trust reports debt issuances outstanding that were collateralized by the pledging of certain revenues of the former redevelopment agency. The amount and term of the remainder of these commitments is indicated in the debt service to maturity tables presented in the accompanying notes. The purpose for which the proceeds of the related debt issuances were utilized is disclosed in the debt description of the accompanying notes. As a result of the

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

state’s action to dissolve all redevelopment agencies, the Successor Agency no longer receives the full amount of tax increment previously pledged by the dissolved redevelopment agency to its bondholders. In its place is a new revenue stream, Redevelopment Property Tax Trust Fund (RPTTF) funds, provided to the Successor Agency that represents only that portion of tax increment that is necessary to pay the enforceable obligations approved by the Department of Finance. For the current year, debt service payments as a percentage of RPTTF funds is indicated on the table below. This percentage also approximates the relationship of debt service to RPTTF revenues for the remainder of the term of the commitments.

| Description of Pledged Revenue | Annual Amount of RPTTF Revenue | Debt Service (Annual Principal and Interest) | Debt Service as a Percentage of RPTTF Revenue |
|-----------------------------------|--------------------------------|--|---|
| Successor Agency Revenues (RPTTF) | \$2,989,497 | \$1,888,625 | 63.2% |

b) Changes in Long-Term Obligations – Successor Agency Debt

The following is a summary of changes in the Successor Agency Trust’s long-term obligations for the year ended June 30, 2024 (in thousands):

| Trust Activities: | Balance June 30, 2023 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2024 | Amounts due within One Year | Amounts Due in more than One Year |
|---|-----------------------------|-----------------------|-------------------------|-----------------------------|-----------------------------------|---|
| Advances and notes payable: | | | | | | |
| Direct Borrowing | | | | | | |
| County of Los Angeles | \$ 27,944 | \$ 891 | \$ 900 | \$ 27,935 | \$ 952 | \$ 26,983 |
| Other debt: | | | | | | |
| Tax Allocation Bonds | | | | | | |
| Downtown '18 project refunding | 2,365 | - | 345 | 2,020 | 365 | 1,655 |
| Downtown '18 project refunding - premium | 244 | - | 46 | 198 | - | 198 |
| Industrial '18 project refunding | 7,425 | - | 1,090 | 6,335 | 1,150 | 5,185 |
| Industrial '18 project refunding - premium | 765 | - | 143 | 622 | - | 622 |
| Total Trust Activities | \$ 38,743 | \$ 891 | \$ 2,524 | \$ 37,110 | \$ 2,467 | \$ 34,643 |

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2024

c) Advances from City – Successor Agency Advances

The advances from the City to the Successor Agency Trust of \$6,415,990 represent loans to fund infrastructure improvements including debt related interest and SERAF payments.

d) Deficit Net Position – Successor Agency Deficit

The Successor Agency Trust has an accumulated deficit of \$41,137,083 as of June 30, 2024, which represents the inclusion of long-term advances and bond debt in excess of cash with fiscal agents including related interest.

(22) Subsequent Event

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 26, 2024, which is the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

Schedules of Required Supplementary Information

1) Pension Plan

***Schedule of Changes in Total Pension Liability and Related Ratios During the Measurement Period
(Last Ten Fiscal Years)***

| MISCELLANEOUS | | | | | | | | | | |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fiscal Year | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| Measurement Period | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service Cost | \$ 10,772,264 | \$ 11,455,825 | \$ 10,755,852 | \$ 10,706,256 | \$ 10,949,536 | \$ 10,957,510 | \$ 10,776,016 | \$ 9,326,290 | \$ 9,144,087 | \$ 9,490,054 |
| Interest | 49,672,891 | 48,324,463 | 47,495,199 | 46,055,415 | 44,638,083 | 43,043,370 | 42,085,919 | 40,872,188 | 39,258,518 | 38,027,142 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | - | - | - |
| Difference between Expected and Actual Experience | (555,304) | (5,630,835) | (2,912,611) | (3,733,828) | (1,659,363) | (7,537,823) | (4,660,868) | (2,057,399) | (7,405,941) | - |
| Changes of Assumptions | - | 19,249,642 | - | - | - | (4,059,282) | 34,423,764 | - | (9,412,681) | - |
| Benefit Payments, Including Refunds of Employee Contributions | (41,197,053) | (37,484,512) | (34,783,119) | (32,690,913) | (31,127,723) | (28,939,991) | (26,989,306) | (25,708,633) | (24,976,500) | (23,765,315) |
| Net Change in Total Pension Liability | 18,692,798 | 35,914,583 | 20,555,321 | 20,336,930 | 22,800,533 | 13,463,784 | 55,635,525 | 22,432,446 | 6,607,483 | 23,751,881 |
| Total Pension Liability – Beginning | 735,664,670 | 699,750,087 | 679,194,766 | 658,857,836 | 636,057,303 | 622,593,519 | 566,957,994 | 544,525,548 | 537,918,065 | 514,166,184 |
| Total Pension Liability – Ending (a) | \$ 754,357,468 | \$ 735,664,670 | \$ 699,750,087 | \$ 679,194,766 | \$ 658,857,836 | \$ 636,057,303 | \$ 622,593,519 | \$ 566,957,994 | \$ 544,525,548 | \$ 537,918,065 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions – Employer | \$ 11,657,493 | \$ 10,950,442 | \$ 93,550,447 | \$ 15,584,372 | \$ 13,593,022 | \$ 11,610,677 | \$ 10,402,620 | \$ 10,695,442 | \$ 8,666,613 | \$ 8,663,640 |
| Contributions – Employee | 4,393,192 | 4,272,378 | 4,684,750 | 4,742,292 | 4,681,095 | 4,804,470 | 4,751,970 | 4,489,879 | 4,427,144 | 4,631,916 |
| Investment Income | 40,396,552 | (55,089,320) | 133,797,877 | 26,295,191 | 33,414,583 | 40,668,268 | 49,956,056 | 2,292,263 | 10,203,028 | 70,021,160 |
| Administrative Expense | (487,358) | (461,328) | (543,282) | (748,123) | (364,288) | (755,023) | (660,060) | (277,649) | (512,710) | (583,338) |
| Plan to Plan Resource Movement | - | - | - | - | - | (1,188) | (572) | (1,138) | (1,092) | - |
| Benefit Payments, Including Refunds of Employee Contributions | (41,197,053) | (37,484,512) | (34,783,119) | (32,690,913) | (31,127,723) | (28,939,991) | (26,989,306) | (25,708,633) | (24,976,500) | (23,765,315) |
| Other Changes in Net Fiduciary Position | - | - | - | - | 1,188 | (1,433,802) | - | - | - | - |
| Net Change in Fiduciary Net Position | 14,762,826 | (77,812,340) | 196,706,673 | 13,182,819 | 20,197,877 | 25,953,411 | 37,460,708 | (8,509,836) | (2,193,517) | 58,968,063 |
| Plan Fiduciary Net Position – Beginning | 662,753,411 | 740,565,751 | 543,859,078 | 530,676,259 | 510,478,382 | 484,524,971 | 447,064,263 | 455,574,099 | 457,767,616 | 398,799,553 |
| Plan Fiduciary Net Position – Ending (b) | \$ 677,516,237 | \$ 662,753,411 | \$ 740,565,751 | \$ 543,859,078 | \$ 530,676,259 | \$ 510,478,382 | \$ 484,524,971 | \$ 447,064,263 | \$ 455,574,099 | \$ 457,767,616 |
| Plan Total Pension Liability – Ending (a) - (b) | \$ 76,841,231 | \$ 72,911,259 | \$ (40,815,664) | \$ 135,335,688 | \$ 128,181,577 | \$ 125,578,921 | \$ 138,068,548 | \$ 119,893,731 | \$ 88,951,449 | \$ 80,150,449 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 89.81% | 90.09% | 105.83% | 80.07% | 80.54% | 80.26% | 77.82% | 78.85% | 83.66% | 85.10% |
| Covered Payroll | \$ 75,235,099 | \$ 74,291,497 | \$ 74,945,198 | \$ 75,648,179 | \$ 77,403,884 | \$ 74,413,027 | \$ 72,998,617 | \$ 70,886,923 | \$ 69,039,875 | \$ 66,675,430 |
| Plan Total Pension Liability as a Percentage of Covered Payroll | 102.13% | 98.14% | -54.46% | 178.90% | 165.60% | 168.76% | 189.14% | 169.13% | 128.84% | 120.21% |

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

SAFETY - POLICE

| Fiscal Year | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Measurement Period | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service Cost | \$ 10,449,013 | \$ 11,371,123 | \$ 10,297,994 | \$ 10,266,470 | \$ 10,135,377 | \$ 9,617,998 | \$ 9,591,564 | \$ 8,469,089 | \$ 8,309,481 | \$ 8,460,366 |
| Interest | 45,576,331 | 43,930,948 | 42,612,265 | 41,172,526 | 39,814,196 | 38,480,738 | 37,507,939 | 36,797,609 | 35,673,874 | 34,278,788 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | - | - | - |
| Difference between Expected and Actual Experience | 5,654,688 | (1,207,290) | 1,634,984 | 332,145 | 240,434 | (2,314,059) | (5,427,144) | (2,637,099) | 589,439 | - |
| Changes of Assumptions | - | 22,792,083 | - | - | - | (2,610,368) | 30,873,205 | - | (8,606,841) | - |
| Benefit Payments, Including Refunds of Employee Contributions | (38,549,863) | (34,749,264) | (33,904,651) | (32,002,431) | (30,696,816) | (29,199,389) | (27,966,047) | (27,437,806) | (26,035,590) | (24,707,746) |
| Net Change in Total Pension Liability | 23,130,169 | 42,137,600 | 20,640,592 | 19,768,710 | 19,493,191 | 13,974,920 | 44,579,517 | 15,191,793 | 9,930,363 | 18,031,408 |
| Total Pension Liability – Beginning | 668,922,276 | 626,784,676 | 606,144,084 | 586,375,374 | 566,882,183 | 552,907,263 | 508,327,746 | 493,135,953 | 483,205,590 | 465,174,182 |
| Total Pension Liability – Ending (a) | \$ 692,052,445 | \$ 668,922,276 | \$ 626,784,676 | \$ 606,144,084 | \$ 586,375,374 | \$ 566,882,183 | \$ 552,907,263 | \$ 508,327,746 | \$ 493,135,953 | \$ 483,205,590 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions – Employer | \$ 12,349,064 | \$ 11,847,266 | \$ 189,129,627 | \$ 21,054,557 | \$ 18,925,078 | \$ 16,961,372 | \$ 15,646,286 | \$ 15,412,320 | \$ 13,719,737 | \$ 12,985,781 |
| Contributions – Employee | 2,831,357 | 3,140,533 | 3,136,916 | 2,993,505 | 2,983,799 | 2,728,055 | 2,554,857 | 2,841,688 | 2,724,184 | 3,740,084 |
| Investment Income | 35,458,887 | (48,468,581) | 112,274,103 | 18,488,022 | 23,344,017 | 28,673,867 | 35,441,336 | 1,582,749 | 7,263,861 | 50,235,622 |
| Administrative Expense | (428,432) | (405,694) | (380,596) | (523,005) | (254,540) | (528,343) | (463,367) | (196,022) | (361,983) | (416,670) |
| Plan to Plan Resource Movement | - | - | - | - | - | (832) | 572 | 404 | 1,092 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (38,549,863) | (34,749,264) | (33,904,651) | (32,002,431) | (30,696,816) | (29,199,389) | (27,966,047) | (27,437,806) | (26,035,590) | (24,707,746) |
| Other Changes in Net Fiduciary Position | - | - | - | - | 832 | (1,003,332) | - | - | - | - |
| Net Change in Fiduciary Net Position | 11,661,013 | (68,635,740) | 270,255,399 | 10,010,648 | 14,302,370 | 17,631,398 | 25,213,637 | (7,796,667) | (2,688,699) | 41,837,071 |
| Plan Fiduciary Net Position – Beginning | 582,620,327 | 651,256,067 | 381,000,668 | 370,990,020 | 356,687,650 | 339,056,252 | 313,842,615 | 321,639,282 | 324,327,981 | 282,490,910 |
| Plan Fiduciary Net Position – Ending (b) | \$ 594,281,340 | \$ 582,620,327 | \$ 651,256,067 | \$ 381,000,668 | \$ 370,990,020 | \$ 356,687,650 | \$ 339,056,252 | \$ 313,842,615 | \$ 321,639,282 | \$ 324,327,981 |
| Plan Total Pension Liability – Ending (a) - (b) | \$ 97,771,105 | \$ 86,301,949 | \$ (24,471,391) | \$ 225,143,416 | \$ 215,385,354 | \$ 210,194,533 | \$ 213,851,011 | \$ 194,485,131 | \$ 171,496,671 | \$ 158,877,609 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 85.87% | 87.10% | 103.90% | 62.86% | 63.27% | 62.92% | 61.32% | 61.74% | 65.22% | 67.12% |
| Covered Payroll | \$ 36,290,274 | \$ 36,436,354 | \$ 36,949,943 | \$ 36,495,812 | \$ 37,037,648 | \$ 36,159,856 | \$ 35,008,338 | \$ 34,532,099 | \$ 33,611,327 | \$ 32,875,017 |
| Plan Total Pension Liability as a Percentage of Covered Payroll | 269.41% | 236.86% | -66.23% | 616.90% | 581.53% | 581.29% | 610.86% | 563.20% | 510.23% | 483.28% |

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

SAFETY - FIRE

| Fiscal Year | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Measurement Period | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service Cost | \$ 5,798,843 | \$ 6,081,104 | \$ 5,145,012 | \$ 5,373,553 | \$ 5,227,948 | \$ 5,388,369 | \$ 5,477,299 | \$ 4,792,460 | \$ 4,548,904 | \$ 4,835,576 |
| Interest | 28,354,338 | 27,558,427 | 27,147,256 | 26,342,771 | 25,640,581 | 24,647,319 | 24,038,253 | 23,824,477 | 23,092,358 | 22,588,535 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | - | - | - |
| Difference between Expected and Actual Experience | 2,642,770 | 403,770 | 1,655,408 | (275,824) | 3,732,401 | (308,957) | (5,110,618) | (643,989) | (4,479,829) | - |
| Changes of Assumptions | - | 9,739,334 | - | - | - | (1,978,419) | 18,706,825 | - | (5,267,980) | - |
| Benefit Payments, Including Refunds of Employee Contributions | (25,391,886) | (23,820,561) | (22,555,084) | (21,456,735) | (20,232,644) | (19,359,553) | (17,971,061) | (17,603,550) | (17,494,135) | (16,210,971) |
| Net Change in Total Pension Liability | 11,404,065 | 19,962,074 | 11,392,592 | 9,983,765 | 14,368,286 | 8,388,759 | 25,140,698 | 10,369,398 | 399,318 | 11,213,140 |
| Total Pension Liability – Beginning | 418,086,191 | 398,124,117 | 386,731,525 | 376,747,760 | 362,379,474 | 353,990,715 | 328,850,017 | 318,480,619 | 318,081,301 | 306,868,161 |
| Total Pension Liability – Ending (a) | \$ 429,490,256 | \$ 418,086,191 | \$ 398,124,117 | \$ 386,731,525 | \$ 376,747,760 | \$ 362,379,474 | \$ 353,990,715 | \$ 328,850,017 | \$ 318,480,619 | \$ 318,081,301 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions – Employer | \$ 7,224,125 | \$ 6,192,282 | \$ 109,127,284 | \$ 11,622,060 | \$ 10,531,151 | \$ 9,397,067 | \$ 8,711,092 | \$ 9,381,268 | \$ 7,929,158 | \$ 7,969,925 |
| Contributions – Employee | 1,914,964 | 1,811,128 | 1,785,080 | 1,711,907 | 1,802,278 | 1,715,776 | 1,759,306 | 1,645,230 | 1,582,829 | 1,677,069 |
| Investment Income | 22,088,065 | (30,647,145) | 71,728,027 | 12,375,436 | 15,731,227 | 19,484,911 | 24,165,084 | 1,103,442 | 4,937,128 | 34,621,145 |
| Administrative Expense | (269,237) | (257,183) | (252,753) | (351,198) | (172,311) | (360,377) | (317,314) | (134,400) | (248,172) | (277,780) |
| Plan to Plan Resource Movement | - | - | - | - | - | (564) | - | 735 | 13,412 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (25,391,886) | (23,820,561) | (22,555,084) | (21,456,735) | (20,232,644) | (19,359,553) | (17,971,061) | (17,603,550) | (17,494,135) | (16,210,971) |
| Other Changes in Net Fiduciary Position | - | - | - | - | 564 | (684,363) | - | - | - | - |
| Net Change in Fiduciary Net Position | 5,566,031 | (46,721,479) | 159,832,554 | 3,901,470 | 7,660,265 | 10,192,897 | 16,347,107 | (5,607,275) | (3,279,780) | 27,779,388 |
| Plan Fiduciary Net Position – Beginning | 366,132,478 | 412,853,957 | 253,021,403 | 249,119,933 | 241,459,668 | 231,266,771 | 214,919,664 | 220,526,939 | 223,806,719 | 196,027,331 |
| Plan Fiduciary Net Position – Ending (b) | \$ 371,698,509 | \$ 366,132,478 | \$ 412,853,957 | \$ 253,021,403 | \$ 249,119,933 | \$ 241,459,668 | \$ 231,266,771 | \$ 214,919,664 | \$ 220,526,939 | \$ 223,806,719 |
| Plan Total Pension Liability – Ending (a) - (b) | \$ 57,791,747 | \$ 51,953,713 | \$ (14,729,840) | \$ 133,710,122 | \$ 127,627,827 | \$ 120,919,806 | \$ 122,723,944 | \$ 113,930,353 | \$ 97,953,680 | \$ 94,274,582 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.54% | 87.57% | 103.70% | 65.43% | 66.12% | 66.63% | 65.33% | 65.35% | 69.24% | 70.36% |
| Covered Payroll | \$ 27,929,114 | \$ 28,011,597 | \$ 27,089,986 | \$ 25,179,302 | \$ 25,674,381 | \$ 25,623,573 | \$ 24,462,329 | \$ 23,651,743 | \$ 22,790,050 | \$ 22,209,834 |
| Plan Total Pension Liability as a Percentage of Covered Payroll | 206.92% | 185.47% | -54.37% | 531.03% | 497.10% | 471.91% | 501.69% | 481.70% | 429.81% | 424.47% |

Notes to Schedule:

Benefit Changes - The figures above include any liability impact that may have resulted from voluntary benefit changes which occurred after the June 30, 2019 valuation.

Changes in Assumptions:

Fiscal year 2015-16 – the discount rate changed from 7.5% (net of administrative expense) to 7.65% (without a reduction for administrative expense).

Fiscal year 2017-18 – the discount rate changed from 7.65% to 7.15%.

Fiscal year 2018-19 – demographic assumptions and inflation rate were changed in accordance to the CalPERS

Experience Study and Review of Assumptions December 2017.

Fiscal year 2022-23 – the discount rate changed from 7.15% to 6.9%.

Fiscal year 2023-24 – there were no significant changes in assumption.

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

***Schedule of Plan Contributions
(Last Ten Fiscal Years)***

| Miscellaneous | Fiscal Year 2023-24 | Fiscal Year 2022-23 | Fiscal Year 2021-22 | Fiscal Year 2020-21 | Fiscal Year 2019-20 | Fiscal Year 2018-19 | Fiscal Year 2017-18 | Fiscal Year 2016-17 | Fiscal Year 2015-16 | Fiscal Year 2014-15 |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Actuarially Determined Contribution | \$ 7,411,431 | \$ 11,661,780 | \$ 11,208,576 | \$ 16,843,019 | \$ 15,530,157 | \$ 13,582,986 | \$ 11,408,482 | \$ 10,408,505 | \$ 9,699,067 | \$ 8,658,540 |
| Contributions in Relation to the | | | | | | | | | | |
| Actuarially Determined Contribution | (7,411,431) | (11,661,780) | (11,208,576) | (93,526,273) | (15,530,157) | (13,582,986) | (11,408,482) | (10,408,505) | (9,699,067) | (8,658,540) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ (76,683,254) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 86,352,482 | \$ 75,235,099 | \$ 74,291,497 | \$ 74,945,198 | \$ 75,648,179 | \$ 77,403,884 | \$ 74,413,027 | \$ 72,998,617 | \$ 70,886,923 | \$ 69,039,875 |
| Contributions as a Percentage of | | | | | | | | | | |
| Covered Payroll | 8.58% | 15.50% | 15.09% | 22.47% | 20.53% | 17.55% | 15.33% | 14.26% | 13.68% | 12.54% |
| Safety - Police | Fiscal Year 2023-24 | Fiscal Year 2022-23 | Fiscal Year 2021-22 | Fiscal Year 2020-21 | Fiscal Year 2019-20 | Fiscal Year 2018-19 | Fiscal Year 2017-18 | Fiscal Year 2016-17 | Fiscal Year 2015-16 | Fiscal Year 2014-15 |
| Actuarially Determined Contribution | \$ 8,143,861 | \$ 12,347,359 | \$ 12,143,202 | \$ 23,112,845 | \$ 20,999,595 | \$ 18,933,276 | \$ 16,730,140 | \$ 15,640,401 | \$ 14,412,320 | \$ 13,719,737 |
| Contributions in Relation to the | | | | | | | | | | |
| Actuarially Determined Contribution | (8,143,861) | (12,347,359) | (12,143,202) | (189,103,194) | (20,999,595) | (18,933,276) | (16,730,140) | (15,640,401) | (14,412,320) | (13,719,737) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ (165,990,349) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 38,310,822 | \$ 36,290,274 | \$ 36,436,354 | \$ 36,949,943 | \$ 36,495,812 | \$ 37,037,648 | \$ 36,159,856 | \$ 35,008,338 | \$ 34,532,099 | \$ 33,611,327 |
| Contributions as a Percentage of | | | | | | | | | | |
| Covered Payroll | 21.26% | 34.02% | 33.33% | 62.55% | 57.54% | 51.12% | 46.27% | 44.68% | 41.74% | 40.82% |
| Safety - Fire | Fiscal Year 2023-24 | Fiscal Year 2022-23 | Fiscal Year 2021-22 | Fiscal Year 2020-21 | Fiscal Year 2019-20 | Fiscal Year 2018-19 | Fiscal Year 2017-18 | Fiscal Year 2016-17 | Fiscal Year 2015-16 | Fiscal Year 2014-15 |
| Actuarially Determined Contribution | \$ 4,956,696 | \$ 7,217,148 | \$ 6,341,996 | \$ 13,356,419 | \$ 11,610,002 | \$ 10,524,771 | \$ 9,272,712 | \$ 8,711,092 | \$ 8,381,268 | \$ 7,929,158 |
| Contributions in Relation to the | | | | | | | | | | |
| Actuarially Determined Contribution | (4,956,696) | (7,217,148) | (6,341,996) | (109,115,882) | (11,610,002) | (10,524,771) | (9,272,712) | (8,711,092) | (8,381,268) | (7,929,158) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ (95,759,463) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 30,551,662 | \$ 27,929,114 | \$ 28,011,597 | \$ 27,089,986 | \$ 25,179,302 | \$ 25,674,381 | \$ 25,623,573 | \$ 24,462,329 | \$ 23,651,743 | \$ 22,790,050 |
| Contributions as a Percentage of | | | | | | | | | | |
| Covered Payroll | 16.22% | 25.84% | 22.64% | 49.30% | 46.11% | 40.99% | 36.19% | 35.61% | 35.44% | 34.79% |

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

Notes to Schedule:

| Valuation Date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 | 6/30/2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------------------|
| Methods and Assumptions Used to Determine Contribution Rates: | | | | | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Asset valuation method | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value | 15 Year Smoothed Market Method |
| Inflation | 2.50% | 2.30% | 2.50% | 2.625% | 2.625% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Payroll Growth | 2.75% | 2.75% | 2.75% | 2.875% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Investment rate of return | 7.00% (2) | 6.90% (2) | 7.00% (2) | 7.25% (2) | 7.25% (2) | 7.375% (2) | 7.50% (2) | 7.50% (2) | 7.50% (2) | 7.50% (2) |
| Retirement age | (5) | (5) | (5) | (5) | (4) | (4) | (4) | (3) | (3) | (3) |
| Mortality | (8) | (8) | (8) | (8) | (7) | (7) | (7) | (6) | (6) | (5) |

- (1) Level percentage of payroll, closed
- (2) Net of pension plan investment expense, including inflation
- (3) The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
- (4) The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
- (5) The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
- (6) The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
- (7) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
- (8) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

2) PARS Enhanced Retirement Defined Benefit Pension Plan

Schedule of Changes in Total Pension Liability and Related Ratios During the Measurement Period (Last Ten Fiscal Years)

| Fiscal Year | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement Period | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| TOTAL PENSION LIABILITY | | | | | | | | | | |
| Service Cost | \$ 404,155 | \$ 410,733 | \$ 418,495 | \$ 441,715 | \$ 493,000 | \$ 518,000 | \$ 480,000 | \$ 504,000 | \$ 504,000 | \$ 557,000 |
| Interest | 1,865,183 | 1,830,031 | 1,891,988 | 1,836,979 | 1,785,000 | 1,721,000 | 1,741,000 | 1,664,000 | 1,581,000 | 1,499,000 |
| Changes of Benefit Terms | - | - | - | - | - | - | - | - | - | - |
| Difference between Expected and Actual Experience | 335,110 | - | (1,006,503) | - | (280,000) | - | (118,000) | - | (772,000) | - |
| Changes of Assumptions | - | - | 2,088,141 | - | 144,000 | - | 950,000 | - | 821,000 | - |
| Benefit Payments, Including Refunds | (1,645,856) | (1,504,467) | (1,357,066) | (1,240,507) | (1,144,000) | (1,068,000) | (945,000) | (844,000) | (756,000) | (673,000) |
| Net Change in Total Pension Liability | 958,592 | 736,297 | 2,035,055 | 1,038,187 | 998,000 | 1,171,000 | 2,108,000 | 1,324,000 | 1,378,000 | 1,383,000 |
| Total Pension Liability – Beginning | 35,935,539 | 35,199,242 | 33,164,187 | 32,126,000 | 31,128,000 | 29,957,000 | 27,849,000 | 26,525,000 | 25,147,000 | 23,764,000 |
| Total Pension Liability – Ending (a) | \$ 36,894,131 | \$ 35,935,539 | \$ 35,199,242 | \$ 33,164,187 | \$ 32,126,000 | \$ 31,128,000 | \$ 29,957,000 | \$ 27,849,000 | \$ 26,525,000 | \$ 25,147,000 |
| PLAN FIDUCIARY NET POSITION | | | | | | | | | | |
| Contributions – Employer | \$ 1,362,000 | \$ 1,563,000 | \$ 1,512,000 | \$ 1,509,800 | \$ 1,510,000 | \$ 1,508,000 | \$ 1,522,000 | \$ 1,349,000 | \$ 1,347,000 | \$ 1,302,000 |
| Contributions – Employee | - | - | - | - | - | - | - | - | - | - |
| Investment Income | 1,446,500 | (2,608,630) | 3,753,615 | 545,042 | 913,000 | 857,000 | 1,190,000 | 77,000 | 235,000 | 1,139,000 |
| Administrative Expense | (53,962) | (32,212) | (47,917) | (31,969) | (33,000) | (45,000) | (31,000) | (48,000) | (28,000) | (45,000) |
| Benefit Payments, Including Refunds | (1,645,856) | (1,504,467) | (1,357,066) | (1,240,507) | (1,144,000) | (1,068,000) | (945,000) | (844,000) | (756,000) | (673,000) |
| Other Changes in Net Fiduciary Position | - | - | - | - | - | - | - | - | - | - |
| Net Change in Fiduciary Net Position | 1,108,682 | (2,582,309) | 3,860,632 | 782,366 | 1,246,000 | 1,252,000 | 1,736,000 | 534,000 | 798,000 | 1,723,000 |
| Plan Fiduciary Net Position – Beginning | 17,732,689 | 20,314,998 | 16,454,366 | 15,672,000 | 14,426,000 | 13,174,000 | 11,438,000 | 10,904,000 | 10,106,000 | 8,383,000 |
| Plan Fiduciary Net Position – Ending (b) | \$ 18,841,371 | \$ 17,732,689 | \$ 20,314,998 | \$ 16,454,366 | \$ 15,672,000 | \$ 14,426,000 | \$ 13,174,000 | \$ 11,438,000 | \$ 10,904,000 | \$ 10,106,000 |
| Plan Total Pension Liability – Ending (a) - (b) | \$ 18,052,760 | \$ 18,202,850 | \$ 14,884,244 | \$ 16,709,821 | \$ 16,454,000 | \$ 16,702,000 | \$ 16,783,000 | \$ 16,411,000 | \$ 15,621,000 | \$ 15,041,000 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 51.07% | 49.35% | 57.71% | 49.61% | 48.78% | 46.34% | 43.98% | 41.07% | 41.11% | 40.19% |
| Covered Payroll | \$ 7,305,916 | \$ 8,349,228 | \$ 9,235,008 | \$ 10,286,106 | \$ 11,318,533 | \$ 11,518,508 | \$ 13,423,893 | \$ 14,409,690 | \$ 15,371,654 | \$ 15,757,979 |
| Plan Total Pension Liability as a Percentage of Covered Payroll | 247.10% | 218.02% | 161.17% | 162.45% | 145.37% | 145.00% | 125.02% | 113.89% | 101.62% | 95.45% |

Notes to Schedule:

Benefit Changes - There were no changes to benefit terms specific to the plan.

Changes of Assumptions:

Fiscal year 2015-16 - the CalPERS experience study was changed from 1997-2007 to 1997-2011 and the mortality improvement projection was changed from scale AA to MP-14.

Fiscal year 2017-18 – the CalPERS experience study was changed from 1997-2011 to 1997-2015. The discount rate and expected long-term rate of return on plan investments changed from 6.25% to 5.75% and the inflation rate changed from 3.00% to 2.75%.

Fiscal year 2019-20 – the mortality improvement projection was changed from scale MP-14 to MP-19.

Fiscal year 2021-22 – the mortality improvement projection was changed from scale MP-19 to MP-21.

Fiscal years 2022-23 thru 2023-24 – there were no significant changes in assumption.

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

***Schedule of Plan Contributions
(Last Ten Fiscal Years)***

| | Fiscal Year 2023-24 | Fiscal Year 2022-23 | Fiscal Year 2021-22 | Fiscal Year 2020-21 | Fiscal Year 2019-20 | Fiscal Year 2018-19 | Fiscal Year 2017-18 | Fiscal Year 2016-17 | Fiscal Year 2015-16 | Fiscal Year 2014-15 |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Actuarially Determined Contribution | \$ 1,415,800 | \$ 1,362,000 | \$ 1,563,000 | \$ 1,512,000 | \$ 1,509,800 | \$ 1,510,000 | \$ 1,466,000 | \$ 1,522,134 | \$ 1,348,502 | \$ 1,347,000 |
| Contributions in Relation to the | | | | | | | | | | |
| Actuarially Determined Contribution | (1,415,800) | (1,362,000) | (1,563,000) | (1,512,000) | (1,509,800) | (1,510,000) | (1,466,000) | (1,522,134) | (1,348,502) | (1,347,000) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 8,700,068 | \$ 7,305,916 | \$ 8,349,228 | \$ 9,235,008 | \$ 10,286,106 | \$ 11,318,533 | \$ 11,518,508 | \$ 13,423,893 | \$ 14,409,690 | \$ 15,371,654 |
| Contributions as a Percentage of | | | | | | | | | | |
| Covered Payroll | 16.3% | 18.6% | 18.7% | 16.4% | 14.7% | 13.3% | 12.7% | 11.3% | 9.4% | 8.8% |

Notes to Schedule:

| Valuation Date | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Methods and Assumptions Used to Determine Contribution Rates:

| | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (7) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) | 6.02% (1) |
| Amortization period | 19 yrs | 19 yrs | 16 yrs | 17 yrs | 16 yrs | 16 yrs | 17 yrs | 18 yrs | 19 yrs | 19 yrs |
| Asset valuation method | (9) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Inflation | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% | 2.75% | 3.00% | 3.00% | 3.00% | 3.00% |
| Cost of living adjustment | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Investment rate of return | 5.25% | 5.25% | 5.75% | 5.75% | 6.75% | 5.75% | 6.25% | 6.25% | 6.25% | 6.25% |
| Retirement age | (8) | (6) | (6) | (5) | (5) | (5) | (4) | (4) | (4) | (3) |
| Mortality | (8) | (6) | (6) | (5) | (5) | (5) | (4) | (4) | (4) | (3) |

- (1) Minus normal cost
- (2) Investment gains and losses spread over 5 year rolling period, not less than 80% nor more than 120% of market value.
- (3) CalPERS 1997-2007 Experience Study
- (4) CalPERS 1997-2011 Experience Study
- (5) CalPERS 1997-2015 Experience Study
- (6) CalPERS 2000-2019 Experience Study
- (7) Changes in the Total Pension Liability due to assumption changes and liability experience gain/loss are amortized on a straight-line basis over Expected Remaining Service Lives of plan participants.
- (8) CalPERS Public Agency 2021 Experience Study
- (9) Investment gain/loss is amortized on a straight-line basis over 5 years

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

3) Other Postemployment Benefits

Schedule of Changes in Total OPEB Liability and Related Ratios During the Measurement Period

| Fiscal Year | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 * |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Measurement Period | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 * |
| TOTAL OPEB LIABILITY | | | | | | | |
| Service Cost | \$ 2,105,585 | \$ 1,935,301 | \$ 1,857,231 | \$ 1,803,137 | \$ 1,724,000 | \$ 1,674,000 | \$ 1,625,000 |
| Interest | 5,011,817 | 4,839,056 | 4,879,287 | 4,696,322 | 4,647,000 | 4,475,000 | 4,319,000 |
| Changes of Benefit Terms | - | - | 5,549,078 | - | - | - | - |
| Difference between Expected and Actual Experience | 5,732,980 | - | (5,078,087) | - | (1,801,000) | - | - |
| Changes of Assumptions | 11,852,107 | - | 2,011,737 | - | (360,000) | - | - |
| Benefit Payments | (4,171,763) | (4,252,385) | (4,063,915) | (3,622,000) | (3,512,000) | (3,763,000) | (3,596,000) |
| Net Change in Total OPEB Liability | 20,530,726 | 2,521,972 | 5,155,331 | 2,877,459 | 698,000 | 2,386,000 | 2,348,000 |
| Total OPEB Liability – Beginning | 80,137,762 | 77,615,790 | 72,460,459 | 69,583,000 | 68,885,000 | 66,499,000 | 64,151,000 |
| Total OPEB Liability – Ending (a) | \$ 100,668,488 | \$ 80,137,762 | \$ 77,615,790 | \$ 72,460,459 | \$ 69,583,000 | \$ 68,885,000 | \$ 66,499,000 |
| PLAN FIDUCIARY NET POSITION | | | | | | | |
| Contributions – Employer | \$ 5,644,000 | \$ 5,957,000 | \$ 5,781,000 | \$ 5,297,000 | \$ 5,908,000 | \$ 5,908,000 | \$ 11,617,000 |
| Contributions – Employee | - | - | - | - | - | - | - |
| Investment Income | 3,067,253 | (5,999,322) | 9,263,758 | 1,164,007 | 1,630,000 | 1,799,000 | 1,457,000 |
| Administrative Expense | (32,415) | (26,519) | (27,144) | (29,753) | (19,000) | (35,000) | (8,000) |
| Benefit Payments, Including Refunds | (4,171,763) | (4,252,385) | (4,063,915) | (3,622,000) | (3,512,000) | (3,763,000) | (3,596,000) |
| Net Change in Fiduciary Net Position | 4,507,075 | (4,321,226) | 10,953,699 | 2,809,254 | 4,007,000 | 3,909,000 | 9,470,000 |
| Plan Fiduciary Net Position – Beginning | 34,480,727 | 38,801,953 | 27,848,254 | 25,039,000 | 21,032,000 | 17,123,000 | 7,653,000 |
| Plan Fiduciary Net Position – Ending (b) | \$ 38,987,802 | \$ 34,480,727 | \$ 38,801,953 | \$ 27,848,254 | \$ 25,039,000 | \$ 21,032,000 | \$ 17,123,000 |
| Plan Total OPEB Liability – Ending (a) - (b) | \$ 61,680,686 | \$ 45,657,035 | \$ 38,813,837 | \$ 44,612,205 | \$ 44,544,000 | \$ 47,853,000 | \$ 49,376,000 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 38.7% | 43.0% | 50.0% | 38.4% | 36.0% | 30.5% | 25.7% |
| Covered Payroll | \$ 139,454,487 | \$ 135,000,968 | \$ 132,144,587 | \$ 131,469,000 | \$ 133,561,000 | \$ 140,096,000 | \$ 141,378,000 |
| Plan Total OPEB Liability as a Percentage of Covered Payroll | 44.2% | 33.8% | 29.4% | 33.9% | 33.4% | 34.2% | 34.9% |

Notes to Schedule:

Benefit Changes:

Fiscal year 2021-22 – the City contribution to Police Yearly Stipend increased from 1.5% to 2.0% of payroll

Changes of Assumptions:

Fiscal year 2019-20 – the mortality improvement projection was updated to scale MP-19.

Fiscal year 2020-21 – there were no significant changes in assumption.

Fiscal year 2021-22 - the mortality improvement projection was updated to scale MP-21.

Fiscal year 2022-23 thru 2023-24 – there were no significant changes in assumption.

* Fiscal year 2017-18 was the first year of GASB 75 implementation, therefore only seven fiscal years are shown.

CITY OF TORRANCE, CALIFORNIA

Required Supplementary Information

Year ended June 30, 2024

Schedule of Plan Contributions

| | Fiscal Year 2023-24 | Fiscal Year 2022-23 | Fiscal Year 2021-22 | Fiscal Year 2020-21 | Fiscal Year 2019-20 | Fiscal Year 2018-19 | Fiscal Year 2017-18 * |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Actuarially Determined Contribution | \$ 5,837,000 | \$ 5,644,000 | \$ 5,957,000 | \$ 5,781,000 | \$ 5,297,000 | \$ 5,908,000 | \$ 6,105,000 |
| Contributions in Relation to the | | | | | | | |
| Actuarially Determined Contribution | (5,837,000) | (5,644,000) | (5,957,000) | (5,781,000) | (5,297,000) | (5,908,000) | (5,908,000) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 197,000 |
| Covered Payroll | \$ 112,148,771 | \$ 139,454,487 | \$ 135,000,968 | \$ 132,144,587 | \$ 131,469,000 | \$ 133,561,000 | \$ 140,096,000 |
| Contributions as a Percentage of | | | | | | | |
| Covered Payroll | 5.2% | 4.0% | 4.4% | 4.4% | 4.0% | 4.4% | 4.4% |

Notes to Schedule:

Methods and assumptions used to determine contribution rates -

| | |
|------------------------|---|
| Valuation Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Changes in the Total OPEB Liability due to assumption changes and liability experience gain/loss are amortized on a straight-line basis over Expected Remaining Service Lives of plan participants. Changes in Total OPEB Liability due to changes in the benefit terms are recognized immediately. |
| Asset Valuation Method | Investment gains and losses is amortized on a straight-line basis over 5 years |
| Inflation | 2.50% |
| Discount Rate | 6.25% |
| Retirement Age | CalPERS Public Agency 2021 experience study |
| Mortality | CalPERS Public Agency 2021 experience study |

* Fiscal year 2017-18 was the first year of GASB 75 implementation, therefore only seven fiscal years are shown.

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COMBINING FINANCIAL STATEMENTS & SCHEDULES

ANNUAL COMPREHENSIVE FINANCIAL REPORT



NON-MAJOR GOVERNMENTAL FUNDS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TORRANCE, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

| | Special Revenue Funds | Capital Project Funds | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|--------------------------------------|--------------------------------------|----------------------------------|--|
| Assets | | | | |
| Pooled cash and investments | \$ 83,800,170 | \$ 15,518,120 | \$ - | \$ 99,318,290 |
| Cash and cash equivalents with fiscal agents | - | 3,657,077 | 6,808 | 3,663,885 |
| Accounts receivable | 316,131 | - | - | 316,131 |
| Accrued interest receivable | 411,449 | - | - | 411,449 |
| Advance to successor agency | 1,283,197 | - | - | 1,283,197 |
| Due from other governments | 3,363,273 | - | - | 3,363,273 |
| Interfund advances receivable | 600,000 | - | - | 600,000 |
| Notes receivable | 32,900 | - | - | 32,900 |
| Lease receivable | 771,796 | - | - | 771,796 |
| Prepays | 250 | - | - | 250 |
| Total Assets | \$ 90,579,166 | \$ 19,175,197 | \$ 6,808 | \$ 109,761,171 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 975,399 | \$ 917,522 | \$ - | \$ 1,892,921 |
| Accounts payable - contract retention | 409,126 | 59,158 | - | 468,284 |
| Accrued liabilities | 1,576,612 | 119,298 | - | 1,695,910 |
| Due to other funds | 6,497,659 | 68,192 | - | 6,565,851 |
| Unearned revenue | 30,143 | - | - | 30,143 |
| Deposits and guarantees | 5,726,282 | 158,056 | - | 5,884,338 |
| Total Liabilities | 15,215,221 | 1,322,226 | - | 16,537,447 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 703,197 | - | - | 703,197 |
| Deferred leases | 691,420 | - | - | 691,420 |
| Total Deferred inflows of resources | 1,394,617 | - | - | 1,394,617 |
| Fund Balances: | | | | |
| Nonspendable | | | | |
| Advances, net | 580,000 | - | - | 580,000 |
| Prepays | 250 | - | - | 250 |
| Restricted for: | | | | |
| Public safety | 3,744,172 | - | - | 3,744,172 |
| Public works | 54,714,324 | - | - | 54,714,324 |
| Culture and recreation | 4,491,175 | - | - | 4,491,175 |
| Community development | 11,213,966 | - | - | 11,213,966 |
| Debt service | - | - | 6,808 | 6,808 |
| Assigned to: | | | | |
| Capital projects | - | 17,852,971 | - | 17,852,971 |
| Unassigned | (774,559) | - | - | (774,559) |
| Total Fund Balances | 73,969,328 | 17,852,971 | 6,808 | 91,829,107 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 90,579,166 | \$ 19,175,197 | \$ 6,808 | \$ 109,761,171 |

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2024

| | Special Revenue Funds | Capital Project Funds | Debt Service Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--------------------------------------|----------------------------------|--|
| Revenues: | | | | |
| Taxes | \$ 1,277,827 | \$ - | \$ - | \$ 1,277,827 |
| Licenses, fees and permits | 2,079,820 | - | - | 2,079,820 |
| Fines, forfeitures and penalties | 242,302 | - | - | 242,302 |
| Use of money and property | 2,568,742 | 208,504 | 22,593,694 | 25,370,940 |
| Intergovernmental | 44,202,958 | - | - | 44,202,958 |
| Other revenues | 284,518 | - | - | 284,518 |
| Total revenues | <u>50,656,167</u> | <u>208,504</u> | <u>22,593,694</u> | <u>73,458,365</u> |
| Expenditures: | | | | |
| General government | 2,436,402 | 2,648,664 | - | 5,085,066 |
| Public safety | 2,896,965 | 636,569 | - | 3,533,534 |
| Public works | 10,699,444 | 741,853 | - | 11,441,297 |
| Culture and recreation | 322,199 | 269,268 | - | 591,467 |
| Community development | 8,573,005 | 101,924 | - | 8,674,929 |
| Debt service: | | | | |
| Principal retirement | - | - | 9,955,000 | 9,955,000 |
| Interest and fiscal charges | - | - | 12,638,178 | 12,638,178 |
| Total expenditures | <u>24,928,015</u> | <u>4,398,278</u> | <u>22,593,178</u> | <u>51,919,471</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>25,728,152</u> | <u>(4,189,774)</u> | <u>516</u> | <u>21,538,894</u> |
| Other financing sources (uses): | | | | |
| SBITA | - | 113,760 | - | 113,760 |
| Transfers in | 1,117,283 | 6,651,881 | - | 7,769,164 |
| Transfers out | (6,602,900) | - | - | (6,602,900) |
| Total other financing sources (uses) | <u>(5,485,617)</u> | <u>6,765,641</u> | <u>-</u> | <u>1,280,024</u> |
| Net change in fund balances | 20,242,535 | 2,575,867 | 516 | 22,818,918 |
| Fund balances, July 1, 2023 | <u>53,726,793</u> | <u>15,277,104</u> | <u>6,292</u> | <u>69,010,189</u> |
| Fund balances, June 30, 2024 | <u>\$ 73,969,328</u> | <u>\$ 17,852,971</u> | <u>\$ 6,808</u> | <u>\$ 91,829,107</u> |

NON-MAJOR SPECIAL REVENUE FUNDS



Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable and nonexpendable trusts) that are restricted by law to expenditure for specified purposes.

The **PARKS AND RECREATION FACILITIES FUND** is used to account for the revenues and expenditures in connection with the City's park and recreation facilities tax.

The **RENTAL ASSISTANCE PROGRAM FUND** is used to account for the operations of the Federal rental assistance program which provides relief for lower income families.

The **SEISMIC EDUCATION FUND** is used to account for the training and developing of the City's staff on seismic activities.

The **STREET LIGHTING DISTRICT ASSESSMENT FUND** is used to account for the revenues and expenditures associated with the maintenance and use of the City's street lighting system.

The **DRAINAGE IMPROVEMENT FUND** is used to account for the revenues and expenditures in connection with the improvement of the City's drainage system.

The **PARKS, REHABILITATION AND OPEN SPACE, PARK EQUIPMENT REPLACEMENT, AND GREENWOOD PARK IMPROVEMENT REPLACEMENT FUNDS** are used to account for the resources generated by a fee imposed on new dwelling construction and certain remodeling of dwellings.

The **PROPOSITION A FUND** is used to develop and improve local public transit, paratransit and related transportation infrastructure.

The **PROPOSITION C FUND** is used to improve transit service and operations, reduce traffic congestion, improve air quality, efficiently operate and improve the condition of the streets and freeways utilized by public transit and reduce foreign fuel dependence.

The **MEASURE R LOCAL RETURN AND HIGHWAY FUND** is used for planning, right of way acquisitions, engineering, administration, construction improvement, maintenance, and operation of public streets and roads, highways and exclusive public mass transit guide ways.

The **MEASURE M LOCAL RETURN AND GRANT FUND** is used for street and roads improvements, traffic control measures, bikeway and pedestrian improvements, and public transit services.

The **MEASURE W FUND** is used to increase water supply, improve water quality, and provide community enhancements.

The **GRANTS AND DONATIONS FUND** is used to account for monies received for the purpose of providing educational, cultural and recreational needs of the community and for specific infrastructure projects.

The **SPECIAL DEPOSITS FUND** is used to account for private donations, deposits and other funds disbursements on projects of the general government.

The **VANPOOL RIDESHARE FUND** is used to account for rideshare revenues from Prop C and fares, and to account for rideshare expenses.

The **BICYCLE TRANSPORTATION FUND** is used to account for the revenues and expenditures in connection with the City's bicycle transportation program.

The **LOW MOD HOUSING FUND** is used to account for the revenues and expenditures in connection with developing and managing affordable housing for low, very low and extreme low income households.

The **DEVELOPMENT IMPACT FUND** is used to account for the transportation, utility undergrounding, sewer storm drain, Police & Fire impact fees that will be used to finance facilities identified by the study's needs list.

The **GEOLOGIC HAZARD ABATEMENT FUND** is used to account for the costs of installation and construction of improvements necessary to the prevention, mitigation, abatement, or control of a geologic hazard within the City.

The **STATE GAS TAX STREET IMPROVEMENT FUND** is used to account for the State gasoline tax revenues received from the State which are used for maintenance and improvement of the City's streets.

The **ENVIRONMENTAL FUND** is used to account for the cost of analysis and evaluation of air pollutants potentially derived from refineries.

The **AIR QUALITY MANAGEMENT DISTRICT FUND** is used to account for City compliance with air quality management regulations.

The **MEADOW PARK PARKING LOT DISTRICT FUND** is used to account for the revenues and expenditures generated through the cleaning and maintenance of the Meadow Park parking lot district.

The **POLICE INMATE WELFARE FUND** is comprised of any money, refund, rebate or commission received from a telephone company or pay telephone provider when the money is attributable to the use of pay telephones which are primarily used by inmates while incarcerated.

The **COMMUNITY DEVELOPMENT BLOCK GRANT FUND** is used to account for the funds allocated by the US Department of Housing and Urban Development to the City for community and infrastructure development.

The **FEDERAL HOUSING AND REHABILITATION FUND** is used to account for the activities of the Federal Housing and Rehabilitation Grant.

The **ASSET FOREFEITURE FUND** is used to account for resources used solely for investigation, detection and prosecution of criminal activities. This includes the purchase of equipment, investigation training, and developing/acquiring personnel resources.

The **PROPOSITION 1B FUND** is used to account for monies received from the State out of the State general obligation bonds for the purpose of providing roadway extension, rehabilitation and reconstruction.

The **DNA SAMPLING FUND** is used to account for DNA sampling of arrestees that is reimbursed by the State.

The **TORRANCE TOURISM BUSINESS IMPROVEMENT DISTRICT FUND** is used to account for funds contributed by lodging businesses to market the area, including promotional activities, special events, and programs in order to increase business.

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CITY OF TORRANCE, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

| | Parks and Recreation Facilities Fund | Rental Assistance Program Fund | Seismic Education Fund | Street Lighting District Assessment Fund | Drainage Improvement Fund | Parks, Rehabilitation and Open Space Fund | Park Equipment Replacement Fund |
|---|---|---|---------------------------|---|---------------------------------|--|---------------------------------------|
| Assets | | | | | | | |
| Pooled cash and investments | \$ 415,952 | \$ 574,310 | \$ 118,334 | \$ 162,064 | \$ 21,897 | \$ 1,968,185 | \$ 265,542 |
| Accounts receivable | 1,100 | 2,317 | 689 | 5,663 | - | 3,707 | - |
| Accrued interest receivable | 2,905 | - | 827 | - | 153 | 13,748 | 1,855 |
| Advance to successor agency | - | - | - | - | - | - | - |
| Due from other governments | - | 43,794 | - | - | - | - | - |
| Interfund advances receivable | 600,000 | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - | - |
| Lease receivable | - | - | - | - | - | - | 771,796 |
| Prepays | - | - | - | - | - | - | - |
| Total assets | <u>\$ 1,019,957</u> | <u>\$ 620,421</u> | <u>\$ 119,850</u> | <u>\$ 167,727</u> | <u>\$ 22,050</u> | <u>\$ 1,985,640</u> | <u>\$ 1,039,193</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ 1,380 | \$ 108,046 | \$ 20,039 | \$ - | \$ 1,540 | \$ - |
| Accounts payable - contract retention | 480 | - | - | - | - | - | - |
| Accrued liabilities | - | 14,283 | - | 147,688 | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Unearned revenue | - | 30,143 | - | - | - | - | - |
| Deposits and guarantees | - | - | - | - | - | - | - |
| Total liabilities | <u>480</u> | <u>45,806</u> | <u>108,046</u> | <u>167,727</u> | <u>-</u> | <u>1,540</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | - | - | - | - | - | - | - |
| Deferred leases | - | - | - | - | - | - | 691,420 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>691,420</u> |
| Fund balances: | | | | | | | |
| Nonspendable | | | | | | | |
| Advances, net | - | - | - | - | - | - | - |
| Prepays | - | - | - | - | - | - | - |
| Restricted for: | | | | | | | |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | - | 22,050 | - | - |
| Culture and recreation | 1,019,477 | - | - | - | - | 1,984,100 | 347,773 |
| Community development | - | 574,615 | 11,804 | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | <u>1,019,477</u> | <u>574,615</u> | <u>11,804</u> | <u>-</u> | <u>22,050</u> | <u>1,984,100</u> | <u>347,773</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,019,957</u> | <u>\$ 620,421</u> | <u>\$ 119,850</u> | <u>\$ 167,727</u> | <u>\$ 22,050</u> | <u>\$ 1,985,640</u> | <u>\$ 1,039,193</u> |

| Greenwood Park Improvement Replacement Fund | Proposition A Fund | Proposition C Fund | Measure R Local Return and Highway Fund | Measure M Local Return and Grant Fund | Measure W Fund | Grants and Donations Fund | Special Deposits Fund | Vanpool Rideshare Fund |
|--|-------------------------------|-------------------------------|--|--|---------------------------|--------------------------------------|----------------------------------|-----------------------------------|
| \$ 10,202 | \$ 5,425,007 | \$ 9,221,082 | \$ 7,743,580 | \$ 6,885,413 | \$ 8,511,396 | \$ 7,733,976 | \$ 3,208,882 | \$ 4,861 |
| - | - | 112,807 | - | - | - | 187,359 | - | 833 |
| 71 | 37,895 | 65,663 | 54,091 | 107,264 | - | 213 | - | 40 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 650,753 | 39,463 | - | 1,617,850 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 10,273</u> | <u>\$ 5,462,902</u> | <u>\$ 9,399,552</u> | <u>\$ 8,448,424</u> | <u>\$ 7,032,140</u> | <u>\$ 8,511,396</u> | <u>\$ 9,539,398</u> | <u>\$ 3,208,882</u> | <u>\$ 5,734</u> |
| \$ - | \$ - | \$ 273,776 | \$ 66 | \$ 53,546 | \$ - | \$ 257,458 | \$ 117,295 | \$ 3,344 |
| - | - | 50,140 | 284,852 | 2,446 | 11,010 | 9,368 | 2,665 | - |
| - | - | 7,780 | 25,595 | 20,725 | 400,117 | 701,916 | 297 | 2,390 |
| - | - | - | 4,366,239 | 149,702 | - | 1,948,629 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 999 | 3,088,625 | - |
| - | - | <u>331,696</u> | <u>4,676,752</u> | <u>226,419</u> | <u>411,127</u> | <u>2,918,370</u> | <u>3,208,882</u> | <u>5,734</u> |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 816,399 | - | - |
| - | 5,462,902 | 9,067,856 | 3,771,672 | 6,805,721 | 8,100,269 | - | - | - |
| 10,273 | - | - | - | - | - | 1,129,552 | - | - |
| - | - | - | - | - | - | 5,384,783 | - | - |
| - | - | - | - | - | - | (709,706) | - | - |
| <u>10,273</u> | <u>5,462,902</u> | <u>9,067,856</u> | <u>3,771,672</u> | <u>6,805,721</u> | <u>8,100,269</u> | <u>6,621,028</u> | <u>-</u> | <u>-</u> |
| <u>\$ 10,273</u> | <u>\$ 5,462,902</u> | <u>\$ 9,399,552</u> | <u>\$ 8,448,424</u> | <u>\$ 7,032,140</u> | <u>\$ 8,511,396</u> | <u>\$ 9,539,398</u> | <u>\$ 3,208,882</u> | <u>\$ 5,734</u> |

(continued)

CITY OF TORRANCE, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2024
 (continued)

| | <u>Bicycle Transportation Fund</u> | <u>Low Mod Housing Fund</u> | <u>Development Impact Fund</u> | <u>Geologic Hazard Abatement Fund</u> | <u>State Gas Tax Street Improvement Fund</u> | <u>Environmental Fund</u> | <u>Air Quality Management District Fund</u> |
|---|--|---------------------------------|------------------------------------|---|--|-------------------------------|---|
| Assets | | | | | | | |
| Pooled cash and investments | \$ 65,741 | \$ 3,522,092 | \$ 6,094,769 | \$ 14,317 | \$ 17,377,170 | \$ 159,685 | \$ 505,707 |
| Accounts receivable | - | - | 1,656 | - | - | - | - |
| Accrued interest receivable | - | - | - | - | 122,472 | 1,115 | 2,922 |
| Advance to successor agency | - | 1,283,197 | - | - | - | - | - |
| Due from other governments | - | - | - | - | 1,002,643 | - | - |
| Interfund advances receivable | - | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - | - |
| Lease receivable | - | - | - | - | - | - | - |
| Prepays | - | 250 | - | - | - | - | - |
| Total assets | <u>\$ 65,741</u> | <u>\$ 4,805,539</u> | <u>\$ 6,096,425</u> | <u>\$ 14,317</u> | <u>\$ 18,502,285</u> | <u>\$ 160,800</u> | <u>\$ 508,629</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 60,411 | \$ - | \$ 35,395 | \$ - | \$ 25,805 | \$ - | \$ 2,275 |
| Accounts payable - contract retention | 5,330 | - | - | - | 1,320 | - | - |
| Accrued liabilities | - | 1,195 | 11,376 | - | 176,372 | - | 2,181 |
| Due to other funds | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - |
| Deposits and guarantees | - | - | 2,590,927 | - | - | - | - |
| Total liabilities | <u>65,741</u> | <u>1,195</u> | <u>2,637,698</u> | <u>-</u> | <u>203,497</u> | <u>-</u> | <u>4,456</u> |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | - | 703,197 | - | - | - | - | - |
| Deferred leases | - | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>703,197</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Nonspendable | | | | | | | |
| Advances, net | - | 580,000 | - | - | - | - | - |
| Prepays | - | 250 | - | - | - | - | - |
| Restricted for: | | | | | | | |
| Public safety | - | - | 273,661 | - | - | - | - |
| Public works | - | - | 3,185,066 | - | 18,298,788 | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Community development | - | 3,520,897 | - | 14,317 | - | 160,800 | 504,173 |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | <u>-</u> | <u>4,101,147</u> | <u>3,458,727</u> | <u>14,317</u> | <u>18,298,788</u> | <u>160,800</u> | <u>504,173</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 65,741</u> | <u>\$ 4,805,539</u> | <u>\$ 6,096,425</u> | <u>\$ 14,317</u> | <u>\$ 18,502,285</u> | <u>\$ 160,800</u> | <u>\$ 508,629</u> |

| Meadow Park Parking Lot District Fund | Police Inmate Welfare Fund | Community Development Block Grant Fund | Federal Housing and Rehabilitation Fund | Asset Forfeiture Fund | Proposition 1B Fund | DNA Sampling Fund | Torrance Tourism Business Improvement District Fund | Total Nonmajor Special Revenue Funds |
|--|-------------------------------------|---|--|--------------------------|---------------------------|-------------------------|---|---|
| \$ 267,289 | \$ 30,741 | \$ 9,751 | \$ 744,656 | \$ 2,616,140 | \$ - | \$ 75,698 | \$ 45,731 | \$ 83,800,170 |
| - | - | - | - | - | - | - | - | 316,131 |
| - | 215 | - | - | - | - | - | - | 411,449 |
| - | - | - | - | - | - | - | - | 1,283,197 |
| - | 7,750 | - | - | - | - | 1,020 | - | 3,363,273 |
| - | - | - | - | - | - | - | - | 600,000 |
| - | - | - | 32,900 | - | - | - | - | 32,900 |
| - | - | - | - | - | - | - | - | 771,796 |
| - | - | - | - | - | - | - | - | 250 |
| <u>\$ 267,289</u> | <u>\$ 38,706</u> | <u>\$ 9,751</u> | <u>\$ 777,556</u> | <u>\$ 2,616,140</u> | <u>\$ -</u> | <u>\$ 76,718</u> | <u>\$ 45,731</u> | <u>\$ 90,579,166</u> |
| \$ 2,268 | \$ - | \$ - | \$ - | \$ 12,755 | \$ - | \$ - | \$ - | \$ 975,399 |
| - | - | 41,515 | - | - | - | - | - | 409,126 |
| - | - | - | - | 64,697 | - | - | - | 1,576,612 |
| - | - | 33,089 | - | - | - | - | - | 6,497,659 |
| - | - | - | - | - | - | - | - | 30,143 |
| - | - | - | - | - | - | - | 45,731 | 5,726,282 |
| <u>2,268</u> | <u>-</u> | <u>74,604</u> | <u>-</u> | <u>77,452</u> | <u>-</u> | <u>-</u> | <u>45,731</u> | <u>15,215,221</u> |
| - | - | - | - | - | - | - | - | 703,197 |
| - | - | - | - | - | - | - | - | 691,420 |
| - | - | - | - | - | - | - | - | 1,394,617 |
| - | - | - | - | - | - | - | - | 580,000 |
| - | - | - | - | - | - | - | - | 250 |
| - | 38,706 | - | - | 2,538,688 | - | 76,718 | - | 3,744,172 |
| - | - | - | - | - | - | - | - | 54,714,324 |
| - | - | - | - | - | - | - | - | 4,491,175 |
| 265,021 | - | - | 777,556 | - | - | - | - | 11,213,966 |
| - | - | (64,853) | - | - | - | - | - | (774,559) |
| <u>265,021</u> | <u>38,706</u> | <u>(64,853)</u> | <u>777,556</u> | <u>2,538,688</u> | <u>-</u> | <u>76,718</u> | <u>-</u> | <u>73,969,328</u> |
| <u>\$ 267,289</u> | <u>\$ 38,706</u> | <u>\$ 9,751</u> | <u>\$ 777,556</u> | <u>\$ 2,616,140</u> | <u>\$ -</u> | <u>\$ 76,718</u> | <u>\$ 45,731</u> | <u>\$ 90,579,166</u> |

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2024

| | Parks and Recreation Facilities Fund | Rental Assistance Program Fund | Seismic Education Fund | Street Lighting District Assessment Fund | Drainage Improvement Fund | Parks, Rehabilitation and Open Space Fund | Park Equipment Replacement Fund |
|--|---|---|-----------------------------------|---|--|--|--|
| Revenues: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,277,827 | \$ - | \$ - | \$ - |
| Licenses, fees and permits | 12,760 | - | - | - | - | 317,633 | - |
| Fines, forfeitures and penalties | - | - | - | - | - | - | - |
| Use of money and property | 14,682 | 18,712 | 3,825 | - | 777 | 66,332 | 75,009 |
| Intergovernmental | - | 8,272,478 | - | - | - | - | - |
| Other revenues | - | 21,649 | 1,613 | - | - | - | - |
| Total revenues | <u>27,442</u> | <u>8,312,839</u> | <u>5,438</u> | <u>1,277,827</u> | <u>777</u> | <u>383,965</u> | <u>75,009</u> |
| Expenditures: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | 1,846,644 | - | - | - |
| Culture and recreation | - | - | - | - | - | 16,560 | 69,039 |
| Community development | - | 8,183,386 | 5,700 | - | - | - | - |
| Total expenditures | <u>-</u> | <u>8,183,386</u> | <u>5,700</u> | <u>1,846,644</u> | <u>-</u> | <u>16,560</u> | <u>69,039</u> |
| Excess (deficiency) of revenues over expenditures | 27,442 | 129,453 | (262) | (568,817) | 777 | 367,405 | 5,970 |
| Other financing sources (uses): | | | | | | | |
| SBITA | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 568,817 | - | - | - |
| Transfers out | - | - | - | - | - | (38,260) | - |
| Net change in fund balances | <u>27,442</u> | <u>129,453</u> | <u>(262)</u> | <u>-</u> | <u>777</u> | <u>329,145</u> | <u>5,970</u> |
| Fund balances, July 1, 2023 | <u>992,035</u> | <u>445,162</u> | <u>12,066</u> | <u>-</u> | <u>21,273</u> | <u>1,654,955</u> | <u>341,803</u> |
| Fund balances, June 30, 2024 | <u>\$ 1,019,477</u> | <u>\$ 574,615</u> | <u>\$ 11,804</u> | <u>\$ -</u> | <u>\$ 22,050</u> | <u>\$ 1,984,100</u> | <u>\$ 347,773</u> |

| Greenwood Park Improvement Replacement Fund | Proposition A Fund | Proposition C Fund | Measure R Local Return and Highway Fund | Measure M Local Return and Grant Fund | Measure W Fund | Grants and Donations Fund | Special Deposits Fund | Vanpool Rideshare Fund |
|--|-------------------------------|-------------------------------|--|--|---------------------------|--------------------------------------|----------------------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 362 | 183,518 | 317,259 | 249,562 | 233,377 | 280,831 | 36,544 | - | - |
| - | 3,829,841 | 3,289,571 | 4,874,116 | 2,931,228 | 2,160,379 | 9,928,441 | - | 33,033 |
| - | - | - | - | - | - | 219,863 | - | 35,015 |
| <u>362</u> | <u>4,013,359</u> | <u>3,606,830</u> | <u>5,123,678</u> | <u>3,164,605</u> | <u>2,441,210</u> | <u>10,184,848</u> | <u>-</u> | <u>68,048</u> |
| - | - | - | - | - | - | 2,436,402 | - | - |
| - | - | - | - | - | - | 2,054,442 | - | - |
| - | - | 1,159,595 | 1,581,894 | 1,649,295 | 1,762,573 | 619,958 | - | - |
| - | - | - | - | - | - | 236,600 | - | - |
| - | - | - | - | - | - | 94,182 | - | 210,150 |
| <u>-</u> | <u>-</u> | <u>1,159,595</u> | <u>1,581,894</u> | <u>1,649,295</u> | <u>1,762,573</u> | <u>5,441,584</u> | <u>-</u> | <u>210,150</u> |
| 362 | 4,013,359 | 2,447,235 | 3,541,784 | 1,515,310 | 678,637 | 4,743,264 | - | (142,102) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 406,364 | - | 142,102 |
| <u>-</u> | <u>(3,000,000)</u> | <u>(322,102)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>362</u> | <u>1,013,359</u> | <u>2,125,133</u> | <u>3,541,784</u> | <u>1,515,310</u> | <u>678,637</u> | <u>5,149,628</u> | <u>-</u> | <u>-</u> |
| <u>9,911</u> | <u>4,449,543</u> | <u>6,942,723</u> | <u>229,888</u> | <u>5,290,411</u> | <u>7,421,632</u> | <u>1,471,400</u> | <u>-</u> | <u>-</u> |
| <u>\$ 10,273</u> | <u>\$ 5,462,902</u> | <u>\$ 9,067,856</u> | <u>\$ 3,771,672</u> | <u>\$ 6,805,721</u> | <u>\$ 8,100,269</u> | <u>\$ 6,621,028</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2024
(continued)

| | Bicycle Transportation Fund | Low Mod Housing Fund | Development Impact Fund | Geologic Hazard Abatement Fund | State Gas Tax Street Improvement Fund | Environmental Fund | Air Quality Management District Fund |
|--|--|---------------------------------|------------------------------------|---|--|-------------------------------|---|
| Revenues: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees and permits | - | - | 1,749,427 | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - | - | - | - |
| Use of money and property | - | 168,411 | 178,881 | - | 580,093 | 5,664 | 13,843 |
| Intergovernmental | 106,598 | - | - | - | 7,744,007 | - | 192,470 |
| Other revenues | - | - | - | - | - | - | - |
| Total revenues | <u>106,598</u> | <u>168,411</u> | <u>1,928,308</u> | <u>-</u> | <u>8,324,100</u> | <u>5,664</u> | <u>206,313</u> |
| Expenditures: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 145,717 | - | - | - | - |
| Public works | 106,598 | - | 84,233 | - | 903,693 | - | 154,656 |
| Culture and recreation | - | - | - | - | - | - | - |
| Community development | - | 54,794 | - | - | - | - | - |
| Total expenditures | <u>106,598</u> | <u>54,794</u> | <u>229,950</u> | <u>-</u> | <u>903,693</u> | <u>-</u> | <u>154,656</u> |
| Excess (deficiency) of revenues over expenditures | - | 113,617 | 1,698,358 | - | 7,420,407 | 5,664 | 51,657 |
| Other financing sources (uses): | | | | | | | |
| SBITA | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (3,242,538) | - | - |
| Net change in fund balances | - | 113,617 | 1,698,358 | - | 4,177,869 | 5,664 | 51,657 |
| Fund balances, July 1, 2023 | <u>-</u> | <u>3,987,530</u> | <u>1,760,369</u> | <u>14,317</u> | <u>14,120,919</u> | <u>155,136</u> | <u>452,516</u> |
| Fund balances, June 30, 2024 | <u>\$ -</u> | <u>\$ 4,101,147</u> | <u>\$ 3,458,727</u> | <u>\$ 14,317</u> | <u>\$ 18,298,788</u> | <u>\$ 160,800</u> | <u>\$ 504,173</u> |

| Meadow Park Parking Lot District Fund | Police Inmate Welfare Fund | Community Development Block Grant Fund | Federal Housing and Rehabilitation Fund | Asset Forfeiture Fund | Proposition 1B Fund | DNA Sampling Fund | Torrance Tourism Business Improvement District Fund | Total Nonmajor Special Revenue Funds |
|--|----------------------------------|---|--|--------------------------|---------------------------|-------------------------|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 1,277,827 |
| - | - | - | - | - | - | - | - | 2,079,820 |
| - | 83,862 | - | - | 158,440 | - | - | - | 242,302 |
| 50,248 | - | - | - | 90,812 | - | - | - | 2,568,742 |
| - | - | 840,796 | - | - | - | - | - | 44,202,958 |
| - | 258 | - | - | - | - | 6,120 | - | 284,518 |
| <u>50,248</u> | <u>84,120</u> | <u>840,796</u> | <u>-</u> | <u>249,252</u> | <u>-</u> | <u>6,120</u> | <u>-</u> | <u>50,656,167</u> |
| - | - | - | - | - | - | - | - | 2,436,402 |
| - | 74,616 | - | - | 622,190 | - | - | - | 2,896,965 |
| - | - | 830,305 | - | - | - | - | - | 10,699,444 |
| - | - | - | - | - | - | - | - | 322,199 |
| 24,793 | - | - | - | - | - | - | - | 8,573,005 |
| <u>24,793</u> | <u>74,616</u> | <u>830,305</u> | <u>-</u> | <u>622,190</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,928,015</u> |
| 25,455 | 9,504 | 10,491 | - | (372,938) | - | 6,120 | - | 25,728,152 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 1,117,283 |
| - | - | - | - | - | - | - | - | (6,602,900) |
| <u>25,455</u> | <u>9,504</u> | <u>10,491</u> | <u>-</u> | <u>(372,938)</u> | <u>-</u> | <u>6,120</u> | <u>-</u> | <u>20,242,535</u> |
| <u>239,566</u> | <u>29,202</u> | <u>(75,344)</u> | <u>777,556</u> | <u>2,911,626</u> | <u>-</u> | <u>70,598</u> | <u>-</u> | <u>53,726,793</u> |
| <u>\$ 265,021</u> | <u>\$ 38,706</u> | <u>\$ (64,853)</u> | <u>\$ 777,556</u> | <u>\$ 2,538,688</u> | <u>\$ -</u> | <u>\$ 76,718</u> | <u>\$ -</u> | <u>\$ 73,969,328</u> |

CITY OF TORRANCE, CALIFORNIA
Rental Assistance Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 7,786,880 | \$ 8,471,903 | \$ 8,272,478 | \$ (199,425) |
| Use of money and property | 5,500 | 5,500 | 18,712 | 13,212 |
| Other revenues | 16,000 | 16,000 | 21,649 | 5,649 |
| Total revenues | <u>7,808,380</u> | <u>8,493,403</u> | <u>8,312,839</u> | <u>(180,564)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 7,172,191 | 8,367,410 | 8,183,386 | 184,024 |
| Total expenditures | <u>7,172,191</u> | <u>8,367,410</u> | <u>8,183,386</u> | <u>184,024</u> |
| Excess (deficiency) of revenues over expenditures | <u>636,189</u> | <u>125,993</u> | <u>129,453</u> | <u>3,460</u> |
| Net change in fund balances | 636,189 | 125,993 | 129,453 | 3,460 |
| Fund balances - beginning | 445,162 | 445,162 | 445,162 | - |
| Fund balances - ending | <u>\$ 1,081,351</u> | <u>\$ 571,155</u> | <u>\$ 574,615</u> | <u>\$ 3,460</u> |

CITY OF TORRANCE, CALIFORNIA
 Street Lighting District Assessment Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|------------------|------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,290,101 | \$ 1,290,101 | \$ 1,277,827 | \$ (12,274) |
| Total revenues | <u>1,290,101</u> | <u>1,290,101</u> | <u>1,277,827</u> | <u>(12,274)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 1,806,995 | 1,806,995 | 1,846,644 | (39,649) |
| Total expenditures | <u>1,806,995</u> | <u>1,806,995</u> | <u>1,846,644</u> | <u>(39,649)</u> |
| | | | | |
| Excess (deficiency) of revenues over expenditures | <u>(516,894)</u> | <u>(516,894)</u> | <u>(568,817)</u> | <u>(51,923)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 516,894 | 516,894 | 568,817 | 51,923 |
| Total other financing sources (uses) | <u>516,894</u> | <u>516,894</u> | <u>568,817</u> | <u>51,923</u> |
| | | | | |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF TORRANCE, CALIFORNIA
 Vanpool Rideshare Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|------------------|------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 34,825 | \$ 34,825 | \$ 33,033 | \$ (1,792) |
| Use of money and property | 965 | 965 | - | (965) |
| Other revenues | 34,650 | 34,650 | 35,015 | 365 |
| Total revenues | <u>70,440</u> | <u>70,440</u> | <u>68,048</u> | <u>(2,392)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 228,030 | 228,030 | 210,150 | 17,880 |
| Total expenditures | <u>228,030</u> | <u>228,030</u> | <u>210,150</u> | <u>17,880</u> |
| Excess (deficiency) of revenues over expenditures | <u>(157,590)</u> | <u>(157,590)</u> | <u>(142,102)</u> | <u>15,488</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 157,590 | 157,590 | 142,102 | (15,488) |
| Total other financing sources (uses) | <u>157,590</u> | <u>157,590</u> | <u>142,102</u> | <u>(15,488)</u> |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF TORRANCE, CALIFORNIA
 Low Mod Housing Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Use of money and property | \$ 90,000 | \$ 90,000 | \$ 168,411 | \$ 78,411 |
| Total revenues | <u>90,000</u> | <u>90,000</u> | <u>168,411</u> | <u>78,411</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 61,780 | 61,780 | 54,794 | 6,986 |
| Total expenditures | <u>61,780</u> | <u>61,780</u> | <u>54,794</u> | <u>6,986</u> |
| Excess (deficiency) of revenues over expenditures | <u>28,220</u> | <u>28,220</u> | <u>113,617</u> | <u>85,397</u> |
| Net change in fund balances | 28,220 | 28,220 | 113,617 | 85,397 |
| Fund balances - beginning | 3,987,530 | 3,987,530 | 3,987,530 | - |
| Fund balances - ending | <u>\$ 4,015,750</u> | <u>\$ 4,015,750</u> | <u>\$ 4,101,147</u> | <u>\$ 85,397</u> |

CITY OF TORRANCE, CALIFORNIA
Meadow Park Parking Lot District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Use of money and property | \$ 43,203 | \$ 43,203 | \$ 50,248 | \$ 7,045 |
| Total revenues | <u>43,203</u> | <u>43,203</u> | <u>50,248</u> | <u>7,045</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | 32,203 | 32,203 | 24,793 | 7,410 |
| Total expenditures | <u>32,203</u> | <u>32,203</u> | <u>24,793</u> | <u>7,410</u> |
| Excess (deficiency) of revenues over expenditures | <u>11,000</u> | <u>11,000</u> | <u>25,455</u> | <u>14,455</u> |
| Net change in fund balances | 11,000 | 11,000 | 25,455 | 14,455 |
| Fund balances - beginning | 239,566 | 239,566 | 239,566 | - |
| Fund balances - ending | <u>\$ 250,566</u> | <u>\$ 250,566</u> | <u>\$ 265,021</u> | <u>\$ 14,455</u> |

NON-MAJOR CAPITAL PROJECT FUNDS



The Capital Project funds are used to account for resources used for the acquisition or construction of major capital facilities, except for those financed by certain Special Revenue and Proprietary Funds.

The **CAPITAL IMPROVEMENT FUND** is used to account for construction of street improvements, storm drain and building improvements and other capital projects within the City.

The **TORRANCE PUBLIC PROPERTY FINANCING CAPITAL PROJECT FUND** is used to account for construction of capital improvements related to an emergency operation center and any other public capital improvements selected by the City.

CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2024

| | Capital Improvement Fund | Torrance Public Property Financing Capital Project Fund | Total Nonmajor Capital Projects Funds |
|--|---|--|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Pooled cash and investments | \$ 15,518,120 | \$ - | \$ 15,518,120 |
| Cash and cash equivalents with fiscal agents | - | 3,657,077 | 3,657,077 |
| Total assets | <u>\$ 15,518,120</u> | <u>\$ 3,657,077</u> | <u>\$ 19,175,197</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 917,522 | \$ - | \$ 917,522 |
| Accounts payable - contract retention | 57,685 | 1,473 | 59,158 |
| Accrued liabilities | 119,298 | - | 119,298 |
| Due to other funds | - | 68,192 | 68,192 |
| Deposits and guarantees | 158,056 | - | 158,056 |
| Total liabilities | <u>1,252,561</u> | <u>69,665</u> | <u>1,322,226</u> |
| Fund balances: | | | |
| Assigned to capital projects | <u>14,265,559</u> | <u>3,587,412</u> | <u>17,852,971</u> |
| Total fund balances | <u>14,265,559</u> | <u>3,587,412</u> | <u>17,852,971</u> |
| Total liabilities and fund balances | <u>\$ 15,518,120</u> | <u>\$ 3,657,077</u> | <u>\$ 19,175,197</u> |

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year ended June 30, 2024

| | Capital Improvement Fund | Torrance Public Property Financing Capital Project Fund | Total Nonmajor Capital Projects Funds |
|--|---|--|--|
| Revenues: | | | |
| Use of money and property | \$ 3,000 | \$ 205,504 | \$ 208,504 |
| Total revenues | <u>3,000</u> | <u>205,504</u> | <u>208,504</u> |
| Expenditures: | | | |
| General government | 2,648,664 | - | 2,648,664 |
| Public safety | 506,074 | 130,495 | 636,569 |
| Public works | 741,853 | - | 741,853 |
| Culture and recreation | 269,268 | - | 269,268 |
| Community development | 101,924 | - | 101,924 |
| Total expenditures | <u>4,267,783</u> | <u>130,495</u> | <u>4,398,278</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,264,783)</u> | <u>75,009</u> | <u>(4,189,774)</u> |
| Other financing sources: | | | |
| SBITA | 113,760 | - | 113,760 |
| Transfers in | 6,651,881 | - | 6,651,881 |
| Total other financing sources | <u>6,765,641</u> | <u>-</u> | <u>6,765,641</u> |
| Net change in fund balances | 2,500,858 | 75,009 | 2,575,867 |
| Fund balances, July 1, 2023 | <u>11,764,701</u> | <u>3,512,403</u> | <u>15,277,104</u> |
| Fund balances, June 30, 2024 | <u>\$ 14,265,559</u> | <u>\$ 3,587,412</u> | <u>\$ 17,852,971</u> |

NON-MAJOR DEBT SERVICE FUND



The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on specific long-term obligations of the City.

The **TORRANCE PUBLIC PROPERTY FINANCING DEBT SERVICE FUND** is used to account for debt service related to certificates of participation and lease revenue bonds issued to provide for the refinance of a lease obligation that financed certain facilities and capital improvements within the City and the acquisition of real property for a regional transit center, and for the refinance of a portion of the unfunded accrued liability of the City's pension plans with CalPERS.

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CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2024

| | Torrance Public Property Financing Debt Service Fund | Total Nonmajor Debt Service Fund |
|--|---|---|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and cash equivalents with fiscal agents | \$ 6,808 | \$ 6,808 |
| Total assets | <u>\$ 6,808</u> | <u>\$ 6,808</u> |
| Liabilities and Fund Balances | | |
| Liabilities | <u>\$ -</u> | <u>\$ -</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| Fund balances: | | |
| Restricted - debt service | <u>6,808</u> | <u>6,808</u> |
| Total fund balances | <u>6,808</u> | <u>6,808</u> |
| Total liabilities and fund balances | <u>\$ 6,808</u> | <u>\$ 6,808</u> |

CITY OF TORRANCE, CALIFORNIA
Torrance Public Property Financing Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Use of money and property | \$ 22,593,178 | \$ 22,593,178 | \$ 22,593,694 | \$ 516 |
| Total revenues | <u>22,593,178</u> | <u>22,593,178</u> | <u>22,593,694</u> | <u>516</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 9,955,000 | 9,955,000 | 9,955,000 | - |
| Interest and fiscal charges | 12,638,178 | 12,638,178 | 12,638,178 | - |
| Total expenditures | <u>22,593,178</u> | <u>22,593,178</u> | <u>22,593,178</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>516</u> | <u>516</u> |
| Net change in fund balances | - | - | 516 | 516 |
| Fund balances - beginning | 6,292 | 6,292 | 6,292 | - |
| Fund balances - ending | <u>\$ 6,292</u> | <u>\$ 6,292</u> | <u>\$ 6,808</u> | <u>\$ 516</u> |

NON-MAJOR ENTERPRISE FUND



The Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing these services to the general public on a continuing basis are financed primarily through user charges.

The **SANITATION FUND** is used to account for the City's refuse, recycling, and green waste programs.

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CITY OF TORRANCE, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Fund
June 30, 2024

| | Sanitation Fund | Total Nonmajor Enterprise Fund |
|--|----------------------------|---|
| | | |
| Assets and Deferred Outflows of Resources | | |
| Current assets: | | |
| Pooled cash and investments | \$ 8,171,904 | \$ 8,171,904 |
| Accounts receivable | 4,257,596 | 4,257,596 |
| Accrued interest receivable | 107,243 | 107,243 |
| Due from other governments | 1,857 | 1,857 |
| Prepays | 41,567 | 41,567 |
| Total current assets | 12,580,167 | 12,580,167 |
| Noncurrent assets: | | |
| Capital assets, net | 3,651,889 | 3,651,889 |
| Total noncurrent assets | 3,651,889 | 3,651,889 |
| Deferred outflows of resources: | | |
| Deferred pension amounts | 1,977,367 | 1,977,367 |
| Deferred OPEB amounts | 364,202 | 364,202 |
| Total deferred outflows of resources | 2,341,569 | 2,341,569 |
| Total Assets and Deferred Outflows of Resources | 18,573,625 | 18,573,625 |
| Liabilities and Deferred Inflows of Resources | | |
| Current liabilities: | | |
| Accounts payable | 432,984 | 432,984 |
| Accrued interest payable | 50,699 | 50,699 |
| Accrued liabilities | 83,046 | 83,046 |
| Compensated absences payable - current | 75,511 | 75,511 |
| Total current liabilities | 642,240 | 642,240 |
| Noncurrent liabilities: | | |
| Compensated absences payable - long term | 214,916 | 214,916 |
| Total pension liability | 3,534,229 | 3,534,229 |
| Total OPEB liability | 925,210 | 925,210 |
| Total noncurrent liabilities | 4,674,355 | 4,674,355 |
| Deferred inflows of resources: | | |
| Deferred pension amounts | 98,602 | 98,602 |
| Deferred OPEB amounts | 42,329 | 42,329 |
| Total deferred inflows of resources | 140,931 | 140,931 |
| Total Liabilities and Deferred Inflows of Resources | 5,457,526 | 5,457,526 |
| Net Position | | |
| Net investment in capital assets | 3,651,889 | 3,651,889 |
| Unrestricted | 9,464,210 | 9,464,210 |
| Total Net Position | \$ 13,116,099 | \$ 13,116,099 |

CITY OF TORRANCE, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Fund

Year ended June 30, 2024

| | Sanitation Fund | Total Nonmajor Enterprise Fund |
|---------------------------------------|----------------------------|---|
| | <hr/> | <hr/> |
| Operating revenues: | | |
| Charges for services | \$ 15,766,963 | \$ 15,766,963 |
| Other | 136,104 | 136,104 |
| Total operating revenues | <hr/> 15,903,067 | <hr/> 15,903,067 |
| Operating expenses: | | |
| Salaries and employee benefits | 4,542,394 | 4,542,394 |
| Services and supplies | 2,945,215 | 2,945,215 |
| Other professional services | 3,958,636 | 3,958,636 |
| Depreciation and amortization | 873,796 | 873,796 |
| Insurance and claims | 41,780 | 41,780 |
| City charges | 3,211,434 | 3,211,434 |
| Other | 98,753 | 98,753 |
| Total operating expenses | <hr/> 15,672,008 | <hr/> 15,672,008 |
| Operating income | <hr/> 231,059 | <hr/> 231,059 |
| Nonoperating revenues: | | |
| Investment earnings | 153,716 | 153,716 |
| Gain (loss) on sale of capital assets | 12,500 | 12,500 |
| Grants | 398,140 | 398,140 |
| Interest expense | - | - |
| Total nonoperating revenues | <hr/> 564,356 | <hr/> 564,356 |
| Income before transfers | 795,415 | 795,415 |
| Transfers in | 351,768 | 351,768 |
| Transfers out | (1,230,994) | (1,230,994) |
| Change in net position | <hr/> (83,811) | <hr/> (83,811) |
| Total net position - July 1, 2023 | 13,199,910 | 13,199,910 |
| Total net position - June 30, 2024 | <hr/> <hr/> \$ 13,116,099 | <hr/> <hr/> \$ 13,116,099 |

CITY OF TORRANCE, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Fund

Year ended June 30, 2024

| | <u>Sanitation Fund</u> | <u>Total Nonmajor Enterprise Fund</u> |
|---|----------------------------|---|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 15,974,437 | \$ 15,974,437 |
| Cash payments to suppliers for goods and services | (10,773,248) | (10,773,248) |
| Cash payments to employees for services | (3,955,812) | (3,955,812) |
| Other receipts | 136,104 | 136,104 |
| Net cash provided by operating activities | <u>1,381,481</u> | <u>1,381,481</u> |
| Cash flows from noncapital financing activities: | | |
| Cash received from noncapital grants and subsidies | 398,140 | 398,140 |
| Cash received from other funds | 351,768 | 351,768 |
| Cash paid to other funds | <u>(1,230,994)</u> | <u>(1,230,994)</u> |
| Net cash provided by noncapital financing activities | <u>(481,086)</u> | <u>(481,086)</u> |
| Cash flows from capital financing activities: | | |
| Cash payments for capital additions | (456,946) | (456,946) |
| Proceeds from sale of capital assets | 12,500 | 12,500 |
| Net cash used in capital financing activities | <u>(444,446)</u> | <u>(444,446)</u> |
| Cash flows from investing activities: | | |
| Cash received from interest on investments | 129,822 | 129,822 |
| Cash provided by investing activities | <u>129,822</u> | <u>129,822</u> |
| Net increase in cash, restricted cash and cash equivalents | 585,771 | 585,771 |
| Cash and cash equivalents, July 1, 2023 | <u>7,586,133</u> | <u>7,586,133</u> |
| Cash and cash equivalents, June 30, 2024 | <u>\$ 8,171,904</u> | <u>\$ 8,171,904</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 231,059 | 231,059 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 873,796 | 873,796 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 207,474 | 207,474 |
| Prepays and other assets | (40,324) | (40,324) |
| Accounts payable | 219,165 | 219,165 |
| Accrued salaries and benefits | (8,496) | (8,496) |
| Other accrued liabilities | (696,271) | (696,271) |
| Deferred outflows related to pensions | 530,915 | 530,915 |
| Deferred outflows related to OPEB | (211,470) | (211,470) |
| Total pension liability | 162,508 | 162,508 |
| Total OPEB liability | 240,354 | 240,354 |
| Deferred inflows related to pensions | (109,063) | (109,063) |
| Deferred inflows related to OPEB | <u>(18,166)</u> | <u>(18,166)</u> |
| Net cash provided by operating activities | <u>\$ 1,381,481</u> | <u>\$ 1,381,481</u> |

INTERNAL SERVICE FUNDS



The Internal Service funds are used to account for financing of goods or services provided by one City department to other departments of the City and to other governmental units on a cost-reimbursement basis.

The **SELF-INSURANCE FUND** is used to finance and account for the City's risk management and self-insurance programs.

The **FLEET SERVICES FUND** is used to finance and account for the City's vehicular equipment.

The **POSTEMPLOYMENT/COMP ABSENCES FUND** is used to account for interfund charges to the City's departments for postemployment benefits and compensated absences.

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CITY OF TORRANCE, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

| | Self-Insurance Fund | Fleet Services Fund | Postemployment/ Comp Absences Fund | Total Internal Service Funds |
|---|--------------------------------|--------------------------------|---|---|
| Assets and Deferred Outflows of Resources | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 20,525,495 | \$ 37,704,973 | \$ 5,892,356 | \$ 64,122,824 |
| Cash and cash equivalents with fiscal agents | 1,016,231 | - | - | 1,016,231 |
| Accounts receivable | 52,239 | - | 4,323,690 | 4,375,929 |
| Accrued interest receivable | - | 263,199 | 49,283 | 312,482 |
| Prepays | - | 344,962 | - | 344,962 |
| Inventory | - | 1,458,789 | - | 1,458,789 |
| Total current assets | <u>21,593,965</u> | <u>39,771,923</u> | <u>10,265,329</u> | <u>71,631,217</u> |
| Noncurrent assets: | | | | |
| Capital assets, net | - | 9,127,698 | - | 9,127,698 |
| Total noncurrent assets | <u>-</u> | <u>9,127,698</u> | <u>-</u> | <u>9,127,698</u> |
| Deferred outflows of resources: | | | | |
| Deferred pension amounts | 138,484 | 1,654,237 | - | 1,792,721 |
| Deferred OPEB amounts | 24,280 | 315,642 | - | 339,922 |
| Total deferred outflows of resources | <u>162,764</u> | <u>1,969,879</u> | <u>-</u> | <u>2,132,643</u> |
| Total Assets and Deferred Outflows of Resources | <u>21,756,729</u> | <u>50,869,500</u> | <u>10,265,329</u> | <u>82,891,558</u> |
| Liabilities and Deferred Inflows of Resources | | | | |
| Current liabilities: | | | | |
| Accounts payable | 301,486 | 179,554 | 67,287 | 548,327 |
| Contract retainage payable | - | 71,775 | - | 71,775 |
| Compensated absences payable | - | 369,119 | 9,414,357 | 9,783,476 |
| Accrued interest payable | - | 18,715 | - | 18,715 |
| Accrued liabilities | 5,729,667 | 370,096 | - | 6,099,763 |
| SBITA liability - current | - | 54,494 | - | 54,494 |
| Accrued liability for self-insurance claims - current | 12,333,118 | - | - | 12,333,118 |
| Total current liabilities | <u>18,364,271</u> | <u>1,063,753</u> | <u>9,481,644</u> | <u>28,909,668</u> |
| Noncurrent liabilities: | | | | |
| SBITA liability - long term | - | 224,271 | - | 224,271 |
| Accrued liability for self-insurance claims - long-term | 55,146,636 | - | - | 55,146,636 |
| Total pension liability | 230,524 | 2,996,340 | - | 3,226,864 |
| Total OPEB liability | 61,681 | 801,849 | - | 863,530 |
| Total noncurrent liabilities | <u>55,438,841</u> | <u>4,022,460</u> | <u>-</u> | <u>59,461,301</u> |
| Deferred inflows of resources: | | | | |
| Deferred pension amounts | 7,043 | 82,169 | - | 89,212 |
| Deferred OPEB amounts | 2,822 | 36,685 | - | 39,507 |
| Total deferred inflows of resources | <u>9,865</u> | <u>118,854</u> | <u>-</u> | <u>128,719</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>73,812,977</u> | <u>5,205,067</u> | <u>9,481,644</u> | <u>88,499,688</u> |
| Net Position | | | | |
| Net position: | | | | |
| Net investment in capital assets | - | 9,055,923 | - | 9,055,923 |
| Unrestricted | (52,056,248) | 36,608,510 | 783,685 | (14,664,053) |
| Total Net Position | <u>\$ (52,056,248)</u> | <u>\$ 45,664,433</u> | <u>\$ 783,685</u> | <u>\$ (5,608,130)</u> |

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year ended June 30, 2024

| | Self-Insurance Fund | Fleet Services Fund | Postemployment/ Comp Absences Fund | Total Internal Service Funds |
|--|--------------------------------|--------------------------------|---|---|
| Operating revenues: | | | | |
| Charges for services | \$ 20,928,013 | \$ 10,319,308 | \$ - | \$ 31,247,321 |
| Other | 142,795 | 4,126 | - | 146,921 |
| Total operating revenues | <u>21,070,808</u> | <u>10,323,434</u> | <u>-</u> | <u>31,394,242</u> |
| Operating expenses: | | | | |
| Salaries and employee benefits | 883,015 | 3,802,152 | - | 4,685,167 |
| Services and supplies | 7,097 | 1,629,605 | - | 1,636,702 |
| Other professional services | 445,142 | 130,474 | - | 575,616 |
| Insurance and claims | 19,504,753 | - | - | 19,504,753 |
| Depreciation and amortization | - | 1,575,065 | - | 1,575,065 |
| City charges | 205,161 | 1,001,375 | - | 1,206,536 |
| Other | 11,745 | 46,772 | - | 58,517 |
| Total operating expenses | <u>21,056,913</u> | <u>8,185,443</u> | <u>-</u> | <u>29,242,356</u> |
| Operating income (loss) | <u>13,895</u> | <u>2,137,991</u> | <u>-</u> | <u>2,151,886</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings | - | 1,384,855 | 256,864 | 1,641,719 |
| Gain on sale of capital assets | - | 84,150 | - | 84,150 |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>1,469,005</u> | <u>256,864</u> | <u>1,725,869</u> |
| Net income (loss) before transfers | 13,895 | 3,606,996 | 256,864 | 3,877,755 |
| Transfers in | 2,000,000 | 2,200,000 | - | 4,200,000 |
| Transfers out | (4,354) | (23,172) | - | (27,526) |
| Change in net position | <u>2,009,541</u> | <u>5,783,824</u> | <u>256,864</u> | <u>8,050,229</u> |
| Net position, July 1, 2023 | <u>(54,065,789)</u> | <u>39,880,609</u> | <u>526,821</u> | <u>(13,658,359)</u> |
| Net position, June 30, 2024 | <u>\$ (52,056,248)</u> | <u>\$ 45,664,433</u> | <u>\$ 783,685</u> | <u>\$ (5,608,130)</u> |

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2024

| | <u>Self Insurance Fund</u> | <u>Fleet Services Fund</u> | <u>Postemployment/ Comp Absences Fund</u> | <u>Total Internal Service Funds</u> |
|---|--------------------------------|--------------------------------|---|---|
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 21,860,302 | \$ 10,319,308 | \$ (130,844) | \$ 32,048,766 |
| Cash payments to suppliers for goods and services | (15,934,935) | (3,401,216) | 42,433 | (19,293,718) |
| Cash payments to employees for services | (836,094) | (3,245,033) | 665,780 | (3,415,347) |
| Other receipts | 142,795 | 4,126 | - | 146,921 |
| Net cash provided by (used in) operating activities | <u>5,232,068</u> | <u>3,677,185</u> | <u>577,369</u> | <u>9,486,622</u> |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from other funds | 2,000,000 | 2,200,000 | - | 4,200,000 |
| Cash transfers paid to other funds | (4,354) | (23,172) | - | (27,526) |
| Net cash provided by (used in) noncapital financing activities | <u>1,995,646</u> | <u>2,176,828</u> | <u>-</u> | <u>4,172,474</u> |
| Cash flows from capital financing activities: | | | | |
| Cash payments for capital additions | - | (4,976,060) | - | (4,976,060) |
| Proceeds from sale of capital assets | - | 84,150 | - | 84,150 |
| Net cash provided by (used in) capital financing activities | <u>-</u> | <u>(4,891,910)</u> | <u>-</u> | <u>(4,891,910)</u> |
| Cash flows from investing activities: | | | | |
| Cash received from interest on investments | - | 1,258,452 | 242,147 | 1,500,599 |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>1,258,452</u> | <u>242,147</u> | <u>1,500,599</u> |
| Net increase (decrease) in cash, restricted cash and cash equivalents | 7,227,714 | 2,220,555 | 819,516 | 10,267,785 |
| Cash and cash equivalents, July 1, 2023 | 14,314,012 | 35,484,418 | 5,072,840 | 54,871,270 |
| Cash and cash equivalents, June 30, 2024 | <u>\$ 21,541,726</u> | <u>\$ 37,704,973</u> | <u>\$ 5,892,356</u> | <u>\$ 65,139,055</u> |
| Reconciliation of cash and cash equivalents: | | | | |
| Pooled cash and investments | \$ 20,525,495 | \$ 37,704,973 | \$ 5,892,356 | \$ 64,122,824 |
| Cash and cash equivalents with fiscal agents | 1,016,231 | - | - | 1,016,231 |
| Total cash and cash equivalents | <u>\$ 21,541,726</u> | <u>\$ 37,704,973</u> | <u>\$ 5,892,356</u> | <u>\$ 65,139,055</u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | | |
| Operating income | \$ 13,895 | \$ 2,137,991 | \$ - | \$ 2,151,886 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | - | 1,575,065 | - | 1,575,065 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 932,289 | - | (130,844) | 801,445 |
| Prepays and other assets | 240,687 | (344,962) | - | (104,275) |
| Inventory | - | (55,637) | - | (55,637) |
| Accounts payable | (360,102) | (475,144) | 42,433 | (792,813) |
| Accrued salaries and benefits | 5,295 | 58,927 | 665,780 | 730,002 |
| Other accrued liabilities | 4,358,378 | 282,753 | - | 4,641,131 |
| Deferred outflows related to pension | 36,594 | 445,530 | - | 482,124 |
| Deferred outflows related to OPEB | (14,098) | (183,275) | - | (197,373) |
| Total pension liability | 11,790 | 134,998 | - | 146,788 |
| Total OPEB liability | 16,024 | 208,308 | - | 224,332 |
| Deferred inflows related to pension | (7,473) | (91,625) | - | (99,098) |
| Deferred inflows related to OPEB | (1,211) | (15,744) | - | (16,955) |
| Net cash provided by (used in) operating activities | <u>\$ 5,232,068</u> | <u>\$ 3,677,185</u> | <u>\$ 577,369</u> | <u>\$ 9,486,622</u> |

CUSTODIAL FUNDS



The Custodial funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others.

The **AREA G CITIZEN CORPS PROGRAM FUND** is used to account for Area G cities' contributions to finance the community emergency response teams.

The **FLEXIBLE BENEFITS FUND** is used to account for unspent pre-tax benefits funds collected from the participating employees of the City.

The **PROPERTY ROOM EVIDENCE FUND** is used to account for the safekeeping and disbursement of evidence held in the Police property room.

The **INTEROPERABILITY NETWORK OF THE SOUTH BAY FUND** is used to account for funds contributed by Network member cities to enhance the public safety and general government land mobile radio capabilities of its members by developing and managing a wide-area interoperable government communications network.

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Fiduciary Net Position - Custodial Funds
June 30, 2024

| | <u>Area G Citizen Corps Program Fund</u> | <u>Flexible Benefits Fund</u> | <u>Property Room Evidence Fund</u> | <u>Interoperability Network of the South Bay Fund</u> | <u>Total Custodial Funds</u> |
|--|--|---------------------------------------|--|---|--------------------------------------|
| Assets | | | | | |
| Pooled cash and investments | \$ - | \$ 370,761 | \$ 1,433,831 | \$ 855,214 | \$ 2,659,806 |
| Accounts receivable | 403,576 | - | - | 82,944 | 486,520 |
| Accrued interest receivable | - | - | - | 5,974 | 5,974 |
| Due from other governments | 133,612 | - | - | - | 133,612 |
| Prepays | 101,826 | - | - | - | 101,826 |
| Capital assets, net | - | - | - | 299,845 | 299,845 |
| Total assets | <u>639,014</u> | <u>370,761</u> | <u>1,433,831</u> | <u>1,243,977</u> | <u>3,687,583</u> |
| Liabilities | | | | | |
| Accounts payable | 16,156 | - | 3,034 | - | 19,190 |
| Deposits payable | - | 370,761 | - | - | 370,761 |
| Advances from City | 61,440 | - | - | - | 61,440 |
| Unearned revenue | - | - | - | 176,028 | 176,028 |
| Total liabilities | <u>77,596</u> | <u>370,761</u> | <u>3,034</u> | <u>176,028</u> | <u>627,419</u> |
| Net Position | | | | | |
| Restricted for individuals and organizations | 561,418 | - | 1,430,797 | 1,067,949 | 3,060,164 |
| Total net position | <u>\$ 561,418</u> | <u>\$ -</u> | <u>\$ 1,430,797</u> | <u>\$ 1,067,949</u> | <u>\$ 3,060,164</u> |

CITY OF TORRANCE, CALIFORNIA
 Combining Statement of Changes in Fiduciary Net Position - Custodial Funds
 Year ended June 30, 2024

| | Area G Citizen Corps Program Fund | Flexible Benefits Fund | Property Room Evidence Fund | Interoperability Network of the South Bay Fund | Total Custodial Funds |
|--------------------------------|--|---------------------------------------|--|---|--------------------------------------|
| Additions | | | | | |
| Contributions | \$ 587,263 | \$ - | \$ - | \$ 630,000 | \$ 1,217,263 |
| Fees | - | - | - | 20,605 | 20,605 |
| Use of money and property | 2,032 | - | - | 26,723 | 28,755 |
| Other | - | - | - | - | - |
| Total additions | <u>589,295</u> | <u>-</u> | <u>-</u> | <u>677,328</u> | <u>1,266,623</u> |
| Deductions | | | | | |
| Salaries and employee benefits | 181,286 | - | - | - | 181,286 |
| Services and supplies | 32,680 | - | - | - | 32,680 |
| Other professional services | 353,247 | - | - | 369,523 | 722,770 |
| Insurance and claims | 7,094 | - | - | 27,923 | 35,017 |
| Depreciation and amortization | - | - | - | 116,824 | 116,824 |
| Membership fees | 545 | - | - | 77,200 | 77,745 |
| Payments to others | - | - | 14,295 | - | 14,295 |
| Total deductions | <u>574,852</u> | <u>-</u> | <u>14,295</u> | <u>591,470</u> | <u>1,180,617</u> |
| Change in net position | 14,443 | - | (14,295) | 85,858 | 86,006 |
| Net position, July 1, 2023 | <u>546,975</u> | <u>-</u> | <u>1,445,092</u> | <u>982,091</u> | <u>2,974,158</u> |
| Net position, June 30, 2024 | <u>\$ 561,418</u> | <u>\$ -</u> | <u>\$ 1,430,797</u> | <u>\$ 1,067,949</u> | <u>\$ 3,060,164</u> |

STATISTICAL SECTION

(Not covered by Independent Auditors' Report)



Overview of Statistical information Presented in Five Categories

| | |
|---|-----|
| <u>Financial Trend Information:</u> Intended to assist users in understanding and assessing how a government's financial position has changed over time. | 151 |
| <u>Revenue Capacity Information:</u> Intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own revenue. | 156 |
| <u>Debt Capacity Information:</u> Intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt. | 163 |
| <u>Demographic and Economic Information:</u> Intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparison of financial statement information over time and among governments. | 168 |
| <u>Operating Information:</u> Intended to provide information about a government's operations and resources in order to assist readers in using financial statement information to understand and assess a government's economic condition. | 170 |

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City of Torrance
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

Financial Trends
Exhibit I

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|--------------------|---------------------|---------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 330,710 | \$ 326,844 | \$ 310,909 | \$ 294,482 | \$ 286,532 | \$ 279,740 | \$ 272,707 | \$ 269,819 | \$ 272,391 | \$ 275,454 |
| Restricted | 105,050 | 60,773 | 52,988 | 41,942 | 42,561 | 46,401 | 45,389 | 45,987 | 49,306 | 41,882 |
| Unrestricted | <u>(403,843)</u> | <u>(393,476)</u> | <u>(441,505)</u> | <u>(498,999)</u> | <u>(432,413)</u> | <u>(372,163)</u> | <u>(354,180)</u> | <u>(280,023)</u> | <u>(295,513)</u> | <u>(299,768)</u> |
| Total governmental activities net position | \$ 31,917 | \$ (5,859) | \$ (77,608) | \$ (162,575) | \$ (103,320) | \$ (46,022) | \$ (36,084) | \$ 35,783 | \$ 26,184 | \$ 17,568 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 167,132 | \$ 163,294 | \$ 158,220 | \$ 164,410 | \$ 155,891 | \$ 148,541 | \$ 153,167 | \$ 156,096 | \$ 157,593 | \$ 142,408 |
| Restricted | 32,296 | 31,197 | 21,482 | - | - | - | - | - | - | - |
| Unrestricted | <u>87,703</u> | <u>78,638</u> | <u>67,823</u> | <u>47,888</u> | <u>(18,914)</u> | <u>(24,541)</u> | <u>(21,247)</u> | <u>(7,868)</u> | <u>(8,181)</u> | <u>(19,433)</u> |
| Total business-type activities net position | \$ 287,131 | \$ 273,129 | \$ 247,525 | \$ 212,298 | \$ 136,977 | \$ 124,000 | \$ 131,920 | \$ 148,228 | \$ 149,412 | \$ 122,975 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 497,842 | \$ 490,138 | \$ 469,129 | \$ 458,892 | \$ 442,423 | \$ 428,281 | \$ 425,874 | \$ 425,915 | \$ 429,984 | \$ 417,862 |
| Restricted | 137,346 | 91,970 | 74,470 | 41,942 | 42,561 | 46,401 | 45,389 | 45,987 | 49,306 | 41,882 |
| Unrestricted | <u>(316,140)</u> | <u>(314,838)</u> | <u>(373,682)</u> | <u>(451,111)</u> | <u>(451,327)</u> | <u>(396,704)</u> | <u>(375,427)</u> | <u>(287,891)</u> | <u>(303,694)</u> | <u>(319,201)</u> |
| Total primary government net position | \$ 319,048 | \$ 267,270 | \$ 169,917 | \$ 49,723 | \$ 33,657 | \$ 77,978 | \$ 95,836 | \$ 184,011 | \$ 175,596 | \$ 140,543 |

City of Torrance
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

Financial Trends
Exhibit 2

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 44,824 | \$ 38,888 | \$ 28,428 | \$ 27,553 | \$ 37,573 | \$ 35,459 | \$ 34,122 | \$ 27,838 | \$ 31,259 | \$ 28,474 |
| Public safety | 183,968 | 154,605 | 124,495 | 156,247 | 144,525 | 121,502 | 120,281 | 114,081 | 99,020 | 102,909 |
| Public works | 31,249 | 31,733 | 24,239 | 27,885 | 35,308 | 29,536 | 29,408 | 26,807 | 28,259 | 23,908 |
| Culture and recreation | 26,074 | 22,162 | 19,754 | 26,142 | 21,947 | 18,502 | 20,100 | 17,388 | 15,373 | 17,212 |
| Community development | 18,824 | 15,476 | 13,509 | 11,134 | 18,096 | 16,896 | 16,384 | 10,621 | 10,433 | 10,172 |
| Interest on long-term debt | 12,984 | 13,007 | 15,615 | 10,633 | 2,533 | 2,579 | 2,619 | 2,826 | 2,664 | 2,867 |
| Total governmental activities expenses | 317,923 | 275,871 | 226,040 | 259,594 | 259,982 | 224,474 | 222,914 | 199,561 | 187,008 | 185,542 |
| Business-type activities: | | | | | | | | | | |
| Municipal Airport | 7,151 | 3,848 | 2,612 | 3,223 | 3,386 | 3,374 | 3,542 | 3,425 | 3,433 | 3,301 |
| Transit System | 34,263 | 29,121 | 26,684 | 25,640 | 30,833 | 39,162 | 29,574 | 27,702 | 24,156 | 24,932 |
| Water | 48,543 | 46,405 | 41,263 | 41,465 | 39,090 | 43,294 | 38,323 | 35,447 | 31,843 | 34,414 |
| Sewer | 4,588 | 4,750 | 4,543 | 5,666 | 4,991 | 5,264 | 5,892 | 5,086 | 5,509 | 5,397 |
| Sanitation | 15,672 | 12,477 | 11,611 | 13,015 | 12,873 | 12,369 | 16,722 | 11,620 | 10,856 | 10,981 |
| Cultural Arts Center | - | - | - | - | 2,252 | 2,300 | 2,357 | 2,119 | 1,971 | 2,087 |
| Parks and Recreation | - | - | - | - | 7,099 | 7,602 | 7,456 | 7,080 | 6,864 | 6,638 |
| Emergency Medical Services | - | - | - | - | 16,854 | 13,824 | 14,154 | 12,422 | 11,141 | 11,060 |
| Total business-type activities expenses | 110,217 | 96,601 | 86,713 | 89,009 | 117,378 | 127,189 | 118,020 | 104,901 | 95,773 | 98,810 |
| Total primary government expenses | \$ 428,140 | \$ 372,472 | \$ 312,753 | \$ 348,603 | \$ 377,360 | \$ 351,663 | \$ 340,934 | \$ 304,462 | \$ 282,781 | \$ 284,352 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 2,383 | \$ 2,489 | \$ 1,867 | \$ 890 | \$ 1,000 | \$ 1,303 | \$ 495 | \$ 414 | \$ 464 | \$ 450 |
| Public safety | 12,066 | 9,284 | 8,625 | 3,704 | 2,037 | 2,520 | 8,576 | 8,475 | 8,192 | 7,433 |
| Public works | 1,628 | 501 | 426 | 216 | 216 | 631 | 1,819 | 1,164 | 926 | 867 |
| Culture and recreation | 5,706 | 5,211 | 4,364 | 2,093 | 600 | 635 | 577 | 641 | 628 | 667 |
| Community development | 11,984 | 10,955 | 10,040 | 8,777 | 6,208 | 7,272 | - | - | - | - |
| Operating grants and contributions | 13,618 | 11,656 | 30,483 | 29,051 | 17,309 | 17,226 | 18,241 | 17,279 | 22,097 | 22,641 |
| Capital grants and contributions | 30,924 | 37,841 | 29,256 | 23,246 | 13,040 | 9,929 | 5,248 | 6,178 | 7,787 | 8,927 |
| Total governmental activities program revenues | 78,309 | 77,937 | 85,061 | 67,977 | 40,410 | 39,516 | 34,956 | 34,151 | 40,094 | 40,985 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Municipal Airport | 18,261 | 22,782 | 15,663 | 15,497 | 14,175 | 14,173 | 13,469 | 12,836 | 12,754 | 12,407 |
| Transit System | 1,211 | 960 | 540 | 63 | 3,175 | 2,743 | 2,740 | 2,861 | 3,165 | 3,351 |
| Water | 53,974 | 54,255 | 51,521 | 49,198 | 45,553 | 42,544 | 41,439 | 36,848 | 33,447 | 35,983 |
| Sewer | 6,907 | 5,899 | 6,105 | 6,025 | 5,712 | 5,676 | 5,750 | 3,783 | 2,417 | 2,731 |
| Sanitation | 15,903 | 13,699 | 13,941 | 12,920 | 12,748 | 12,793 | 12,368 | 11,363 | 11,475 | 11,360 |
| Cultural Arts Center | - | - | - | - | 782 | 1,195 | 1,186 | 1,018 | 934 | 942 |
| Parks and Recreation | - | - | - | - | 3,600 | 4,977 | 4,731 | 4,635 | 4,586 | 4,521 |
| Emergency Medical Services | - | - | - | - | 1,493 | 1,602 | 1,477 | 1,093 | 1,244 | 901 |
| Operating grants and contributions | 25,971 | 31,544 | 32,887 | 32,285 | 24,588 | 22,648 | 18,376 | 18,809 | 18,462 | 19,091 |
| Capital grants and contributions | 62 | 810 | 942 | 2,031 | 2,457 | 1,608 | 293 | 1,081 | 14,708 | 2,703 |
| Total business-type activities program revenues | 122,289 | 129,949 | 121,599 | 118,019 | 114,283 | 109,959 | 101,829 | 94,327 | 103,192 | 93,990 |
| Total primary government program revenues | \$ 200,598 | \$ 207,886 | \$ 206,660 | \$ 185,996 | \$ 154,693 | \$ 149,475 | \$ 136,785 | \$ 128,478 | \$ 143,286 | \$ 134,975 |

City of Torrance
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

Financial Trends
Exhibit 2

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (239,614) | \$ (197,934) | \$ (140,979) | \$ (191,617) | \$ (219,572) | \$ (184,958) | \$ (187,958) | \$ (165,410) | \$ (146,914) | \$ (144,557) |
| Business-type activities | 12,072 | 33,348 | 34,886 | 29,010 | (3,095) | (17,230) | (16,191) | (10,574) | 7,419 | (4,820) |
| Total primary government net expense | \$ (227,542) | \$ (164,586) | \$ (106,093) | \$ (162,607) | \$ (222,667) | \$ (202,188) | \$ (204,149) | \$ (175,984) | \$ (139,495) | \$ (149,377) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 64,183 | \$ 61,161 | \$ 58,219 | \$ 55,037 | \$ 52,185 | \$ 51,984 | \$ 49,312 | \$ 46,967 | \$ 54,348 | \$ 54,609 |
| Sales taxes | 85,531 | 78,590 | 61,556 | 52,938 | 48,332 | 49,217 | 47,178 | 50,133 | 39,378 | 33,185 |
| Other taxes | 82,886 | 83,119 | 73,897 | 61,753 | 58,515 | 65,747 | 64,371 | 63,485 | 60,932 | 62,481 |
| Investment earnings | 35,410 | 27,927 | 19,299 | 4,389 | 7,310 | 7,935 | 4,763 | 5,001 | 6,554 | 6,043 |
| Gain on sale of property | - | - | - | - | - | - | - | 1,552 | - | - |
| Loss on disposal of SBITA | (16) | - | - | - | - | - | - | - | - | - |
| Motor vehicle tax (unrestricted) | 181 | 151 | 168 | 107 | 117 | 72 | 77 | 66 | 60 | 62 |
| Other general revenues | 830 | 4,896 | 5,170 | 4,298 | 4,845 | 7,651 | 5,394 | 4,560 | 4,898 | 15,617 |
| Transfers | 8,385 | 13,840 | 7,982 | (4,710) | (9,113) | (7,586) | (7,477) | (7,848) | (17,996) | (6,855) |
| Total governmental activities | 277,390 | 269,684 | 226,291 | 173,812 | 162,191 | 175,020 | 163,618 | 163,916 | 148,174 | 165,142 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 9,735 | 6,092 | 3,911 | 327 | 1,690 | 1,521 | 405 | 613 | 811 | 521 |
| Other general revenues | 579 | 3 | 40 | 78 | 303 | 204 | 294 | 247 | 212 | 83 |
| Transfers | (8,385) | (13,840) | (7,982) | 4,710 | 9,113 | 7,586 | 7,477 | 7,848 | 17,996 | 6,855 |
| Total business-type activities | 1,929 | (7,745) | (4,031) | 5,115 | 11,106 | 9,311 | 8,176 | 8,708 | 19,019 | 7,459 |
| Total primary government general revenues | \$ 279,319 | \$ 261,939 | \$ 222,260 | \$ 178,927 | \$ 173,297 | \$ 184,331 | \$ 171,794 | \$ 172,624 | \$ 167,193 | \$ 172,601 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 37,776 | \$ 71,750 | \$ 85,312 | \$ (17,805) | \$ (57,381) | \$ (9,938) | \$ (24,340) | \$ (1,494) | \$ 1,260 | \$ 20,585 |
| Business-type activities | 14,001 | 25,603 | 30,855 | 34,125 | 8,011 | (7,919) | (8,015) | (1,866) | 26,438 | 2,639 |
| Total primary government | \$ 51,777 | \$ 97,353 | \$ 116,167 | \$ 16,320 | \$ (49,370) | \$ (17,857) | \$ (32,355) | \$ (3,360) | \$ 27,698 | \$ 23,224 |

Notes:

¹ Effective February 1, 2012 all redevelopment agencies in the State of California were dissolved. Extraordinary amounts in 2012 represent losses due to write-off of advances to the former redevelopment agency of the City of Torrance and gains due to the transfer of bond debt obligations of the former redevelopment agency of the City of Torrance to a private-purpose Successor Agency Trust Fund. Extraordinary amounts in 2014 represent California Department of Finance adjustment to interest on a long-term advance from the General Fund to the Successor Agency Trust Fund.

City of Torrance
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

Financial Trends
Exhibit 3

| | Fiscal Year | | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| General fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Nonspendable ² | 2,661 | 2,145 | 2,094 | 2,718 | 3,395 | 4,621 | 4,814 | 15,485 | 21,607 | 21,245 |
| Restricted | 31,040 | 7,025 | 4,638 | 2,842 | 1,333 | 1,166 | 788 | 465 | 688 | 580 |
| Assigned | 7,684 | 5,849 | 5,483 | 3,768 | 5,498 | 7,612 | 14,809 | 14,831 | 15,895 | 15,470 |
| Unassigned | 78,750 | 63,420 | 44,727 | 22,633 | 581 | 16,725 | 16,501 | 24,079 | 21,101 | 29,439 |
| Total general fund | \$ 120,135 | \$ 78,439 | \$ 56,942 | \$ 31,961 | \$ 10,807 | \$ 30,124 | \$ 36,912 | \$ 54,860 | \$ 59,291 | \$ 66,734 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Capital project funds | - | - | - | - | - | - | - | - | - | - |
| Debt service fund | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | 580 | 618 | 607 | 80 | 946 | 4 | - | - | - | - |
| Restricted ³ | 74,170 | 53,190 | 47,732 | 39,753 | 41,477 | 42,326 | 40,422 | 40,729 | 43,921 | 40,493 |
| Assigned | 17,853 | 15,277 | 13,462 | 14,686 | 20,061 | 20,877 | 22,399 | 22,887 | 19,073 | 14,648 |
| Unassigned ³ | (774) | (75) | - | - | (2,747) | - | - | - | - | - |
| Total all other governmental funds | \$ 91,829 | \$ 69,010 | \$ 61,801 | \$ 54,519 | \$ 59,737 | \$ 63,207 | \$ 62,821 | \$ 63,616 | \$ 62,994 | \$ 55,141 |

Notes:

¹The City of Torrance implemented GASB 54 for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is not required to be restated.

²The change in fund balance in 2013 reflects a prior period adjustment to record transfer of interest related to the long-term advance from the General Fund to the former City of Torrance Redevelopment Agency. The net liabilities are held in a successor agency trust not reported here. In 2014, the California Department of Finance required an adjustment to reduce this interest on long-term advance.

³The change in fund balance in 2012 reflects the former City of Torrance Redevelopment Agency dissolution. The State of California dissolved all redevelopment agencies effective February 1, 2012.

City of Torrance
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts in thousands)

Financial Trends
 Exhibit 4

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 232,600 | \$ 222,870 | \$ 193,672 | \$ 172,217 | \$ 162,315 | \$ 168,084 | \$ 162,636 | \$ 161,817 | \$ 156,103 | \$ 152,045 |
| Licenses, fees and permits | 7,337 | 6,512 | 6,763 | 5,655 | 4,150 | 5,290 | 4,106 | 4,544 | 3,814 | 3,140 |
| Fine, forfeitures and penalties | 969 | 918 | 1,147 | 668 | 1,339 | 1,677 | 1,019 | 1,534 | 1,906 | 1,608 |
| Investment earnings | 36,182 | 28,753 | 20,726 | 4,791 | 9,180 | 9,355 | 6,154 | 6,082 | 7,893 | 7,433 |
| Intergovernmental | 44,572 | 49,575 | 60,012 | 50,525 | 27,073 | 26,525 | 23,265 | 22,897 | 28,743 | 32,386 |
| Charges for current services | 25,461 | 21,010 | 19,058 | 10,745 | 5,959 | 6,304 | 6,736 | 5,750 | 5,392 | 5,095 |
| Other | 981 | 4,969 | 1,798 | 3,928 | 1,155 | 4,616 | 2,000 | 1,282 | 2,280 | 11,141 |
| Total revenues | 348,102 | 334,607 | 303,176 | 248,529 | 211,171 | 221,851 | 205,916 | 203,906 | 206,131 | 212,848 |
| Expenditures | | | | | | | | | | |
| General government | 36,984 | 32,231 | 28,348 | 41,959 | 23,023 | 24,814 | 22,344 | 20,387 | 19,487 | 20,213 |
| Public safety | 151,862 | 153,790 | 138,928 | 413,044 | 121,693 | 116,066 | 109,485 | 112,160 | 105,319 | 103,043 |
| Public works | 29,980 | 47,524 | 40,894 | 44,779 | 32,749 | 30,526 | 29,129 | 30,859 | 31,958 | 36,532 |
| Culture and recreation | 23,694 | 21,633 | 21,812 | 31,869 | 17,996 | 17,657 | 17,830 | 17,066 | 17,115 | 17,131 |
| Nondepartmental | 10,343 | 5,958 | 2,151 | 2,927 | 5,601 | 7,619 | 5,642 | 6,423 | 8,656 | 5,445 |
| Community development | 17,276 | 16,266 | 15,712 | 23,765 | 16,011 | 15,334 | 14,725 | 10,619 | 10,501 | 10,459 |
| Capital outlay ¹ | - | - | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal retirement ² | 9,955 | 9,330 | 2,465 | 435 | 1,300 | 1,250 | 1,215 | 1,165 | 1,125 | 895 |
| Interest and fiscal charges | 12,638 | 12,768 | 17,838 | 1,606 | 2,431 | 2,477 | 2,516 | 2,522 | 2,599 | 2,835 |
| Other | 218 | 213 | - | 4,676 | - | - | - | 1,620 | - | - |
| Total expenditures | 292,950 | 299,713 | 268,148 | 565,060 | 220,804 | 215,743 | 202,886 | 202,821 | 196,760 | 196,553 |
| Excess of revenues over (under) expenditures | 55,152 | 34,894 | 35,028 | (316,531) | (9,633) | 6,108 | 3,030 | 1,085 | 9,371 | 16,295 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 22,421 | 29,217 | 16,094 | 356,749 | 17,249 | 15,665 | 20,649 | 22,980 | 22,017 | 16,033 |
| Transfers out | (18,209) | (40,741) | (20,074) | (375,288) | (30,630) | (26,391) | (31,668) | (35,910) | (32,889) | (28,029) |
| SBITA | 5,150 | 5,336 | - | - | - | - | - | - | - | - |
| Proceeds from sale of property | - | - | - | - | - | - | - | 1,552 | - | - |
| Proceeds from refunding bonds ³ | - | - | - | - | - | - | - | 22,135 | - | - |
| Issuance of debt ³ | - | - | 1,560 | 389,240 | - | - | - | - | - | - |
| Premium on refunding bonds ³ | - | - | - | - | - | - | - | 1,727 | - | - |
| Bond escrow refunding ³ | - | - | - | (38,032) | - | - | - | (17,378) | - | - |
| Total other financing sources (uses) | 9,362 | (6,188) | (2,420) | 332,669 | (13,381) | (10,726) | (11,019) | (4,894) | (10,872) | (11,996) |
| Extraordinary gain ⁵ | - | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 64,514 | \$ 28,706 | \$ 32,608 | \$ 16,138 | \$ (23,014) | \$ (4,618) | \$ (7,989) | \$ (3,809) | \$ (1,501) | \$ 4,299 |
| Debt service as a percentage of noncapital expenditures | 8.6% | 8.2% | 8.6% | 0.4% | 1.8% | 1.9% | 2.0% | 2.0% | 2.1% | 2.2% |

Notes:

¹ Starting in 2013, capital outlay expenditures are reported in the relevant departmental category.

² In 2014, the City retired the outstanding balance on their 1998 Certificates of Participation.

³ In 2021, the City issued Lease Revenue Bonds to refinance their 2014 Certificates of Participation and generate additional monies for future capital projects.

In 2017, the City issued refunding Certificates of Participation to refinance their 2009 Certificates of Participation and generate additional monies for future capital projects.

⁴ In 2010, the City issued Certificates of Participation for land acquisition.

⁵ Effective February 1, 2012 all redevelopment agencies in the State of California were dissolved. The extraordinary gain is due to the transfer of net liabilities of the former redevelopment agency of the City of Torrance to a private-purpose Successor Agency Trust Fund.

City of Torrance
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Revenue Capacity
Exhibit I

| Fiscal Year Ended June 30 | City | | | Redevelopment Agency | | | Total Direct Tax Rate |
|------------------------------------|---------------|--------------|------------------------------|----------------------|-----------|------------------------------|-----------------------------|
| | Secured | Unsecured | Taxable Assessed Value | Secured | Unsecured | Taxable Assessed Value | |
| Real Property: | | | | | | | |
| 2024 | \$ 35,044,419 | \$ 525,306 | \$ 35,569,725 | \$ - | \$ - | \$ - | |
| 2023 | 33,347,358 | 473,358 | 33,820,716 | - | - | - | |
| 2022 | 31,670,311 | 442,350 | 32,112,661 | - | - | - | |
| 2021 | 30,651,720 | 425,167 | 31,076,887 | - | - | - | |
| 2020 | 29,823,983 | 444,207 | 30,268,190 | - | - | - | |
| 2019 | 28,206,700 | 419,422 | 28,626,122 | - | - | - | |
| 2018 | 26,679,039 | 368,075 | 27,047,114 | - | - | - | |
| 2017 | 24,972,616 | 355,712 | 25,328,328 | - | - | - | |
| 2016 | 24,432,661 | 358,694 | 24,791,355 | - | - | - | |
| 2015 | 23,512,947 | 366,569 | 23,879,516 | - | - | - | |
| Personal Property: | | | | | | | |
| 2024 | \$ 201,330 | \$ 891,584 | \$ 1,092,914 | \$ - | \$ - | \$ - | |
| 2023 | 182,187 | 686,452 | 868,639 | - | - | - | |
| 2022 | 214,252 | 667,627 | 881,879 | - | - | - | |
| 2021 | 250,413 | 693,780 | 944,193 | - | - | - | |
| 2020 | 184,551 | 700,667 | 885,218 | - | - | - | |
| 2019 | 281,964 | 683,665 | 965,629 | - | - | - | |
| 2018 | 461,991 | 656,073 | 1,118,064 | - | - | - | |
| 2017 | 381,327 | 613,322 | 994,649 | - | - | - | |
| 2016 | 386,952 | 614,496 | 1,001,448 | - | - | - | |
| 2015 | 365,633 | 648,079 | 1,013,712 | - | - | - | |
| Total: | | | | | | | |
| 2024 | \$ 35,245,749 | \$ 1,416,890 | \$ 36,662,639 | \$ - | \$ - | \$ - | 0.1529% |
| 2023 | 33,529,545 | 1,159,810 | 34,689,355 | - | - | - | 0.1529% |
| 2022 | 31,884,563 | 1,109,977 | 32,994,540 | - | - | - | 0.1531% |
| 2021 | 30,902,133 | 1,118,947 | 32,021,080 | - | - | - | 0.1528% |
| 2020 | 30,008,534 | 1,144,874 | 31,153,408 | - | - | - | 0.1529% |
| 2019 | 28,488,664 | 1,103,087 | 29,591,751 | - | - | - | 0.1518% |
| 2018 | 27,141,030 | 1,024,148 | 28,165,178 | - | - | - | 0.1506% |
| 2017 | 25,353,943 | 969,034 | 26,322,977 | - | - | - | 0.1507% |
| 2016 | 24,819,613 | 973,190 | 25,792,803 | - | - | - | 0.1508% |
| 2015 | 23,878,580 | 1,014,648 | 24,893,228 | - | - | - | 0.1507% |

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Amounts shown are net of any homeowner exemptions.

Source: Los Angeles County Auditor - Controller's Office

City of Torrance
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

Revenue Capacity
Exhibit 2

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| City Direct Rates: | | | | | | | | | | |
| City basic rate | 0.1529 | 0.1529 | 0.1531 | 0.1528 | 0.1529 | 0.1518 | 0.1506 | 0.1507 | 0.1508 | 0.1507 |
| Redevelopment Agency ¹ | - | - | - | - | - | - | - | - | - | - |
| Total City Direct Rate | <u>0.1529</u> | <u>0.1529</u> | <u>0.1531</u> | <u>0.1528</u> | <u>0.1529</u> | <u>0.1518</u> | <u>0.1506</u> | <u>0.1507</u> | <u>0.1508</u> | <u>0.1507</u> |
| Overlapping Rates: | | | | | | | | | | |
| Metropolitan Water District | 0.007 | 0.0035 | 0.0035 | 0.0035 | 0.0035 | 0.0035 | 0.0035 | 0.0035 | 0.0035 | 0.0035 |
| Torrance Unified School District | 0.48196 | 0.4914 | 0.4961 | 0.4894 | 0.4989 | 0.5020 | 0.4940 | 0.4913 | 0.4903 | 0.4818 |
| Community College | 0.0210 | 0.0230 | 0.0226 | 0.0236 | 0.0216 | 0.0216 | 0.0222 | 0.0229 | 0.0174 | 0.0174 |
| County of Los Angeles | 0.2405 | 0.2405 | 0.2406 | 0.2401 | 0.2406 | 0.2403 | 0.2390 | 0.2394 | 0.2402 | 0.2407 |
| Successor Agency ¹ | 0.1406 | 0.1401 | 0.1389 | 0.1396 | 0.1369 | 0.1344 | 0.1388 | 0.1356 | 0.1331 | 0.1306 |
| Special Districts | <u>0.0657</u> | <u>0.0658</u> | <u>0.0657</u> | <u>0.0657</u> | <u>0.0663</u> | <u>0.0675</u> | <u>0.0676</u> | <u>0.0686</u> | <u>0.0691</u> | <u>0.0697</u> |
| Total Direct Rate | <u><u>1.1097</u></u> | <u><u>1.0942</u></u> | <u><u>1.1205</u></u> | <u><u>1.1147</u></u> | <u><u>1.1207</u></u> | <u><u>1.1211</u></u> | <u><u>1.1157</u></u> | <u><u>1.1120</u></u> | <u><u>1.1044</u></u> | <u><u>1.0944</u></u> |

Notes:

¹Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved. Remaining assets and liabilities of the City of Torrance Redevelopment Agency were transferred to a Successor Agency Trust.

In 1978 California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. The rates over 1.00% are voter approved (special taxes) bond rates for the tax rate area.

Source: Los Angeles County Auditor - Controller's Office

City of Torrance
Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago Ending June 30

Revenue Capacity
Exhibit 3

| Taxpayer | 2024 | | | 2015 | | |
|---|-------------------------|------|--|-------------------------|------|--|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value |
| Del Amo Fashion Center Operating Company | \$ 970,845,421 | 1 | 2.65% | \$ 418,344,159 | 3 | 1.68% |
| Torrance Refining Company | 783,141,122 | 2 | 2.14% | | | |
| American Honda Motor Company Inc. | 417,953,260 | 3 | 1.14% | 308,718,962 | 4 | 1.24% |
| TI Commerce Center | 298,974,574 | 4 | 0.82% | | | |
| Rexford Industrial 3100 Lomita Blvd | 185,685,900 | 5 | 0.51% | | | |
| CLPF Anza LP | 132,659,355 | 6 | 0.36% | | | |
| Allied Signal Inc. | 126,448,582 | 7 | 0.34% | 107,317,912 | 7 | 0.43% |
| RREF II Pacific Center LLC | 117,454,091 | 8 | 0.32% | | | |
| CLPF Vista North LP | 100,242,596 | 9 | 0.27% | | | |
| CTC Group Inc. | 93,528,246 | 10 | 0.26% | | | 0.00% |
| Exxon Mobil Oil Corporation | | | | 1,408,187,733 | 1 | 5.66% |
| Toyota Motor Sales/Credit Corp | | | | 534,172,545 | 2 | 2.15% |
| Macy's West Stores Inc./Federated Western Properties Inc. | | | | 162,530,194 | 5 | 0.65% |
| Torrance Memorial Medical Center | | | | 133,474,918 | 6 | 0.54% |
| Continental Skypark LLC | | | | 95,059,313 | 8 | 0.38% |
| CTC Group Inc. | | | | 69,109,809 | 9 | 0.28% |
| Diamondrock Torrance Owner LLC | | | | 66,096,898 | 10 | 0.27% |
| | <u>\$ 3,226,933,147</u> | | <u>8.81%</u> | <u>\$ 3,303,012,443</u> | | <u>13.28%</u> |

Notes:

The amounts shown above for 2015 include assessed value data for both the City and the Redevelopment Agency.

The amounts shown above for 2024 include assessed value data for both the City and the Successor Agency Trust. Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved. Remaining assets and liabilities of the City of Torrance Redevelopment Agency were transferred to a Successor Agency Trust.

Source: Los Angeles County Assessor 2023/24 & 2014/15 Secured & Unsecured Tax Rolls

City of Torrance
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)

Revenue Capacity
Exhibit 4

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year | Collected within Fiscal Year | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|--------------------------------------|---------------------------------|--------------------|---------------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2024 | \$ 45,783 | \$ 44,731 | 97.70% | \$ 141 | \$ 44,872 | 98.01% |
| 2023 | 42,977 | 42,187 | 98.16% | 92 | 42,279 | 98.38% |
| 2022 | 40,966 | 40,175 | 98.07% | 90 | 40,265 | 98.29% |
| 2021 | 39,739 | 38,896 | 97.88% | 90 | 38,986 | 98.11% |
| 2020 | 38,683 | 37,614 | 97.24% | 52 | 37,666 | 97.37% |
| 2019 | 36,554 | 35,910 | 98.24% | 44 | 35,954 | 98.36% |
| 2018 | 34,820 | 34,254 | 98.37% | 40 | 34,294 | 98.49% |
| 2017 | 32,460 | 31,993 | 98.56% | 31 | 32,024 | 98.66% |
| 2016 | 31,843 | 31,296 | 98.28% | 32 | 31,328 | 98.38% |
| 2015 | 30,778 | 30,243 | 98.26% | 23 | 30,266 | 98.34% |

Notes:

The amounts presented are for City property taxes only.

This schedule also includes amounts collected by the City that were passed-through to other agencies.

Source: Los Angeles County Auditor Controller's Office

City of Torrance Water Fund
Water Sold by Type of Customer
Last Ten Fiscal Years
(in thousands of cubic feet)

Revenue Capacity
Exhibit 5

| | 2024 | 2023 | 2022 | 2021 | 2020 | Fiscal Year | | 2018 | 2017 | 2016 | 2015 |
|---|--------------------|----------------|------------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|------|
| | Potable | | | | | | | | | | |
| Type of Customer: | | | | | | | | | | | |
| Residential | 346,902 | 341,953 | 380,937 | 424,835 | 370,278 | 382,206 | 396,034 | 381,521 | 371,531 | 431,201 | |
| Industrial | 210,862 | 227,510 | 209,392 | 174,953 | 181,901 | 159,277 | 134,288 | 135,584 | 100,085 | 136,159 | |
| Commercial | 146,920 | 126,375 | 161,636 | 160,497 | 158,787 | 164,730 | 154,406 | 164,215 | 158,623 | 193,565 | |
| Other | 38,034 | 20,114 | 33,353 | 31,858 | 29,956 | 27,520 | 50,471 | 27,246 | 36,561 | 37,059 | |
| Total - Potable Water | 742,718 | 715,952 | 785,318 | 792,143 | 740,922 | 733,733 | 735,199 | 708,566 | 666,800 | 797,984 | |
| | Recycled/Reclaimed | | | | | | | | | | |
| Type of Customer: | | | | | | | | | | | |
| Industrial | 207,840 | 207,912 | 206,675 | 217,929 | 226,824 | 242,224 | 273,171 | 207,389 | 145,358 | 232,056 | |
| Other | 10,165 | 10,934 | 14,696 | 14,671 | 11,694 | 14,218 | 17,944 | 13,553 | 15,905 | 15,154 | |
| Total - Recycled/Reclaimed Water | 218,005 | 218,846 | 221,371 | 232,600 | 238,518 | 256,442 | 291,115 | 220,942 | 161,263 | 247,210 | |
| | Total | | | | | | | | | | |
| Type of Customer: | | | | | | | | | | | |
| Residential | 346,902 | 341,953 | 380,937 | 424,835 | 370,278 | 382,206 | 396,034 | 381,521 | 371,531 | 431,201 | |
| Industrial | 418,702 | 435,422 | 416,067 | 392,882 | 408,725 | 401,501 | 407,459 | 342,973 | 245,443 | 368,215 | |
| Commercial | 146,920 | 126,375 | 161,636 | 160,497 | 158,787 | 164,730 | 154,406 | 164,215 | 158,623 | 193,565 | |
| Other | 48,199 | 31,048 | 48,049 | 46,529 | 41,650 | 41,738 | 68,415 | 40,799 | 52,466 | 52,213 | |
| Total Water | 960,723 | 934,798 | 1,006,689 | 1,024,743 | 979,440 | 990,175 | 1,026,314 | 929,508 | 828,063 | 1,045,194 | |

Source: Minol USA Usage Report for June 2016 through June 2024, Global Water Usage Report for 2014 through May 201

City of Torrance Water Fund
Water Rates
Last Ten Fiscal Years

Revenue Capacity
Exhibit 6

| Monthly Base Rate | | | | | |
|---------------------------------|----------------------|----------------------------|---|------------------------------------|---|
| Fiscal Year Ended June 30 | Regular ¹ | Low Income ¹ | Torrance Refining/ Exxon Contract ² | Wholesale Contract ² | Other - Recycled Regular ³ |
| 2024 | \$ 7.48 | \$ 7.48 | \$ 4,000.14 | \$ 628.25 | \$ 28.68 |
| 2023 | 7.48 | 7.48 | 4,000.14 | 628.25 | 28.68 |
| 2022 | 7.48 | 7.48 | 4,000.14 | 628.25 | 28.68 |
| 2021 | 7.10 | 7.10 | 1,898.00 † | 590.39 | 27.22 |
| 2020 | 7.05 | 7.05 | 147,008.00 | 564.51 | 27.04 |
| 2019 | 6.83 | 6.83 | 142,273.00 | 547.01 | 26.20 |
| 2018 | 6.43 | 6.43 | 119,711.00 | 540.68 | 24.67 |
| 2017 | 5.84 | 5.84 | 89,657.00 | 398.31 | 19.24 |
| 2016 | 5.84 | 5.84 | 94,611.00 | 398.31 | 19.24 |
| 2015 | 5.84 | 5.84 | 92,960.00 | 394.37 | 19.24 |

| Rate Per 100 Cubic Feet | | | | | |
|---------------------------------|----------------------|----------------------------|--|-----------------------|--------------------------------|
| Fiscal Year Ended June 30 | Regular ⁴ | Low Income ⁴ | Torrance Refining/ Exxon Contract | Wholesale Contract | Other - Recycled Regular |
| 2024 | \$ 5.37 | \$ 3.65 | \$ 5.55 | \$ 3.30 | \$ 4.46 |
| 2023 | 5.37 | 3.65 | 5.55 | 3.30 | 4.46 |
| 2022 | 4.86 | 3.65 | 5.55 | 2.95 | 3.78 |
| 2021 | 4.94 | 3.48 | 5.27 † | 2.84 | 3.83 |
| 2020 | 4.58 | 3.44 | 2.76 | 2.79 | 3.56 |
| 2019 | 4.26 | 3.33 | 2.68 | 2.71 | 3.55 |
| 2018 | 3.86 | 3.01 | 2.59 | 2.62 | 3.21 |
| 2017 | 3.93 | 3.53 | 2.48 | 2.52 | 2.79 |
| 2016 | 3.93 | 3.53 | 2.50 | 2.52 | 2.79 |
| 2015 | 3.93 | 3.53 | 2.40 | 2.42 | 2.79 |

Notes:

¹Base rate reflects monthly charge for 3/4 inch meter

²Base rate reflects monthly fixed charge stated in contracts.

³Base rate reflects monthly charge for 2 inch meter

⁴Reflects Average Rate

† Effective FY20-21 major portion of fixed component converted to Quantity Rate

Source: City of Torrance Public Works Department - Water Division

City of Torrance Water Fund
Principal Water Customers
Current Fiscal Year and Nine Years Ago
Ending June 30

Revenue Capacity
Exhibit 7

| Water Customer | 2024 | | | 2015 | | |
|--------------------------------------|----------------------|------|---------------------------------|-------------------|------|---------------------------------|
| | Water Charges | Rank | Percent of Total Water Revenues | Water Charges | Rank | Percent of Total Water Revenues |
| Torrance Refining Company | \$ 17,216,714 | 1 | 31.90% | \$ - | | - |
| City of Torrance | 964,690 | 2 | 1.79% | 808,738 | 2 | 2.33% |
| California Water Service - Wholesale | 922,066 | 3 | 1.71% | 790,099 | 3 | 2.28% |
| Torrance Unified School District | 659,664 | 4 | 1.22% | 539,199 | 4 | 1.56% |
| Torrance Memorial Health System | 582,843 | 5 | 1.08% | 232,428 | 7 | 0.67% |
| New Horizons | 277,036 | 6 | 0.51% | 213,422 | 9 | 0.62% |
| American Honda Motors | 243,292 | 7 | 0.45% | - | | - |
| Summerwind HOA | 241,105 | 8 | 0.45% | 203,722 | 10 | 0.59% |
| Honeywell International | 209,474 | 9 | 0.39% | 361,373 | 5 | 1.04% |
| Torrance HOA | 187,368 | 10 | 0.35% | - | | - |
| Exxon Mobil Oil Corporation | | | | 8,513,016 | 1 | 24.57% |
| Toyota Motor Sales USA Inc. | | | | 270,263 | 6 | 0.78% |
| Don Wilson Builders | | | | 222,754 | 8 | 0.64% |
| Total | <u>\$ 21,504,252</u> | | <u>39.84%</u> | <u>12,155,014</u> | | <u>35.09%</u> |

Source: Minol USA and Golden State Top Customer reports

City of Torrance
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except Per Capita)

Debt Capacity
Exhibit I

| Fiscal Year Ended June 30 | Governmental Activities | | | | | | | Business-type Activities | | | | | Total Primary Government | Percent of Assessed Value ⁷ | Debt Per Capita |
|---------------------------|---|---|-----------------------------------|----------------------------|------------------------------------|------------------------------|-----------------------------|----------------------------------|-------------------------------|---|------------------------------|--------------------------------|--------------------------|--|-----------------|
| | General Government Lease Revenue Bonds ¹ | General Government Certificates of Participation ² | Tax Allocation Bonds ³ | Notes Payable ³ | Capital Lease Payable ⁴ | SBITA Liability ⁸ | Total Government Activities | Water Revenue Bonds ⁵ | Easement Payable ⁴ | Installment Sale Agreement ⁶ | SBITA Liability ⁸ | Total Business-type Activities | | | |
| 2024 | \$ 368,900 | \$ 20,365 | \$ - | \$ 920 | \$ - | \$ 8,686 | \$ 398,871 | - | \$ 1,046 | \$ 2,266 | \$ 632 | \$ 3,944 | \$ 402,815 | 1.22% | \$ 2,816 |
| 2023 | 378,365 | 20,912 | - | 1,138 | - | 4,904 | 405,319 | - | 1,104 | 2,847 | 576 | 4,527 | 409,846 | 1.24% | 2,865 |
| 2022 | 387,225 | 21,440 | - | 1,352 | - | - | 410,017 | - | 1,162 | 3,414 | - | 4,576 | 414,593 | 1.26% | 2,870 |
| 2021 | 389,240 | 21,948 | - | - | - | - | 411,188 | - | 1,221 | 3,968 | - | 5,189 | 416,377 | 1.30% | 2,875 |
| 2020 | - | 58,765 | - | - | - | - | 58,765 | - | 1,278 | 4,509 | - | 5,787 | 64,552 | 0.21% | 444 |
| 2019 | - | 60,145 | - | - | - | - | 60,145 | - | 1,337 | 5,038 | - | 6,375 | 66,520 | 0.24% | 446 |
| 2018 | - | 61,474 | - | - | - | - | 61,474 | - | 1,395 | 305 | - | 1,700 | 63,174 | 0.22% | 424 |
| 2017 | - | 62,740 | - | - | - | - | 62,740 | - | 1,453 | - | - | 1,453 | 64,193 | 0.24% | 437 |
| 2016 | - | 56,637 | - | - | 65 | - | 56,702 | - | 1,453 | - | - | 1,453 | 58,155 | 0.23% | 396 |
| 2015 | - | 57,784 | - | - | 155 | - | 57,939 | - | 1,453 | - | - | 1,453 | 59,392 | 0.24% | 401 |

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ In 2021, the City issued \$40 million of new Lease Revenue Bonds and retired \$36 million of older Certificates of Participation.
In 2020, the City issued \$350 million of new Lease Revenue Bonds for refinancing of the City's pension plans with CalPERS.

² In 2014 the City issued \$40 million of new Certificates of Participation and retired \$35 million of older Certificates of Participation generating \$6 million for capital projects. The City also retired an additional \$6 million from a separate 1998 Certificate of Participation issuance.
In 2017 the City issued \$22 million of new Certificates of Participation and retired \$17 million of older Certificates of Participation generating \$5 million for capital projects.

³ Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved. Assets and liabilities of the City of Torrance Redevelopment Agency were transferred to a Successor Agency Trust that is not part of the governmental activities of the City.

⁴ In 2013, the City entered a 5-year capital lease agreement for vehicles and the City's Public Works Department - Water Division entered a 30-year easement agreement for access to a land-locked parcel of City property.

⁵ In 2014 the final scheduled payment was made on the City's Public Works Department-Water Division \$5 million Water Revenue Refunding Bonds.

⁶ In 2018 the City's Public Works Department - Water Division entered into an installment sale agreement to finance drilling and construction of a new water well.

⁷ Assessed Value has been used because Personal Income for the City of Torrance is unavailable.

⁸ In 2023 the City implemented GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITAs). This resulted in the recognition of a subscription liability.

City of Torrance
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except Per Capita)

Debt Capacity
Exhibit 2

| Fiscal Year Ended June 30 | Outstanding Net General Bonded Debt | | | Net General Bonded Debt | Percent of Assessed Value ² | Per Capita |
|---------------------------------|---|---|--|----------------------------|--|---------------|
| | General Government Lease Revenue Bonds | General Government Certificates of Participation | Less Amounts Available in Debt Service Funds ¹ | | | |
| 2024 | \$ 368,900 | \$ 20,365 | \$ 7 | \$ 389,258 | 1.06% | \$ 2,721 |
| 2023 | 378,365 | 20,912 | 6 | 399,271 | 1.15% | 2,791 |
| 2022 | 387,225 | 21,440 | 5 | 408,660 | 1.24% | 2,829 |
| 2021 | 389,240 | 21,948 | 1,212 | 409,976 | 1.28% | 2,831 |
| 2020 | - | 58,765 | 2,620 | 56,145 | 0.18% | 386 |
| 2019 | - | 60,145 | 2,524 | 57,621 | 0.19% | 389 |
| 2018 | - | 61,474 | 2,427 | 59,047 | 0.21% | 396 |
| 2017 | - | 62,740 | 2,450 | 60,290 | 0.23% | 410 |
| 2016 | - | 56,637 | 3,741 | 52,896 | 0.21% | 360 |
| 2015 | - | 57,784 | 3,737 | 54,047 | 0.22% | 365 |

Notes:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Amounts represent cash in debt service reserve accounts held with fiscal agents restricted for the payment of existing bond debt.

² Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Torrance
Direct and Overlapping Debt
June 30, 2023
(in thousands of dollars)

Debt Capacity
Exhibit 3

| | | | |
|---|---------------------------------------|-----------------------------|--|
| City Assessed Valuation | | <u>\$ 36,662,639</u> | |
| | Percentage Applicable ¹ | Outstanding Debt 6/30/24 | Estimated Share of Overlapping Debt |
| Overlapping Debt Repaid with Property Taxes: | | | |
| Los Angeles County Flood Control District | 0.987% | \$ 18,210 | \$ 180 |
| El Camino Community College District | 25.773% | 447,104 | 115,232 |
| Los Angeles Community College District | 0.006% | 5,155,845 | 309 |
| Los Angeles Unified School District | 0.007% | 10,723,385 | 751 |
| Palos Verdes Unified School District | 0.014% | 36,285 | 5 |
| Torrance Unified School District | 99.998% | <u>418,104</u> | <u>418,096</u> |
| Total overlapping debt to be repaid with property taxes | | <u>16,798,933</u> | <u>534,573</u> |
| Overlapping Other Debt: | | | |
| Los Angeles County General Fund Obligations | 1.905% | \$ 2,479,230 | \$ 47,229 |
| Los Angeles County Superintendent of Schools Certificates of Participation | 1.905% | 2,857 | 54 |
| Los Angeles Unified School District Certificates of Participation | 0.007% | 471,590 | 33 |
| Torrance Unified School District General Fund Obligations | 99.998% | <u>8,540</u> | <u>8,540</u> |
| Total overlapping other debt | | <u>2,962,217</u> | <u>55,856</u> |
| Total overlapping debt | | <u>\$ 19,761,150</u> | 590,429 |
| City direct debt: | | | |
| Certificates of Participation (including premium) | | | 20,365 |
| Lease Revenue Bonds | | | 368,900 |
| Notes Payable | | | 920 |
| SBITA Liability | | | <u>8,686</u> |
| Total City direct debt | | | 398,871 |
| Total direct and overlapping debt | | | <u>\$ 989,300</u> |

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹For debt repaid with property taxes, the percentages of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: California Municipal Statistics, Inc

City of Torrance
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in thousands of dollars)

Debt Capacity
 Exhibit 4

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Debt limit | \$ 1,374,849 | \$ 1,300,851 | \$ 1,237,295 | \$ 1,200,791 | \$ 1,200,791 | \$ 1,109,691 | \$ 1,056,194 | \$ 987,112 | \$ 967,230 | \$ 933,496 |
| Total net debt applicable to limit | 20,365 | 19,560 | 21,440 | 20,480 | 58,765 | 60,145 | 61,474 | 62,740 | 56,637 | 57,784 |
| Legal debt margin | <u>\$ 1,354,484</u> | <u>\$ 1,281,291</u> | <u>\$ 1,215,855</u> | <u>\$ 1,180,311</u> | <u>\$ 1,142,026</u> | <u>\$ 1,049,546</u> | <u>\$ 994,720</u> | <u>\$ 924,372</u> | <u>\$ 910,593</u> | <u>\$ 875,712</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 1.5% | 1.5% | 1.7% | 1.7% | 4.9% | 5.4% | 5.8% | 6.4% | 5.9% | 6.2% |

Legal Debt Margin Calculation for Fiscal Year 2023:

| | |
|--|---------------------|
| Assessed value | \$ 36,662,639 |
| Debt limit (3.75% of assessed value) | \$ 1,374,849 |
| Debt applicable to limit: | |
| General government Certificates of Participation | <u>20,365</u> |
| Legal debt margin | <u>\$ 1,354,484</u> |

Notes:

The Government Code of the State of California provides for legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the State's establishment of the limit.

Source: City of Torrance Finance Department
 Los Angeles County Auditor - Controller's Office

City of Torrance
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars, except Coverage)

Debt Capacity
Exhibit 5

| Fiscal Year Ended June 30 | Water Revenue Bonds/Installment Sale Agreement | | | | | | Tax Allocation Bonds | | | |
|---------------------------------|--|-------------------------------|-----------------------------|--------------|----------|----------|----------------------|--------------|----------|----------|
| | Water Revenue | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage | Tax Increment | Debt Service | | Coverage |
| | | | | Principal | Interest | | | Principal | Interest | |
| 2024 | \$ 53,974 | \$ 48,543 | \$ 5,431 | \$ 581 | \$ 64 | 8.42 | - | - | - | - |
| 2023 | 54,255 | 46,405 | 7,850 | 567 | 77 | 12.19 | - | - | - | - |
| 2022 | 51,521 | 41,236 | 10,285 | 554 | 90 | 15.97 | - | - | - | - |
| 2021 | 49,198 | 41,465 | 7,733 | 541 | 103 | 12.01 | - | - | - | - |
| 2020 | 45,557 | 38,974 | 6,583 | 529 | 116 | 10.21 | - | - | - | - |
| 2019 | 42,544 | 41,134 | 1,410 | 516 | 34 | 2.56 | - | - | - | - |
| 2018 ¹ | 41,445 | 35,991 | 5,454 | 195 | 7 | 27.00 | - | - | - | - |
| 2017 | 36,974 | 33,048 | 3,926 | - | - | - | - | - | - | - |
| 2016 | 33,473 | 29,641 | 3,832 | - | - | - | - | - | - | - |
| 2015 | 36,001 | 31,967 | 4,034 | - | - | - | - | - | - | - |

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

¹ The City's Public Works Department - Water Division entered into an installment sale agreement to finance drilling and construction of a new water well.

² The final Water Revenue Bonds debt service payment was made on March 1, 2014. There are no Water Revenue Bonds outstanding as of June 30, 2014.

City of Torrance
Demographic and Economic Indicators
Last Ten Calendar Years

Demographic and Economic
Exhibit 1

| Calendar Year | Torrance Population ¹ | Los Angeles County Population ¹ | Personal Income (in thousands) ² | Per Capita Personal Income ² | Unemployment Rate ³ |
|------------------|-------------------------------------|--|---|---|-----------------------------------|
| 2023 | 142,910 | 9,824,091 | \$ 756,659,481 | 77,021 | 4.9% |
| 2022 | 143,057 | 9,761,210 | 722,935,767 | 74,062 | 3.7% |
| 2021 | 144,433 | 9,861,224 | 719,455,363 | 72,958 | 3.5% |
| 2020 | 144,832 | 10,044,458 | 678,548,600 | 67,555 | 7.6% |
| 2019 | 145,546 | 10,172,951 | 629,245,755 | 61,855 | 13.3% |
| 2018 | 148,054 | 10,253,716 | 595,765,931 | 58,102 | 3.6% |
| 2017 | 149,245 | 10,283,729 | 573,348,398 | 55,753 | 3.3% |
| 2016 | 147,101 | 10,241,278 | 554,158,129 | 54,110 | 3.6% |
| 2015 | 147,175 | 10,241,335 | 535,960,148 | 52,333 | 4.7% |
| 2014 | 148,427 | 10,136,559 | 503,099,674 | 49,632 | 5.8% |

Sources:

¹ State Department of Finance.

² U.S. Department of Commerce - Bureau of Economic Analysis

The Personal Income data shown is for the previous calendar year. The calendar year 2024 data will be available in the spring of 2025.

The Personal Income for the City of Torrance is unavailable, the data shown is for Los Angeles County.

³ Office of Economic Development

Per bea.gov, new statistics for 2022 and revised statistics for 1979-2021 on November 16, 2023.

Per bea.gov, new statistics for 2023 and revised statistics for 2019-2022 on November 14, 2024

City of Torrance
Principal Employers
Current Fiscal Year and Nine Years Ago Ending June 30

Demographic and Economic
Exhibit 2

| Employer | 2024 | | | 2015 | | |
|--|---------------------|------|-----------------------------|---------------------|------|-----------------------------|
| | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| Torrance Memorial Health System | 4,070 | 1 | 5.6% | - | | - |
| Torrance Unified School District | 2,675 | 2 | 3.7% | 2,461 | 2 | 3.3% |
| Providence Little Co of Mary Medical Center (4 locations) | 2,429 | 3 | 3.3% | 2,088 | 3 | 2.8% |
| City of Torrance | 1,556 | 4 | 2.1% | 1,692 | 5 | 2.3% |
| American Honda Motor Company | 1,496 | 5 | 2.0% | 2,009 | 4 | 2.7% |
| Robinson Helicopter Company | 1,212 | 6 | 1.7% | 1,212 | 8 | 1.6% |
| Honeywell International | 766 | 7 | 1.0% | 1,443 | 6 | 1.9% |
| Moog Aircraft Group | 684 | 8 | 0.9% | - | | - |
| PBF Energy - Torrance Refining Company | 607 | 9 | 0.8% | | | |
| Arconic Fastening Systems (formerly Alcoa Fastening Systems & Rings) | 583 | 10 | 0.8% | 971 | 9 | 1.3% |
| Toyota Motor Sales USA Inc. | - | | - | 3,886 | 1 | 5.2% |
| Virco Manufacturing Corp. | - | | - | 960 | 10 | 1.3% |
| Lisi Aerospace/Hi Shear Corporation | - | | - | 1,216 | 7 | 1.6% |

Notes:

"Total Employment" as used above represents the total employment of all employers located within City limits.

Data for 2015 was revised in comparison to the FY2015 ACFR Publication to exclude employers not located in Torrance.

Source: City of Torrance Finance Department
Muniservices, LLC
State of California Employment Development Department

City of Torrance
 Full-time and Part-time City Employees
 by Function
 Last Ten Fiscal Years

Operating
 Exhibit 1

| Function | Fiscal Year | | | | | | | | | |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| General government | 225 | 217 | 210 | 239 | 254 | 277 | 281 | 275 | 275 | 277 |
| Public safety | 517 | 498 | 516 | 509 | 466 | 516 | 515 | 501 | 504 | 520 |
| Public works | 119 | 122 | 117 | 129 | 136 | 140 | 145 | 143 | 146 | 141 |
| Culture and recreation | 352 | 320 | 308 | 282 | 265 | 478 | 498 | 451 | 454 | 441 |
| Community development | 67 | 69 | 59 | 64 | 67 | 69 | 68 | 63 | 62 | 63 |
| Municipal airport | 10 | 10 | 10 | 9 | 9 | 10 | 10 | 10 | 10 | 10 |
| Transit system | 174 | 152 | 119 | 140 | 151 | 154 | 141 | 143 | 131 | 130 |
| Water | 30 | 26 | 24 | 26 | 25 | 25 | 31 | 30 | 30 | 29 |
| Sewer | 27 | 18 | 22 | 24 | 24 | 23 | 24 | 22 | 17 | 19 |
| Cultural arts center | 35 | 34 | 32 | 28 | 13 | 47 | 48 | 47 | 50 | 52 |
| Total | <u>1,556</u> | <u>1,466</u> | <u>1,417</u> | <u>1,450</u> | <u>1,410</u> | <u>1,739</u> | <u>1,761</u> | <u>1,685</u> | <u>1,679</u> | <u>1,682</u> |

Source: City of Torrance Finance Department - Payroll Section

City of Torrance
Operating Indicators by Function
Last Ten Fiscal Years

Operating
Exhibit 2

| Function | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Police | | | | | | | | | | |
| Arrests | 1,972 | 1,864 | 2,131 | 2,098 | 2,809 | 2,839 | 3,023 | 3,265 | 3,739 | 4,217 |
| Bookings | 1,825 | 1,767 | 2,082 | 2,037 | 2,688 | 2,196 | 2,360 | 2,477 | 2,623 | 2,840 |
| Parking violations | 12,585 | 10,155 | 9,632 | 9,448 | 12,695 | 15,602 | 17,434 | 20,945 | 25,192 | 20,900 |
| Traffic violations | 2,558 | 2,944 | 1,254 | 1,550 | 2,980 | 2,657 | 2,046 | 26,988 | 16,987 | 19,776 |
| Fire | | | | | | | | | | |
| Number of calls answered | 16,484 | 16,474 | 16,135 | 14,214 | 14,816 | 15,270 | 15,208 | 15,183 | 14,863 | 13,669 |
| Inspections | 6,385 | 7,309 | 8,020 | 7,400 | 4,820 | 8,647 | 8,448 | 8,047 | 9,229 | 9,424 |
| Highways, streets and other transportation | | | | | | | | | | |
| Potholes repaired | 12,294 | 12,122 | 6,417 | 6,022 | 5,150 | 5,477 | 5,206 | 8,000 | 5,045 | 5,080 |
| Number of tenant aircraft | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Number of fixed bus routes | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 | 11 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | 134 | 138 | 143 | 160 | 151 | 144 | 144 | 143 | 144 | 143 |
| Recyclables collected (tons/day) | 39 | 40 | 43 | 47 | 46 | 46 | 50 | 48 | 49 | 49 |
| Green waste collected (tons/day) | 68 | 65 | 61 | 69 | 72 | 63 | 63 | 64 | 59 | 66 |
| Culture and recreation | | | | | | | | | | |
| Number of registrants served | 18,969 | 15,810 | 16,462 | 13,558 | 21,868 | 28,900 | 41,238 | 33,780 | 31,522 | 26,451 |
| Registrant fees collected | \$ 2,738,248 | \$ 2,175,372 | \$ 2,056,373 | \$ 720,189 | \$ 2,294,747 | \$ 3,150,985 | \$ 3,103,074 | \$ 3,282,886 | \$ 2,931,701 | \$ 2,952,473 |
| Community center admissions | 22,448 | 19,524 | 12,387 | 2,105 | 18,110 | 23,167 | 30,375 | 33,097 | 34,600 | 40,230 |
| Water | | | | | | | | | | |
| New connections | 42 | 54 | 57 | 37 | 38 | 42 | 54 | 23 | 49 | 26 |
| Water main emergency repairs (breaks) | 35 | 50 | 56 | 66 | 35 | 75 | 69 | 70 | 53 | 36 |
| Average daily consumption (thousands of gallons) | 15,285 | 15,172 | 17,189 | 16,811 | 16,720 | 15,055 | 16,093 | 15,454 | 15,137 | 16,400 |

Sources: City of Torrance various departments

City of Torrance
Capital Asset Indicators by Function
Last Ten Fiscal Years

Operating
Exhibit 3

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 49 | 55 | 55 | 55 | 68 | 64 | 64 | 56 | 56 | 56 |
| Motorcycles | 12 | 12 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Fire | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 | 6 | | 6 | 6 | 6 |
| In-service fire control vehicles | 16 | 17 | 18 | 18 | 17 | 17 | 17 | 17 | 17 | 17 |
| In-service paramedic vehicles | 22 | 21 | 20 | 12 | 8 | 8 | 8 | 8 | 8 | 8 |
| Sanitation | | | | | | | | | | |
| Collection trucks | 32 | 33 | 32 | 32 | 34 | 33 | 38 | 34 | 34 | 34 |
| Highways, streets and airport | | | | | | | | | | |
| Streets (centerline miles)-arterial | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Streets (centerline miles)-collector | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Streets (centerline miles)-residential | 242 | 242 | 242 | 242 | 242 | 242 | 242 | 242 | 242 | 242 |
| Streets (centerline miles)-alleys | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Traffic signals | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| Street lights | 10,560 | 10,560 | 10,560 | 10,560 | 10,560 | 10,560 | 10,492 | 10,492 | 10,877 | 10,877 |
| Airport hangars | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 | 341 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 276 | 276 | 276 | 279 | 279 | 279 | 279 | 279 | 279 | 279 |
| Parks | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Community centers | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public libraries | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water | | | | | | | | | | |
| Water mains (miles) | 320 | 320 | 312 | 312 | 312 | 312 | 312 | 312 | 312 | 311 |
| Fire hydrants | 2,693 | 2,693 | 2,675 | 2,675 | 2,675 | 2,675 | 2,675 | 2,675 | 2,675 | 2,670 |
| Maximum daily capacity (thousands of gallons) | 50,400 | 50,400 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 | 287 |
| Storm sewers (miles) | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |

Sources: City of Torrance various departments