

FIRST QUARTER

FY 2024 - 2025

BUDGET REVIEW REPORT



SEE WHAT
TORRANCE IS DOING

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EXECUTIVE SUMMARY

CITY HALL

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First Quarter Budget Review Report

Executive Summary

Introduction

The purpose of the Fiscal Year 2024-25 First Quarter Budget Review Report is to provide City Council and the public with a summary of the City’s overall financial performance across all major funds (with an emphasis on the General Fund’s core revenues and expenditures) through the first three months of the fiscal year ending September 30, 2024. This report also provides an update on reserve balances, projected year-end figures, and a summary of economic trends.

In accordance with Council Policy 3, the City’s budget is amended throughout the course of the fiscal year under the discretion of either the City Manager or City Council to address additional expenditures that occur after the public hearing process and formal budget adoption. For this reason, the amounts presented under the ‘Amended Budget’ summary table columns may fluctuate accordingly throughout the year. It is also important to note that certain major General Fund revenues are seasonal (e.g., property tax and business license tax); therefore, the majority of receipts in those revenue classifications have not yet been collected as of September 30.

This budget report is prepared in collaboration with City departments using actual (unaudited) activity for fiscal year 2024-25 (FY24-25). Moreover, statistical data and economic analyses are gathered from consultants and other third-party sources to project year-end revenues. The projections presented in this report are based on the most recent available data at the time of publication; however, data projections are subject to change. As such, staff will continue to monitor actual activity and provide updates in subsequent quarterly budget reviews.

First Quarter Results – Citywide Revenues (All Major Funds)

As of September 30, 2024, City-wide revenues across all funds, including the General Fund, Internal Service Funds, and Enterprise Funds, totaled \$100.3 million, achieving 19.9% of the FY24-25 revenue budget. In comparison, during the same period ending September 30, 2023, the City realized \$91.3 million in revenues, representing 18.6% of the FY23-24 revenue budget. The following table provides a summary comparison of these year-over-year figures.

Citywide Revenues (All Major Funds)

Revenues	Prior Year FY2023-24			Current FY2024-25				
	Amended Budget	July-Sept Actuals	% Budget Received	Amended Budget	July-Sept Actuals	% Budget Received	Annual Projected Total	Projected Surplus/(Deficit)
GF-Operating	\$ 271,235,876	\$ 29,487,381	10.9%	\$ 286,824,553	\$ 39,224,358	13.7%	\$ 288,075,710	\$ 1,251,157
GF-SST	22,942,288	1,908,679	8.3%	25,167,266	1,929,167	7.7%	25,413,072	245,806
GF-Rest&Assigned	25,763,426	21,804,990	84.6%	13,124,549	15,045,214	114.6%	15,496,971	2,372,422
GF-Unassigned	4,802,423	1,200,606	25.0%	5,000,000	5,000,000	100.0%	5,000,000	-
Total General Fund	\$ 324,744,013	\$ 54,401,656	16.8%	\$ 330,116,368	\$ 61,198,739	18.5%	\$ 333,985,753	\$ 3,869,385
Self Insurance	20,668,500	5,274,220	25.5%	23,659,000	5,913,500	25.0%	23,646,640	(12,360)
Fleet	12,121,697	2,302,802	19.0%	13,300,160	3,487,596	26.2%	13,806,660	506,500
Total Internal Service	\$ 32,790,197	\$ 7,577,022	23.1%	\$ 36,959,160	\$ 9,401,096	25.4%	\$ 37,453,300	\$ 494,140
Airport	17,024,729	3,907,521	23.0%	18,342,326	5,406,661	29.5%	19,620,410	1,278,084
Transit	37,254,922	11,872,512	31.9%	35,233,572	8,560,059	24.3%	33,647,700	(1,585,872)
Sanitation	16,156,401	2,503,411	15.5%	18,918,815	2,880,827	15.2%	19,682,996	764,181
Sewer	8,313,366	1,329,720	16.0%	8,616,082	1,530,366	17.8%	8,348,609	(267,473)
Water	54,827,481	9,738,331	17.8%	54,803,501	11,280,853	20.6%	56,159,573	1,356,072
Total Enterprise Fund	\$ 133,576,899	\$ 29,351,495	22.0%	\$ 135,914,296	\$ 29,658,766	21.8%	\$ 137,459,288	\$ 1,544,992
Total Revenues	\$ 491,111,109	\$ 91,330,173	18.6%	\$ 502,989,824	\$ 100,258,601	19.9%	\$ 508,898,341	\$ 5,908,517

First Quarter Results – Citywide Expenditures (All Major Funds)

As of September 30, 2024, across all major funds, the City realized expenditures of \$153.1 million, achieving 31.4% of the FY24-25 citywide expenditure budget. During the same period ending September 30, 2023, the City expended \$141.9 million or 30.2% of the FY23-24 citywide expenditure budget. The following table provides a summary comparison of these year-over-year figures.

Citywide Expenditures (All Funds) and Projected Net Surplus/(Deficit)

Expenses	Prior Year FY2023-24			Current FY2024-25				
	Amended Budget	July-Sept Actuals	% Budget Expended	Amended Budget	July-Sept Actuals	% Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)
GF-Operating	\$ 271,237,554	\$ 84,752,232	31.2%	\$ 287,233,764	\$ 88,332,454	30.8%	\$ 282,546,250	\$ 5,529,460
GF-SST	22,942,288	8,685,680	37.9%	27,495,124	16,705,211	60.8%	26,665,286	(1,252,214)
GF-Rest&Assigned	1,842,085	410,748	22.3%	1,602,087	141,207	8.8%	1,551,241	13,945,730
GF-Unassigned	-	-	0.0%	5,000,000	5,000,000	100.0%	5,000,000	-
Total General Fund	\$ 296,021,927	\$ 93,848,660	31.7%	\$ 321,330,975	\$ 110,178,872	34.3%	\$ 315,762,777	\$ 18,222,976
Self Insurance	28,494,290	7,220,972	25.3%	23,514,888	7,176,461	30.5%	22,449,152	\$ 1,197,488
Fleet	8,807,257	2,328,204	26.4%	8,650,840	2,349,729	27.2%	8,570,827	5,235,833
Total Internal Service	\$ 37,301,547	\$ 9,549,176	25.6%	\$ 32,165,728	\$ 9,526,190	29.6%	\$ 31,019,979	\$ 6,433,321
Airport	14,456,513	3,073,332	21.3%	16,458,142	5,332,938	32.4%	17,351,805	\$ 2,268,605
Transit	38,490,413	7,448,150	19.4%	40,146,302	8,514,902	21.2%	38,291,000	(4,643,300)
Sanitation	20,155,560	3,752,846	18.6%	20,062,665	3,744,392	18.7%	19,364,734	318,262
Sewer	6,581,954	3,257,378	49.5%	5,698,593	2,149,883	37.7%	5,377,493	2,971,116
Water	56,507,977	20,937,559	37.1%	51,905,219	13,691,333	26.4%	51,912,705	4,246,868
Total Enterprise Fund	\$ 136,192,417	\$ 38,469,265	28.2%	\$ 134,270,921	\$ 33,433,448	24.9%	\$ 132,297,737	\$ 5,161,551
Total Expenses	\$ 469,515,891	\$ 141,867,101	30.2%	\$ 487,767,624	\$ 153,138,510	31.4%	\$ 479,080,493	\$ 29,817,847
Revenues Less Expenditures	\$ 21,595,218	\$ (50,536,928)		\$ 15,222,200	\$ (52,879,909)		\$ 29,817,847	

As shown under the “**Projected Surplus/(Deficit)**” column in the previous table, the following year-end results are projected for FY24-25:

- The **General Fund-Operating Fund** is expected to operate at a projected surplus of **\$5.5 million**, primarily driven by vacancies. As of September 30, 2024, the General Fund-Operating Fund has 138.1 full-time equivalent (FTE) vacant positions, a decrease from 145.6 FTE vacancies as of September 30, 2023. A portion of the projected salary savings is expected to be used to fund the Recruitment and Retention Incentive Pilot program for the Police Department, approved by City Council in July 2024.
- The **General Fund-Measure SST Fund** will operate at a projected deficit of **\$1.3 million**. This fund’s budget was originally adopted with a deficit of \$2.3 million due to planned use of fund balance to support the City’s Capital Improvement Plan.
- The **General Fund-Restricted/Assigned Fund** will operate at a projected surplus of **\$13.9 million**, primarily driven by a \$9.4 million contribution to the City’s California Employers’ Pension Prefunding Trust (CEPPT) Section 115 Fund and contributions to various replacement funds for planned future equipment purchases.
- The **General Fund-Unassigned Fund** is projected to operate as planned with no projected surplus or deficit. The \$5.0 million contribution from General Fund-Measure SST Fund to rebuild the City’s reserves is offset by a \$5.0 million transfer to the General Fund-Operating Fund to help maintain a balanced budget and support planned increases in public safety salaries and benefits to address two of the City’s **Areas of Focus** pertaining to labor relations.
- The **Self-Insurance Fund** will operate at a projected surplus of **\$1.2 million** due to a decrease in projected expenditures related to liabilities and settlements.
- The **Fleet Services Fund** will operate at a **\$5.2 million** projected surplus, primarily driven by contributions to the Fleet Services Replacement Fund and partially offset by an operating deficit in the Fleet Services Operating Fund.
- The **Enterprise Funds** will operate at a projected surplus of **\$5.2 million** overall, led by the Water Fund, Sewer Fund and Airport Fund, partially offset by projected deficit in the Transit Fund.

The forthcoming sections will provide greater detail of the above results with particular focus on the General Fund-Operating Fund, which constitutes 89.4% of the General Fund budget and 58.9% of the citywide budget. Additional information is also included in the **Areas of Focus** section of this document to elaborate on important topics that need to be addressed and are being closely monitored by staff.

First Quarter Results – General Fund-Operating Fund

General Fund-Operating Fund Revenues and Expenditures

	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 271,235,876	\$ 29,487,381	10.9%	\$ 286,824,553	\$ 39,224,358	13.7%	\$ 288,075,710	\$ 1,251,157	100.4%
Total Expenses	271,237,554	84,752,232	31.2%	287,233,764	88,332,454	30.8%	282,546,250	4,687,514	98.4%
Revenues Less Expenditures	\$ (1,678)	\$ (55,264,851)		\$ (409,211)	\$ (49,108,096)		\$ 5,529,460	\$ 5,938,671	

As of September 30, 2024 the General Fund-Operating Fund realized revenues of **\$39.2 million**, achieving **13.7%** of the **FY24-25** revenue budget. During the same period in the prior year, the fund realized **\$29.5 million** in revenues, representing **10.9%** of the **FY23-24** revenue budget. As shown in the table below, the General Fund-Operating Fund’s FY24-25 revenue budget is projected to operate at a surplus of **\$1.3 million**, mainly driven by expected increases from the City’s investment portfolio and transfers from the Airport Fund’s non-aeronautical (land leases) division, partially offset by expected shortfalls in plan check fees, energy inspection fees and building permit fees.

The General Fund-Operating Fund realized expenditures of \$88.3 million, achieving 30.8% of the FY24-25 expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the fund expended \$84.8 million or 31.2% of the FY23-24 expenditure budget. Currently, it is projected that expenditures will fall below budget by **\$4.7 million** at the end of the fiscal year. This is primarily the result of departmental vacancies across the General Fund. As of September 30, 2024, the General Fund had 138.1 FTE vacant positions. While this represents a decrease of 7.5 FTE vacancies from the same period in the year prior, the City continues to experience challenges in attracting and retaining qualified candidates and currently has many recruitments underway.

At the end of FY24-25, it is projected that revenues will exceed expenditures by **\$5.5 million**.

General Fund-Operating Fund Revenues

The three core revenue sources of the General Fund-Operating Fund are **Sales and Use Tax**, **Property Tax**, and **Utility Users’ Tax**. These three tax classifications cumulatively represent approximately 55% of the City’s total General Fund-Operating Fund revenue budget. Combined with **Business License Tax** and **Occupancy Tax**, these five revenue sources make up approximately 63% of the City’s total General Fund-Operating Fund revenue budget. However, it should be noted that certain receipts are seasonally collected, such as Property Tax (December through April), Business License Tax renewals (January through February), and Sales and Use Tax from the holiday season (Black Friday, Cyber Monday, Christmas). Thus, revenue receipts for the first quarter do not provide

a “clear” representation of projected fiscal year-end results since they are not received until the second and third quarters of each fiscal year.

The table below represents a summary of all General Fund-Operating Fund revenue sources, but only the **Sales and Use Tax, Property Tax, Utility Users’ Tax, Business License Tax, and Occupancy Tax** classifications will be examined for the purposes of this section. All classifications are examined in greater detail in the **General Fund-Operating Fund Revenue Analysis** section of this document.

General Fund-Operating Fund Revenues by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 209,861,473	\$ 14,918,455	7.1%	\$ 214,595,854	\$ 17,488,127	8.1%	\$ 214,406,574	\$ (189,280)	99.9%
Licenses, Fees and Permits	5,773,777	1,154,179	20.0%	5,429,133	1,754,383	32.3%	4,541,610	(887,523)	83.7%
Fines, Forfeitures and Penalties	760,672	63,950	8.4%	642,774	86,885	13.5%	756,240	113,466	117.7%
Use of Money and Property	4,527,970	2,006,601	44.3%	7,154,388	2,241,883	31.3%	9,447,010	2,292,622	132.0%
Intergovernmental	349,501	5,000	1.4%	490,127	3,361	0.7%	309,780	(180,347)	63.2%
Charges for Services	23,560,796	4,851,535	20.6%	25,217,466	4,791,469	19.0%	24,318,930	(898,536)	96.4%
Other Revenues	105,570	197,803	187.4%	299,604	48,517	16.2%	189,570	(110,034)	63.3%
Operating Transfers In	26,296,117	6,289,858	23.9%	32,995,207	12,809,733	38.8%	34,105,996	1,110,789	103.4%
Total Revenues	\$ 271,235,876	\$ 29,487,381	10.9%	\$ 286,824,553	\$ 39,224,358	13.7%	\$ 288,075,710	\$ 1,251,157	100.4%

Sales and Use Tax

Sales and Use Tax (**sales tax**) receipts of \$4.9 million for the first fiscal quarter are tracking above prior year actuals by \$148,000 or 3.1% higher. Subsequent to the 2020 pandemic, sales tax receipts peaked in FY2021-22 at \$63.6 million, fell to \$62.6 million in FY22-23, \$61.9 million in FY23-24, and are projected to generate \$62.4 million in FY24-25. This forecast projects a flattening trend, or an increase of 0.8% from prior-year actuals and a 0.2% decrease below budgeted figures in the current fiscal year.

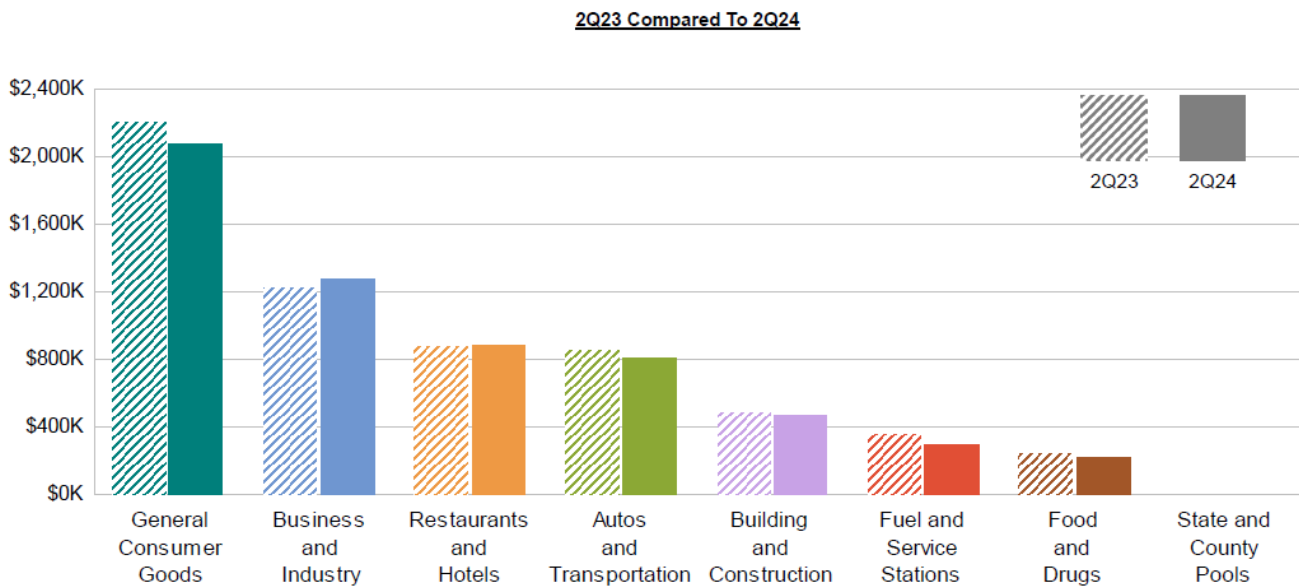
With sales tax revenues trending downward, staff continue to be cautious with economic forecasts. In November 2024, the Federal Reserve (Fed) decreased the Federal Funds Rate to a range of 4.50% - 4.75%. Only one Federal Reserve meeting remains this year, and it is still unclear whether the Fed will lower rates further or keep them unchanged. The Fed’s policy to slow inflation has affected sales trends across various industries. As of the latest available data from the California Department of Tax & Fee Administration (CDTFA), a sharp drop in auto sales and leasing activity was largely responsible for the overall decline due to softening demand as higher financing rates adversely impact buyers’ spending power.

Many other general consumer categories were also down compared to the 2023 quarter, confirming consumers are pulling back on purchases. Home furnishings, apparel, and electronic appliances could not escape the change in shopper’s preferences for lower priced items from large retailers like discount department stores. Despite the decrease in the Federal Funds Rate helping temper the cost

of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again.

Despite challenges, the Business and Industry sector remained a bright spot in the economy. Both IT services and clothing fulfillment industry saw growth compared to the previous year.

The below chart is based on the latest available data from the CDTFA and illustrates quarter-over-quarter (3-month) results as of September 30, 2024. It should be noted that quarterly data typically becomes available after a four-month period and staff adjusts budgetary forecasts accordingly throughout the fiscal year.



Source: HdL Companies

Property Tax, Property Transfer Tax, and Vehicle License Fee (VLF) Swap & Repayment Tax

The City’s property tax base consists of a healthy mix of residential, commercial, and industrial properties, with the residential category comprising most of the total assessed value in Torrance.

Property Tax revenues, which collectively includes property tax, property transfer tax, and VLF swap & repayment tax, are primarily received in December and April each year.

As of September 30, 2024, property tax receipts of \$1.5 million are tracking \$140,000 higher, or 10.0%, compared to the same period last year. Presently, the City projects total year-end revenues to be slightly higher than budget by approximately \$888,000 or 1.3% across the three combined property tax categories. The table below indicates that as of September 2024 (2024 Q3), the median sales price

of a detached single-family residential (SFR) home in Torrance was \$1,300,000, a 8.8% increase from the same period in 2023 (Q3), and a 2.0% increase from \$1,275,000 from the second calendar quarter of 2024 (Q2). This is an important variable to monitor as transfer of ownership is the largest driver in assessed value changes.

Detached Single Family Residential Full Value Sales 01/01/2022 - 9/30/2024)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2022 Q1	163	\$1,314,992	\$1,185,000	
2022 Q2	234	\$1,386,387	\$1,295,500	9.32%
2022 Q3	202	\$1,205,202	\$1,123,000	-13.32%
2022 Q4	146	\$1,225,139	\$1,120,000	-0.27%
2023 Q1	121	\$1,174,023	\$1,135,000	1.34%
2023 Q2	176	\$1,207,723	\$1,157,000	1.94%
2023 Q3	197	\$1,290,860	\$1,195,000	3.28%
2023 Q4	148	\$1,255,180	\$1,147,500	-3.97%
2024 Q1	142	\$1,354,458	\$1,219,000	6.23%
2024 Q2	193	\$1,373,191	\$1,275,000	4.59%
2024 Q3	160	\$1,331,466	\$1,300,000	1.96%

Source: HdL Companies

Utility Users’ Tax

Utility users’ tax (UUT) receipts of \$8.3 million translate to a 14.5% increase from the prior year. Electricity experienced an increase from the prior year, while cable experienced a slight decrease. The Torrance Refinery experienced a decrease in both electricity and gas as production continues to normalize following planned maintenance in the second fiscal quarter of 2024. Reclaimed water consumption is down, offset by an increase in the consumption of potable water. Presently, the City projects that total year-end UUT revenue will fall short of budget by approximately \$2.7 million or 5.8%, primarily due to the reduction in Torrance Refinery receipts.

Other Major Revenue Sources

Other major revenue sources of the General Fund-Operating Fund include **Business License Tax** and **Occupancy Tax**. As of September 30, 2024, **Business License Tax** receipts are higher than the prior year by \$190,000 and are expected to fall short of budget by 0.3%. Moreover, the City’s **Occupancy Tax** receipts have increased by \$554,000 compared to September 30, 2023. Based on the latest information from data and analytics company STR, LLC, the City’s occupancy rate increased slightly from 84.2% in September 2023 to 84.8% in September 2024. Additionally, the average daily rate per room increased by \$8.47 or 5.3% during this same twelve-month period. Overall, it is projected that **Occupancy Tax** receipts will fall short of budget by approximately \$707,000 or 5.1%.

General Fund-Operating Fund Expenditures

As of September 30, 2024, the General Fund-Operating Fund’s expenditures increased by **\$3.6 million** or **4.2%** from the same period in year prior, primarily driven by the planned increases in Salaries and Employee Benefits for renewed labor contracts and salary grid modifications, as well as the Police Department’s recruitment and retention incentive package which was funded by salary savings. These increases were offset by a reduction in Other Operating Transfers Out, due to reduced contributions to the Section 115 CEPPT fund.

General Fund-Operating Fund Expenditures by Department

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 580,611	\$ 147,332	25.4%	\$ 577,734	\$ 151,683	26.3%	\$ 557,679	\$ 20,055	96.5%
City Manager	6,436,700	1,442,094	22.4%	7,449,881	1,517,693	20.4%	7,206,725	243,156	96.7%
City Attorney	3,108,064	692,523	22.3%	3,397,091	713,012	21.0%	3,179,989	217,102	93.6%
City Clerk	1,359,558	284,979	21.0%	1,664,355	258,890	15.6%	1,506,267	158,088	90.5%
City Treasurer	343,088	91,008	26.5%	483,686	94,518	19.5%	475,196	8,490	98.2%
Finance	6,251,439	1,171,822	18.7%	6,253,088	1,222,523	19.6%	6,195,363	57,725	99.1%
Human Resources	2,355,177	482,540	20.5%	3,244,183	590,123	18.2%	3,222,872	21,311	99.3%
Civil Service	701,129	185,400	26.4%	1,144,051	209,659	18.3%	1,091,831	52,220	95.4%
Community Development	9,643,676	2,087,600	21.6%	10,600,313	2,332,439	22.0%	10,104,586	495,727	95.3%
CIT	8,782,395	2,188,713	24.9%	9,344,118	2,461,520	26.3%	8,821,682	522,436	94.4%
General Services	10,493,231	2,190,145	20.9%	11,978,778	2,735,179	22.8%	11,729,753	249,025	97.9%
Non-Departmental	22,778,700	29,395,535	129.0%	12,011,799	21,724,059	180.9%	12,955,974	(944,175)	107.9%
Police	95,374,934	20,919,638	21.9%	101,924,799	26,813,125	26.3%	100,940,019	984,780	99.0%
Fire	59,244,214	14,110,510	23.8%	69,295,045	17,396,151	25.1%	68,248,810	1,046,235	98.5%
Public Works	19,211,947	3,854,605	20.1%	21,122,469	4,229,120	20.0%	20,340,435	782,034	96.3%
Community Services	24,572,691	5,507,784	22.4%	26,742,376	5,882,760	22.0%	25,969,071	773,305	97.1%
Total Expenses	\$ 271,237,554	\$ 84,752,228	31.2%	\$ 287,233,766	\$ 88,332,454	30.8%	\$ 282,546,252	\$ 4,687,514	98.4%

As shown in the table above, most departments are expected to remain within budget with the overall General Fund-Operating Fund projected to operate at a surplus of \$4.7 million by fiscal year-end. This is primarily the result of departmental vacancies across the General Fund. As of September 30, 2024, the General Fund had 138.1 FTE vacant positions. While this represents a decrease of 7.5 FTE vacancies from the same period in the year prior, the City continues to experience challenges in attracting and retaining qualified candidates and currently has many recruitments underway. As part of efforts to overcome this challenge, City Council approved an enhanced Recruitment and Retention Incentive Pilot program for the Police Department in July 2024, to be funded by salary savings in the Police Department.

Citywide-Vacancies by Department

Department	Vacant Fulltime Equivalents (FTE's)					Estimated Annual Cost						
	General Fund	Non-Major		Enterprise Fund	Internal Service Fund	Total	General Fund	Non-Major		Enterprise Fund	Internal Service Fund	Total
		Governmental Funds	Funds					Governmental Funds	Funds			
CIT	7.0	-	-	-	7.0	870,946	-	-	-	-	870,946	
City Attorney	2.0	-	-	-	2.0	264,891	-	-	-	-	264,891	
City Clerk	2.0	-	-	-	2.0	245,098	-	-	-	-	245,098	
City Manager	6.6	-	-	-	6.6	588,704	-	-	-	-	588,704	
Community Development	5.5	0.5	-	-	6.0	474,745	64,371	-	-	-	539,116	
Community Services	8.5	-	-	-	8.5	940,756	-	-	-	-	940,756	
Finance	2.0	-	-	1.0	3.0	236,697	-	-	92,951	-	329,648	
Fire	13.5	-	-	-	13.5	2,608,637	-	-	-	-	2,608,637	
General Services	3.5	-	1.0	2.0	6.5	258,434	-	105,666	234,202	-	598,303	
Human Resources	2.0	-	-	-	2.0	171,975	-	-	-	-	171,975	
Police	67.0	-	-	-	67.0	12,300,898	-	-	-	-	12,300,898	
Public Works	18.5	-	6.5	-	25.0	1,827,502	-	696,742	-	-	2,524,244	
Transit	-	-	31.3	-	31.3	-	-	2,900,953	-	-	2,900,953	
Total	138.1	0.5	38.8	3.0	180.4	\$ 20,789,284	\$ 64,371	\$ 3,703,361	\$ 327,154	\$ 24,884,169		

The table above shows a summary of departmental vacancies as of September 30, 2024. The estimated annual cost shows projected cost savings if these vacancies were to remain vacant throughout the fiscal year, which differs from projected savings in this report. When the City experiences vacancies increased overtime costs are experienced with current staff needing to provide the same level of service to the community, which deteriorate the above amounts. Another reason for the difference is the enhanced Recruitment and Retention Pilot Program in the Police Department. These two factors are key in explaining why the amounts above are not fully realized when positions are vacant. These vacancies are examined in greater detail in the appropriate fund's sections of this document.

Areas of Focus

There are multiple areas that staff are tracking closely that will require attention in the near term and over the coming budget cycles, including:

- Self-Insurance Fund, which is **underfunded by approximately \$51.9 million**
- Cash Balances by Fund
- Labor Trends
- Expiring Labor Agreements
- Aging Infrastructure and City Facilities/Parks
- Pension/OPEB Benefits Liability Management

Self-Insurance Fund

The City’s Self-Insurance Fund covers expenditures associated with non-litigated claims, liability claims and settlements, workers’ compensation cases, and unemployment insurance payments. This fund generates its revenues by allocating costs to the General Fund, Enterprise Funds, and Internal Service Funds. As of June 30, 2024 (unaudited), this fund was **underfunded by approximately \$51.9 million**. This is driven by existing outstanding liabilities in workers’ compensation totaling \$52.7 million and liability claims of \$14.8 million. This shows slight improvements, when comparing to the fund balance of \$54.0 million as of June 30, 2023.

As of June 30, 2024 (unaudited), the cash balance in this fund stands at only \$21.5 million. As a result, the Self-Insurance Fund is approximately 29.6% funded, which continues to place it in the High-Risk Category of the City’s Key Performance Indicator tracking. Given these trends, the City may recommend one-time contributions from the General Fund-Operating Fund’s projected operating surplus to help restore the Self-Insurance Fund’s overall position. This will be a continued **Area of Focus** in future quarterly budget updates and budget cycles to ensure the City is adequately prepared for funding its exposure.

Cash Balances by Fund

Although cash balances are currently sufficient to manage overall day-to-day operations, the table below shows the cash balances distribution as of June 30, 2024 (unaudited) and highlights the fund categories that are relatively low for operations of their sizes.

Fund Category	End Cash Balance		Example Funds
		FY2023-24	
Enterprise Funds	\$	116,383,863	Airport; Sanitation; Sewer; Water; Transit
Nonmajor Governmental Funds		76,792,232	Measure M; Prop A; Prop C; Measure W; Gas Tax
General Fund		68,171,608	
Fiduciary Funds		8,726,148	INSB; Area G; Low Mod/RDA/Succesor
Internal Svc - Fleet Services Fund		37,932,268	
Internal Svc - OPEB Fund		5,937,267	
Internal Svc - Self-Insurance Fund		20,511,204	
Capital Improvement Fund		15,518,120	General Fund CIP
Grand Total	\$	349,972,711	

As shown above, the City’s General Fund only sits at a cash balance of \$68.2 million. This represents a small portion of the City’s pooled cash utilized for investments during the fiscal year. For reference, the current General Fund cash balance represents 19.5% of all cash on hand, while the total General Fund expenditure budget represents 65.9% of the City’s total FY24-25 Amended Budget. As the City

focuses on replenishing fund balances in the General Fund and Self-Insurance Fund, this will also help to improve the overall distribution of its cash balances.

Labor Trends

As of October 31, 2024, 243 employees are eligible for retirement (based 55 years of age; Employee Classification A). As the workforce ages, City staff will continue to monitor retirement eligibility for proper succession planning. Beginning in FY21-22, the City sustained a significant spike in retirements and voluntary resignations. The most cited reasons for recent departures have been **better salaries, benefits, flexibility and advancement opportunity**. As negotiations have settled and progressed across the different groups, labor agreements aimed to align salaries and benefits to comparable cities within budgeted levels have been a primary focus to address these departure reasons. As part of that effort, City Council approved an Enhanced Recruitment and Retention Incentive Pilot program in 2024 for the Police Department, which has been heavily impacted by consistently higher vacancy rates.

The number of retirements and voluntary resignations has improved since the peak of FY21-22 and FY22-23, however we are experiencing increases compared to the same period during the year prior. As of the four-month period ending October 31, 2024, there have been 16 retirements and 32 voluntary resignations, compared to 4 and 25 during the prior year, respectively.

	FY20-21	FY21-22	FY22-23	FY23-24	4 Months of FY24-25
Retirement	57	72	59	33	16
Voluntary Resignation	42	133	121	96	32
Departure or Death	11	13	21	18	9
Total	110	218	201	147	57

Expiring Labor Agreements

The City’s agreements with the various labor groups follow different terms. Below is a table that summarizes the current status of the City’s eleven unions and/or associations:

Labor Group	Expiration Date	Status
Crossing Guards	6/30/2024	Pending Negotiations
Engineers & Torrance Fiscal Employees Association (Engineers & TFEA)	6/30/2028	Settled
Torrance City Employees Association (TCEA)	6/30/2028	Tentative Agreement
Torrance Fire Fighters Association (TFFA)	12/31/2027	Settled
Torrance Library Employees Association (TLEA)	6/30/2024	Pending Negotiations
Torrance Municipal Employees (AFSCME)	6/30/2024	Pending Negotiations
Torrance Police Commanders Association (TPCA)	12/31/2025	Settled
Torrance Police Officers Association (TPOA)	12/31/2025	Settled
Torrance Professional & Supervisory Association (TPSA)	6/30/2028	Settled
Torrance Professional Park & Recreation Employees Organization (TPPREO)	6/30/2024	Pending Negotiations
Torrance Recurrent Recreational Employees Organization (TRREO)	6/30/2024	Pending Negotiations

The City has put an emphasis on negotiating labor agreements designed to address gaps with the city’s compensation and the labor market. These efforts are aimed at improving the elevated vacancy rates that have been sustained for multiple years. The City anticipates settling the remaining labor agreements in the near term and will continue to be diligent in ensuring pay and benefits are competitive and that the City can attract top talent to deliver services for the community. For reference, it is estimated that across all funds, it costs the city approximately \$2.1 million for every 1% in negotiated wage increase for all of the City’s various bargaining units.

Aging Infrastructure and City Facilities/Parks

The City owns and operates over \$500 million worth of buildings, public facilities, and infrastructure. With each passing year, these buildings age and deteriorate, many of which are still in their original condition. Currently, the City’s capital assets have reached their half-life mark, requiring heavy maintenance, upgrades, and repairs. During FY23-24, the City completed a Facility Index Study and assessed the current state of the City’s building and park assets. The FY24-25 Capital Improvement Plan was designed to better address the ongoing and recurring maintenance at City facilities every year. Measure SST will provide a dedicated stream of funding to improve City parks and other areas throughout the community. For FY24-25, \$7.8 million of Measure SST funds was dedicated towards capital improvements. With that said, the FY24-25 budget identified an approximate \$13.0 million funding gap each year 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 Benefits Liability Management

In FY23-24, the California Public Employees’ Retirement System (CalPERS) reported preliminary investment gains of 9.3%, 2.5% higher than the 6.8% discount rate. This will translate to a decrease in unfunded actuarial liability (UAL) and the amortized repayment over the next 20 years, beginning

in FY26-27. To elaborate, citywide, the annual UAL payment will range from \$6.2 million in FY24-25 to approximately \$36.5 million in FY33-34. The impact of these recent returns will be incorporated into the City's 10-year forecast during the coming budget cycle. To help mitigate the impacts of UAL costs ramping up in the coming ten-year period, the City established a Section 115 Trust with CalPERS (CEPPT). This restricted fund serves as a supplemental reserve to the City's Unassigned Fund Balance, specifically dedicated to pension costs. It is anticipated that the City will need to make its first drawdown from the CEPPT Fund in FY25-26 to smooth the rising pension costs previously mentioned.

Economic Outlook

Federal Funds Rate

The Federal Funds Rate is the benchmark borrowing rate set by the U.S. Federal Reserve System (Fed) from which fixed income instruments, auto loans, mortgages, and credit card rates are based. As a result of spikes in inflation nationwide, the Fed began leveraging policy decisions in March 2022 and implemented many rate hikes through July 2023 to try and temper the economy and “cool” inflation.

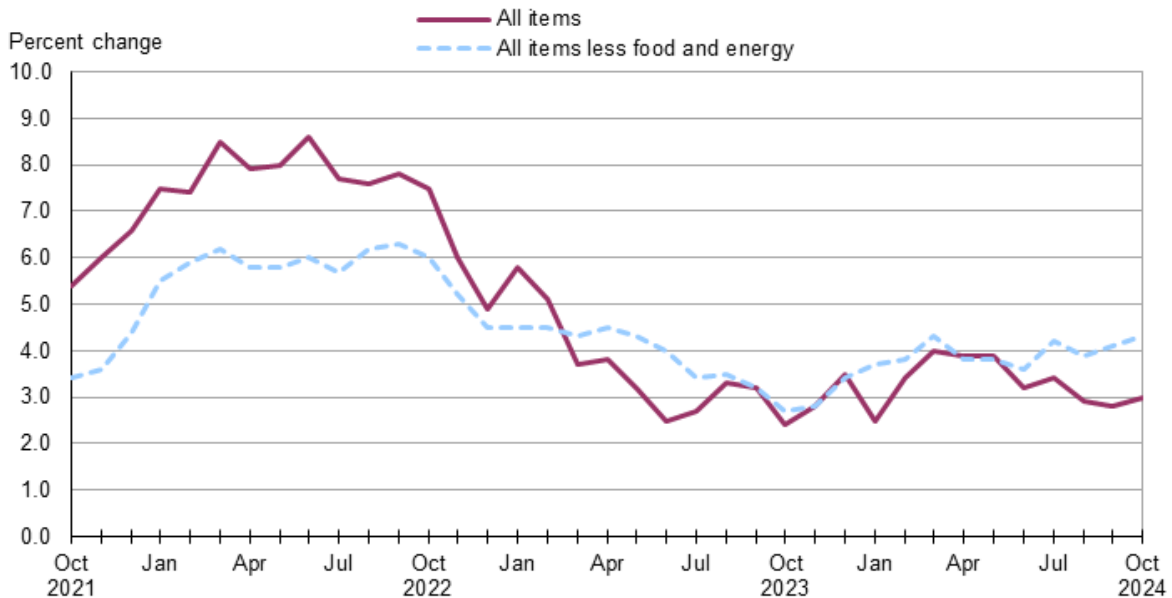
The Fed had kept the federal funds rate at the 5.25% - 5.50% range for over a year after the last increase in July 2023. With inflation recently moderating, the Fed lowered the federal funds rate in both September and November of this year. Federal Reserve Chair Jerome Powell said officials were focused on bringing rates down, from a two-decade high, to a level that neither spurs nor slows economic activity; instead focusing on maintaining solid economic growth. Below is a summary of the three most recent actions to the federal funds rate:

Federal Reserve Meeting	Action Taken	Fed Fund Rate
November 8, 2024	-25 basis points	4.50% - 4.75%
September 19, 2024	-50 basis points	4.75% - 5.00%
July 27, 2023	+25 basis points	5.25% - 5.50%

Consumer Price Index (Inflation)

The Consumer Price Index (CPI-U) tracks the cost increase of goods, with the chart below more specifically focusing on our local region. As seen below, the CPI-U (CPI for All Urban Consumers) climbed to a peak of 8.6% in June 2022. The federal funds rate increases through July 2023 had a positive effect slowing economic activity and returning CPI to more “normal” levels reaching 3.0% as of September 2024. Consumer prices edged up in October 2024, and Fed Chair Jerome Powell noted “That’s just a catch-up problem. It’s not really reflecting current inflationary pressures. It’s reflecting past inflationary pressures.” Powell indicated that the residual stickiness of some prices are consistent with inflation continuing to come down on a “bumpy” path.

Chart 1. Over-the-year percent change in CPI-U, Los Angeles-Long Beach-Anaheim, CA, October 2021–October 2024

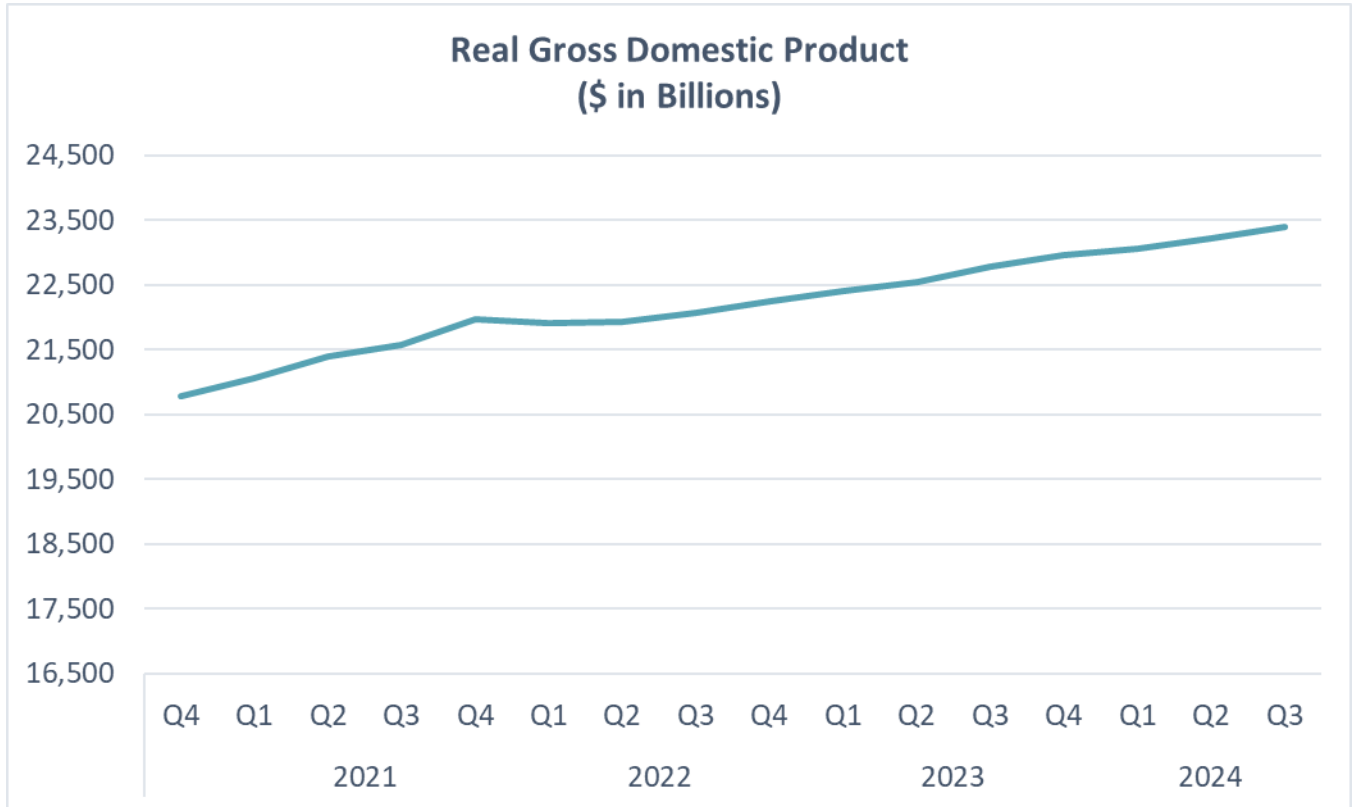


Source: U.S. Bureau of Labor Statistics.

Real Gross Domestic Product (Real GDP)

Real GDP is a measure that reflects the value of all goods and services produced by an economy in a given year and controlled for annual inflation figures. Essentially, it measures a country's total economic output. Real GDP metrics are used for analyzing economic growth over time. According to the most recent data available from the U.S. Bureau of Economic Analysis, the national GDP increased by 2.9% in the first calendar quarter of 2024 when compared to the same period during the year prior, followed by a 3.0% increase in the second calendar quarter, and 2.7% in the third calendar quarter. These increases in real GDP reflect increases in consumer spending, exports, and federal government spending.

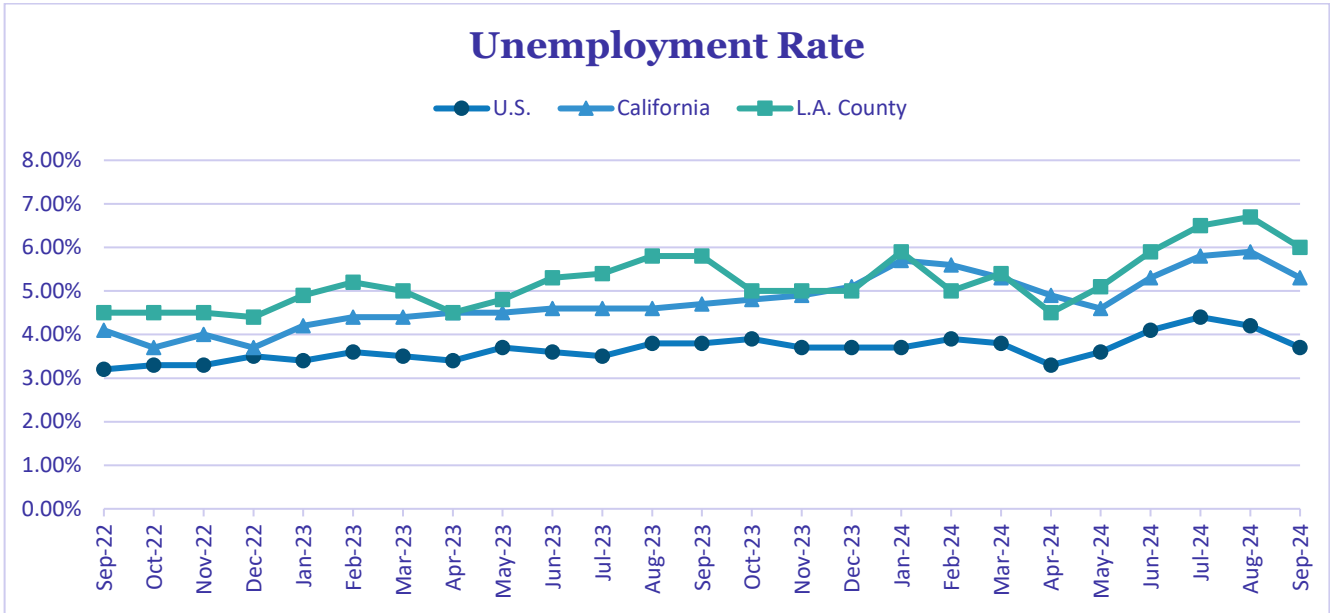
Moreover, the increase in consumer spending reflected increases in both goods and services. Within goods, the leading contributors were other nondurable goods (led by prescription drugs) and motor vehicles and parts. Within services, the leading contributors were health care (led by outpatient services) as well as food services and accommodations. The increase in exports primarily reflected an increase in goods (led by capital goods, excluding automotive). The increase in federal government spending was led by defense spending.



Source: Bureau of Economic Analysis

Labor Market

As of September 2024, the U.S. unemployment rate was 3.7%; California’s was 5.3%; and Los Angeles (L.A.) County’s was 6.0%. Like national, state, and county results, local unemployment rates have started to tick upwards in April 2024 and showed slight decrease in September. Many economists anticipate unemployment to rise moderately, indicating a gradual cooling of the labor market without a significant job market downturn. The Employment Development Department reports that California has added 265,300 nonfarm jobs, or 22,108 jobs a month on average since September 2023, with private education and health services as the industry with the largest change in both September and October in 2024. However, California’s severe housing shortage and other factors continue to have a significant impact on job growth.



Source: National Conference of State Legislatures, State of California - EDD

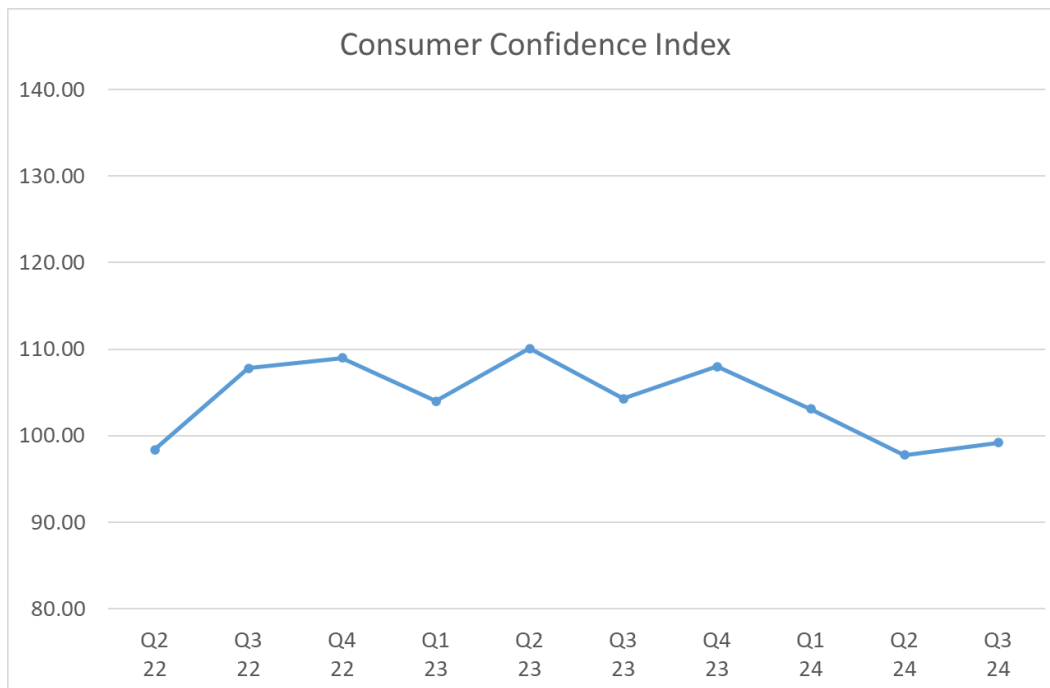
While California and L.A. County unemployment rates are higher than the national level, Torrance unemployment levels fare better with an unemployment rate of 3.8% at the end of calendar year 2023 and 4.9% at the end of the third quarter in calendar year 2024. Although Torrance had a higher local unemployment rate in Q3 2024 than the national average, Torrance’s unemployment rate remains lower in comparison to other nearby cities.

Local Unemployment Rate Trends								
	2022	2023				2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
National	3.5%	3.5%	3.6%	3.7%	3.8%	3.8%	4.1%	3.7%
California	4.1%	4.3%	4.5%	4.6%	4.9%	5.3%	5.2%	5.3%
Los Angeles County	4.7%	5.3%	4.9%	5.0%	5.0%	5.4%	5.3%	6.0%
Carson	4.9%	5.4%	4.7%	5.3%	4.9%	5.3%	5.9%	6.0%
Gardena	4.5%	5.0%	4.8%	5.4%	4.7%	4.8%	5.7%	6.1%
Glendale	4.2%	5.2%	4.7%	5.7%	4.9%	5.0%	5.7%	5.8%
Hawthorne	4.3%	5.2%	4.8%	5.3%	4.7%	5.2%	5.7%	5.8%
Inglewood	5.0%	5.8%	5.3%	6.1%	5.5%	5.9%	6.8%	7.1%
Santa Monica	4.4%	5.4%	5.1%	5.9%	5.0%	5.4%	5.8%	5.8%
Torrance	3.4%	4.1%	3.8%	4.3%	3.8%	4.2%	4.9%	4.9%

Source: National Conference of State Legislatures, State of California – EDD

Consumer Confidence Index

The Consumer Confidence Index is a critical driver of the U.S. and local economy which measures consumer confidence levels regarding their financial situation, sentiment about the general economic situation, unemployment, and capability of savings. According to the Conference Board Consumer Confidence Index survey, consumer confidence rose in October 2024 to 108.7, up from 99.2 in September, 97.8 in June, and 103.1 in January 2024.



“Consumer confidence recorded the strongest monthly gain since March 2021, but still did not break free of the narrow range that has prevailed over the past two years,” said Dana M. Peterson, Chief Economist at The Conference Board. “In October’s reading, all five components of the Index improved. Consumers’ assessments of current business conditions turned positive. Views on the current availability of jobs rebounded after several months of weakness, potentially reflecting better labor market data. Compared to last month, consumers were substantially more optimistic about future business conditions and remained positive about future income. Also, for the first time since July 2023, they showed some cautious optimism about future job availability.”

Reserve Balances

The City’s adopted fiscal policy sets a 20% unassigned fund balance which translates to approximately \$57.4 million based on the currently approved expenditure appropriation for the General Fund-Operating Fund. The total unassigned fund balance of the City’s General Fund is projected to end at \$83.5 million for FY24-25. By reaching the 29.1% mark, the key performance indicator for the City’s General Fund Reserves will now be in the Low-Risk category. Although the

State Auditor’s High-Risk Dashboard was discontinued as of October 2023, staff continues to benchmark against the State Auditor’s previous recommendations.

The State Auditor’s High-Risk Dashboard previously recommended greater than nine months of operating costs, which translates to 75% or \$215.4 million of the General Fund-Operating Fund’s current expenditure appropriation. To be considered “Low-Risk” on the State Auditor’s High-Risk Dashboard would require six months of operating costs, which translates to 50% or \$143.6 million. In the future, staff may recommend adjustments to increase the City’s General Fund reserve goals and fund balance levels to further improve fiscal resiliency.

General Fund-Unassigned Fund Overall Fund Balance Projections

Unassigned Fund Balance	Beg Bal - FY23-24	Additions/ (Uses)	End Bal - FY23-24 (unaudited)	Projected Additions/ (Uses)	Proj End Bal FY24-25
Reserve Fund - Economic Anomaly	\$ 8,081,847	\$ 4,802,423	\$ 12,884,270	\$ -	\$ 12,884,270
Reserve Fund - Litigation	-	-	-	-	-
Other Unassigned	55,338,919	11,015,588	66,354,507	4,277,246	70,631,752
Total	\$ 63,420,766	\$ 15,818,011	\$ 79,238,777	\$ 4,277,246	\$ 83,516,023

In addition to the above reserves, the City established a Section 115 Fund through CalPERS (CEPPT) in June 2021 and began making annual contributions in FY21-22. This is a separate reserve dedicated specifically to pension costs and is another valuable tool in addition to the City’s unassigned fund balance shown above. Below is a summary table that highlights the current and projected balance of this fund as of FY24-25.

	Beg Bal - FY23-24	Additions/ (Uses)	End Bal - FY23-24 (unaudited)	Projected Additions/ (Uses)	Proj End Bal FY24-25
Restricted Fund - Section 115 Trust (CEPPT)	\$ 3,668,763	\$ 24,123,084	\$ 27,791,847	\$ 11,871,307	\$ 39,663,154

Annual contributions to this fund represent a minimum amount equivalent to 20% of the projected savings from the issuance of the 2020 Lease Revenue Bonds that were used to pay down a majority of the City’s CalPERS Unfunded Actuarial Liability (UAL). In recent years, the City has been able to accelerate contributions due to one-time savings realized from CalPERS outperforming its discount rate in FY20-21. The projected balance above is available for future budget cycles to smooth the increases in CalPERS cost experienced by the City.

Conclusion

As of late 2024, the US economy is showing moderate growth with a projected real GDP increase of around 2.7% in the third calendar quarter of 2024, mainly supported by steady consumer spending and a relatively healthy labor market. While the unemployment rate has decreased slightly over the last few months, economists are anticipating the rate to rise moderately, which indicate gradual cooling of labor market and slower job growth through the end of 2024. The increases in the Federal Funds Rate through July 2023 had positive effect slowing economic activity and returning the CPI to more “normal” levels reaching 3.0% as of September 2024. As the inflation has started to moderate, the Fed recently reduced the rate twice (in September and November 2024), focusing on maintaining solid economic growth. Inflation is expected to remain relatively stable at around 2.5% with a downward trend from earlier highs through the rest of 2024. Consumer spending is expected to remain a key driver of economic growth. The Consumer Confidence Index rose in October 2024 from September 2024 with moderate increases projected.

In their latest report, the UCLA Anderson Forecast is anticipating that California will experience a full year of sub-par growth in 2024, followed by 2025 and 2026 to be banner years for the GDP growth, driven in part by growth in residential investment, as the housing market is unlocked from its current state, wherein many homeowners have delayed moving to avoid giving up their previously acquired low, fixed-rate mortgages.

The City continues to prioritize efforts with respect to development across the City to ensure continued growth in the City’s revenue base. In 2023, the Community Development Department issued over 8,400 permits with a job valuation for permits submitted totaling \$157.2 million. To date, through the third quarter of calendar year 2024 the job valuation of permits submitted to the City has topped \$189.7 million. Below are a handful of developments in Torrance, at various stages:

- **Anastasi/4501 Torrance Blvd** – This multi-family residential project on Torrance Boulevard was recently approved by the Planning Commission and will add 50 units for rent.
- **Del Amo Circle Apartments/21507 Hawthorne Blvd** – This multi-family apartment building will add 200 units and a multi-story parking structure.
- **Gable House/22501 Hawthorne Blvd** – This multi-family residential project on Hawthorne Boulevard is currently under construction and will add 218 units for rent (17 very low income affordable units).
- **Lennar Fashion/21405 Madrona Ave** – This multi-family residential project on Madrona Avenue is currently proposed to add 274 units for sale.
- **Rose Equities/2325 Crenshaw Blvd** – This multi-family residential project on Crenshaw Boulevard was recently approved by City Council and will add 272 units for rent.

Given the levels of development interest, on January 23, 2024, Staff recommended to City Council the creation of a community facilities district (CFD) to mitigate the additional costs associated with private developments. On September 10, 2024, City Council conducted a public hearing, and Staff is currently moving forward with the next steps in creating a CFD in the upcoming months.

Recommendation

Based on the information provided in this summary, it is the recommendation of the Finance Director that the Finance and Governmental Operations Committee accept and file the Fiscal Year 2024-25 First Quarter Budget Review Report and authorize staff to bring forward to City Council at a future date.

Respectfully submitted,



Sheila Poisson
Finance Director

CONCUR:



Aram Chaparyan
City Manager

PROGRAM MODIFICATIONS

First Quarter Budget Review Report

Program Modifications and Other Updates

Program Modifications

This section provides a summary of Program Modifications that will be presented to City Council for consideration and approval. The below table is pro-rated to denote the financial impacts of these changes for the balance of the fiscal year. The annual impacts of each program modification are provided in the explanation sections.

Positions	FY24-25	FY24-25	FY24-25	General Fund	Sanitation Fund	Measure SST Fund	Total Fiscal Impact
	Amended Budget	Proposed Increase/ (Decrease)	Q1 Proposed Budget	Expenditure Increase/ (Decrease)	Expenditure Increase/ (Decrease)	Expenditure Increase/ (Decrease)	
Councilperson & Mayor	7.00	-	7.00	\$ 141,908	\$ -	\$ -	\$ 141,908
Staff Assistant	9.50	2.00	11.50	-	-	102,447	102,447
Program Coordinator	6.00	(2.00)	4.00	(85,819)	-	-	(85,819)
Recreation Supervisor	5.00	2.00	7.00	100,121	-	-	100,121
Instructor II	0.43	1.00	1.43	34,188	-	-	34,188
Assistant City Librarian	2.00	(1.00)	1.00	(94,093)	-	-	(94,093)
Senior Librarian	5.00	1.00	6.00	61,893	-	-	61,893
Program Leader	30.21	(3.27)	26.94	(62,392)	-	-	(62,392)
Program Specialist	18.00	2.77	20.77	60,668	-	-	60,668
Senior Program Specialist	13.25	(0.04)	13.21	(1,108)	-	-	(1,108)
Senior Business Manager	2.00	(1.00)	1.00	(69,235)	-	-	(69,235)
Deputy Finance Director	1.00	0.50	1.50	69,500	-	-	69,500
Box Office Attendant**	2.10	(1.35)	0.75	(26,507)	-	-	(26,507)
Senior Box Office Attendant***	1.60	(1.20)	0.40	(27,245)	-	-	(27,245)
Facility Operations Attendant**	5.00	-	5.00	12,565	-	-	12,565
Facility Operations Attendant, Sr**	4.00	(1.00)	3.00	(15,521)	-	-	(15,521)
Stage Manager	1.10	(1.00)	0.10	(31,363)	-	-	(31,363)
Theater Technician***	1.30	1.70	3.00	54,353	-	-	54,353
Theater Technician Coordinator	1.20	(1.20)	-	(40,387)	-	-	(40,387)
Intern II	1.00	(1.00)	-	(23,784)	-	-	(23,784)
Staff Assistant	1.00	1.00	2.00	51,223	-	-	51,223
Capital Projects Construction Superintendent	1.00	1.00	2.00	92,757	-	-	92,757
Maintenance Worker	40.00	1.00	41.00	36,544	-	-	36,544
Lead Maintenance Worker	15.00	1.00	16.00	57,362	-	-	57,362
Recycling and Waste Management Coordinator*	-	1.00	1.00	-	71,034	-	71,034
Total	173.69	1.91	175.60	\$ 295,628	\$ 71,034	\$ 102,447	\$ 469,108

*Used Salary Costing from Sr. Administrative Analyst

**Increase per FTE amount by 11%

***Increase per FTE amount by 10%

Council

Mayor and City Council Compensation

Expenditure: \$141,908 (General Fund)

On November 4, 2024, the residents of Torrance voted to approve Measure TC, an amendment to the City Charter. This amendment modifies Section 604 (now renumbered as Section 404) to set City Council compensation equal to the current minimum wage of the State of California, which is \$16 per hour. Measure TC further stipulates that City Council members' compensation will be based on 2,080 hours annually.

Previously, the compensation for City Council members was set at \$100 per month, or \$1,200 per year. Under the new provisions of Measure TC, Council members will receive \$2,773 per month, or \$33,280 per year. This change in compensation is anticipated to take effect on December 1, 2024, and this program modification amends the current fiscal year's budget for the additional cost through June 30, 2025. The annual fiscal impact will be \$243,271 in the next budget cycle for fiscal year 2025-26.

City Manager's Office

Add 2.0 FTE Staff Assistant

Expenditure: \$102,447 (General Fund-Measure SST Fund)

The City Manager's Office is requesting the addition of 2.0 Full-Time Equivalent (FTE) Staff Assistants to support the interim housing site (3290 Temporary Housing Village), which is currently operating at full capacity with 40 residents in 40 available units. The Outreach Team maintains a waitlist of 10 individuals seeking access to the site, and while they are on the waitlist, the team continues to provide essential services, such as assisting with documentation and connecting individuals to medical, mental health, and subsidized income resources. These tasks are resource intensive.

Additionally, the Outreach Team is experiencing an increasing number of non-Torrance residents seeking assistance. While the interim housing site is restricted to Torrance residents, the team provides basic services to non-residents and transports them to their current service providers, sometimes as far as Oceanside or Perris. For safety reasons, two Outreach Coordinators are required to transport individuals outside the city, adding to the team's workload.

The team also notes a growing complexity in client needs, including an increase in seniors experiencing homelessness. Coordinators are also engaged in both preventative services related to rent increases and intervention services for those who become unhoused. Moreover, with heightened public awareness of how to report homeless individuals, the team's administrative workload has increased, including logging requests and providing updates.

Another factor contributing to the request is the turnover of homeless services professionals in other agencies, which places additional responsibilities on Torrance staff to ensure continuity of care. For instance, a recent Social Services Commission meeting highlighted the high turnover of mental health professionals, requiring Torrance staff to become more involved in client care to bridge this gap.

With the addition of two budgeted Staff Assistant positions (one of which will be filled), the City will pilot Saturday coverage for outreach services to assess the effectiveness of weekend operations. Furthermore, one existing Outreach Coordinator will assume administrative responsibilities, ensuring cross-training within the team. This request aims to address the increasing demands on the Outreach Team and ensure continued service delivery to the Torrance community. The annual fiscal impact will be \$204,893 in the next budget cycle for fiscal year 2025-26.

Community Services Department

Delete 2.0 FTE Program Coordinator and Add 2.0 FTE Recreation Supervisor

Expenditure: \$14,302 (General Fund)

The Community Services Department is requesting the conversion of 2.0 FTE Program Coordinator positions to 2.0 FTE Recreation Supervisor positions. The responsibilities of registration and facility booking currently assigned to Program Coordinator positions align with the duties of other Recreation Supervisors. The current staff supervises recurrent employees, processes over \$3 million in customer transactions annually, and plays a key role in coordinating City-wide special events. Additionally, staff oversee the Adaptive Recreation Program, which serves Torrance residents as well as individuals from other cities, offering multi-sport activities in partnership with Special Olympics, local and state games, arts and entertainment excursions, and volunteer coordination for general assistance and coaching. Converting these positions to Recreation Supervisors will also enable formal cross-training in Ranger Supervisor duties. The annual fiscal impact will be \$28,604 in the next budget cycle for fiscal year 2025-26.

Delete 1.0 FTE Senior Program Specialist and Add 1.0 FTE Instructor II

Expenditure: \$6,486 (General Fund)

The Community Services Department is requesting the conversion of a 1.0 FTE Senior Program Specialist position to 1.0 FTE Instructor II position to allow the City to recruit and retain qualified personnel to serve for the curriculum responsibility with Torrance Unified School District to help provide their California Earth Science DOE requirements. The Instructor II position (California Earth Sciences) requires a science background and preferably an advanced degree (master's or PhD) in a relevant science discipline such as Environmental Science, Water Chemistry, Botany, or Microbiology. This role supervises research projects with adult students at the undergraduate and

graduate levels. Their students do fieldwork in the Madrona Marsh Preserve and other water basins in the City, and they do laboratory work in the Nature Center. Their research directly contributes to monitoring and maintaining the health of our wetland ecosystems. The annual fiscal impact will be \$12,972 in the next budget cycle for fiscal year 2025-26.

**Delete 1.0 FTE Assistant City Librarian and Add 1.0 FTE Senior Librarian
Expenditure: \$(32,200) (General Fund)**

The Community Services Department is requesting to convert a vacant 1.0 FTE Assistant City Librarian position to 1.0 FTE Senior Librarian. Currently, the Library needs more support at the administrative level to provide direct coaching and guidance to supervisors and front counter team members. The new Senior Librarian position will oversee access and technology; focusing on long-term planning and organizational development, expanding technology improvements and innovations like automated materials handling, extended access library services, and other innovations. This position will provide responsive public facing services including enhanced offsite programming and outreach, increased staff and community engagement through social media, marketing, and fundraising campaigns with Foundation and Friends of Torrance Library. The annual fiscal impact will be \$(64,399) in the next budget cycle for fiscal year 2025-26.

**Delete 3.27 FTE Program Leader, Add 2.77 FTE Program Specialist, and Add 0.96 FTE Senior Program Specialist
Expenditure: \$24,869 (General Fund)**

The Community Services Department is requesting to convert 3.27 FTE Program Leader to 2.77 FTE Program Specialist and 0.96 FTE Senior Program Specialist positions to attract a stronger candidate pool, improve staff retention rates, and better align pay with the modern expectations and demands of the Park Ranger Program. The Park Ranger Program is comprised of recurrent, part-time staff (comprised of Program Specialist and Senior Program Specialist positions) on duty from 4:30 PM to 10:30 PM on weekdays and 7:00 AM to 5:00 PM on weekends. Park Rangers play a critical role in upholding proper park usage to ensure all parks are safe and secure for the community. Some of their responsibilities include deterring disruptive behavior, educating park users on rules and regulations, enforcing special event permits, and assisting the Police and Fire Departments during emergency and non-emergency situations. This proposed program modification will also create leadership opportunities for dedicated staff and allow cross-training to provide additional coverage for handling incidents that occur during the City's afterhours. The annual fiscal impact will be \$49,738 in the fiscal year 2025-26 budget cycle.

Finance Department

Delete 1.0 FTE Senior Business Manager and Add 0.5 FTE Deputy Finance Director Expenditure: \$265 (General Fund)

The Finance Department is requesting to convert a vacant 1.0 FTE Senior Business Manager position to a 0.5 FTE Deputy Finance Director position to support the Budget Division. The Division, currently staffed with a Budget Supervisor and an Administrative Analyst, is responsible for all City-wide budget functions, including developing quarterly budget reports and the biennial City-wide budget, as well as monitoring and projecting financial performance. The addition of a Deputy Finance Director will strengthen the Division's ability to effectively manage and oversee the Budget Team. The annual fiscal impact will be \$529 in the next budget cycle for fiscal year 2025-26.

General Services Department

Delete 1.35 FTE Box Office Attendant, Delete 1.2 FTE Senior Box Office Attendant, Delete 1.0 FTE Stage Manager, Delete 1.0 FTE Facility Operations Attendant, Senior Expenditure: \$(88,071) (General Fund)

The General Services Department is requesting the elimination of four vacant positions (1.35 FTE Box Office Attendant, 1.2 FTE Senior Box Office Attendant, 1.0 FTE Stage Manager, and 1.0 Facility Operations Attendant, Senior) and reallocate those resources to fund wage adjustments to these positions, as well as Facility Operations Attendant position. With rising minimum wage requirements, the City must adjust compensation to remain compliant and ensure fair pay for employees. These adjustments will align wages with legal standards while offering competitive compensation in the labor market. The annual fiscal impact will be \$(176,141) in the next budget cycle for fiscal year 2025-26.

Delete 1.2 FTE Theatre Tech Coordinator and Add 1.7 FTE Theater Technician Expenditure: \$13,966 (General Fund)

The General Services Department is requesting the conversion of 1.2 FTE Theatre Tech Coordinator to 1.7 FTE Theater Technician I. The Theater Technician I is an entry-level positions focused on basic duties such as stagehand, house management, A2 audio support, and fly rail operation. This tier will serve as a development pathway for new staff. The City is hoping to attract and retain skilled employees, sustain community theater and event offerings, and achieve long-term cost savings. The annual fiscal impact will be \$27,932 in the next budget cycle for fiscal year 2025-26.

Delete 1.0 FTE Intern and Add 1.0 FTE Staff Assistant**Expenditure: \$27,439 (General Fund)**

The General Services Department is requesting to eliminate 1.0 FTE Intern position and add 1.0 FTE Staff Assistant to support the Capital Projects Team. This position will enhance planning and procurement processes for capital projects, including bid preparation, policy and procedure maintenance, and identifying opportunities for process improvements. Additionally, the Staff Assistant will conduct research on industry best practices to ensure the timely execution and completion of the City's capital projects. The annual fiscal impact will be \$54,879 in the next budget cycle for fiscal year 2025-26.

Add 1.0 FTE Capital Projects Construction Superintendent**Expenditure: \$92,757 (General Fund)**

The General Services Department is requesting the addition of 1.0 FTE Capital Projects Construction Superintendent to oversee construction activities and ensure successful project delivery. This position will ensure compliance with plans, codes, regulations, and safety standards while managing on-site operations, personnel, and schedules. The growing volume of capital projects, including the \$35 million parking structure at the Transit Regional Center, underscores the need for this role. Current spending on Construction Management Services exceeds \$1.4 million, highlighting the demand for enhanced on-site support. The annual fiscal impact will be \$185,515 in the next budget cycle for fiscal year 2025-26.

Public Works Department**Add 1.0 FTE Maintenance Worker****Expenditure: \$36,544 (General Fund)**

The Public Works Department is requesting the addition of 1.0 FTE Maintenance Worker to support the Citywide Tree Planting Program. On June 6, 2023, Council approved adoption of the FY24-28 Capital Improvement Plan which included a project for OP83 – Citywide Tree Planting. This project includes the planting of 7,000 street trees throughout City divided equally amongst the 6 Council districts in parkways and center medians. Approximately 1,750 trees will be planted per year, for the next four years. The planting of the first round of trees started in 2024. This position's responsibility will be to water the newly planted trees until they are established, inspect the trees for insects, and re-stake trees as needed to assure that they grow straight. After the trees are established, the new staff member will switch to scheduled maintenance such as trimming. Public Works currently has over 37,000 street trees in our inventory that we maintain. The annual fiscal impact will be \$73,089 in the next budget cycle for fiscal year 2025-26.

Add 1.0 FTE Lead Maintenance Worker**Expenditure: \$57,362 (General Fund)**

The Public Works Department is requesting the addition of 1.0 FTE Lead Maintenance Worker to maintain the City Yard landscape. On July 1, 2024, City Yard maintenance obligations were transferred from the Community Services Department, Parks Services Division to the Public Works Department, Streetscape Division. This position will oversee approximately 72,000 Sq. Ft. of landscape maintenance at the City Yard. This includes the frontage along Madrona Blvd, the employee parking lot, bioswales that capture storm water runoff, and the grass area in front of the Public Works building. Daily duties will include tree trimming, weed abatement, irrigation inspection and repairs, debris clean-up, and mowing. The annual fiscal impact will be \$114,723 in the next budget cycle for fiscal year 2025-26.

Add 1.0 FTE Recycling and Waste Management Coordinator**Expenditure: \$71,034 (Sanitation Fund)**

The Public Works Department is requesting the addition of 1.0 FTE Recycling and Waste Management Coordinator to assist the Sanitation Division in compliance with California's Short-Lived Climate Pollutant Reduction Strategy (SB 1383). The addition of this new position will assist the City in complying with the many requirements of SB 1383, which set methane reduction targets for California in a statewide effort to reduce emissions of short-lived climate pollutants by reducing organic waste disposal by 75% by 2025 and rescue for people to eat at least 20% of currently disposed surplus food by 2025.

The Recycling and Waste Management Coordinator will be responsible for ensuring the commercial sector, including permitted commercial solid waste private haulers and commercial businesses, are compliant with SB 1383 requirements. The position will also be responsible for reviewing commercial solid waste hauler quarterly reports, verifying waiver and exemption requests from commercial accounts, providing technical assistance to edible food generator Tier 1 and Tier 2 businesses annually, investigating commercial complaints related to SB 1383, performing annual commercial account audits, and issuing notices of violation to commercial businesses not in compliance with SB 1383. This position will also provide public outreach support, grant administration support, and assist with identifying waste diversion opportunities within the City. The annual fiscal impact will be \$142,067 in the next budget cycle for fiscal year 2025-26.

Other Updates

This section provides a summary of recommended budget adjustments resulting from anticipated budget outcomes that will be presented to the full City Council for consideration and approval.

General Services Department

Increase Airport Capital Fund Revenue and Expenditure Budget by \$2,500,000

The General Services Department is requesting to increase the Airport Capital Fund's revenue and expenditure operating budgets, in relation to the Esterline Technologies settlement received, which will be utilized for properties remediation cost, as restricted by the settlement agreement, and the revenue and expenditure will be recorded in the Airport Capital Fund.

Public Works Department

Increase Sewer Fund Expenditure Budget by \$200,000

The Public Works Department is requesting to increase the Sewer Fund expenditure operating budget by \$200,000 in professional services classification for Underground Service Alert (DigAlert) services to mark underground sewer and stormwater utilities for safe excavation. Currently, the City does not respond to sewer and stormwater DigAlert requests, and this funding would provide that service.

Founded in 1976 in response to a fatal accident, DigAlert serves nine Southern California counties. California law requires excavators to contact DigAlert before digging. As the City owns and operates subsurface utilities, including sanitary sewers and storm drains, the City is considered as a utility member and must comply with DigAlert regulations. Utility members are required to mark or locate their lines within two working days of excavation, use American Public Works Association (APWA) color codes, and ensure accuracy within 24 inches of the buried utility. The Public Works Department manages over 300 miles of sewer and storm drainpipes and receives 400-500 DigAlert tickets per month, each of which requires an Electronic Positive Response (EPR) under state law. Failure to provide an EPR constitutes a violation of California Government Code 4126, and DigAlert is obligated to report noncompliance to the Underground Safe Excavation Board, which could result in financial penalties for the City.

MCCORMACK

GENERAL FUND

First Quarter Budget Review Report

General Fund

Overall First Quarter Results

The City's General Fund, as reported annually in the [Annual Comprehensive Financial Report \(Annual Report\)](#), is comprised of multiple sub-funds within its overall structure. This includes the City's General Fund-Operating Fund, the City's General Fund-Measure SST Fund, the City's General Fund-Restricted/Assigned sub-funds, and the City's General Fund-Unassigned sub-funds. All of these areas are consolidated under the General Fund umbrella in the City's Annual Report. The activities in each of these funds impact the overall performance of the General Fund, so this is reviewed in total and then broken down by each of its components.

This portion of the report will be broken down into four main sections:

- **General Fund-Operating Fund** – Focuses on the City's main operating fund.
 - **General Fund-Operating Fund Revenue Analysis** – Focuses on the revenues of the General Fund-Operating Fund.
 - **General Fund-Operating Fund Expenditure Analysis** – Focuses on the expenditures of the General Fund-Operating Fund.
- **General Fund-Measure SST Fund** – Focuses on the revenues and expenditures related to the 0.50% transaction and use tax (sales tax) approved by Torrance voters in June 2022.
- **General Fund-Restricted/Assigned Fund** – Focuses mainly on the City's various General Fund Replacement Funds, the City's CEPPT Section 115 Fund (pension prefunding), Cable's PEG Funds, and other assigned/restricted sub-funds of the overall General Fund.
- **General Fund-Unassigned Fund** – Focuses mainly on the City's General Fund Reserve Fund and any other unassigned sub-funds as reported in the Annual Report of the overall General Fund.

The General Fund's adopted FY24-25 operating budget was balanced with planned contributions to increase the fund balances for the other sub-funds. The budgeted additions to the fund balance of the General Fund are driven by contributions to the City's replacement funds and contributions to the City's CalPERS CEPPT Section 115 Fund.

The City's General Fund performance, including all sub-funds, for the first quarter of FY24-25 is summarized in the subsequent table.

General Fund Revenues and Expenditures Summary

	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 324,744,013	\$ 54,401,656	16.8%	\$ 330,116,368	\$ 61,198,739	18.5%	\$ 333,985,753	\$ 3,869,385	101.2%
Total Expenses	296,021,927	93,848,660	31.7%	321,330,975	110,178,872	34.3%	315,762,777	5,568,198	98.3%
Revenues Less Expenditures	\$ 28,722,086	\$ (39,447,004)		\$ 8,785,393	\$ (48,980,133)		\$ 18,222,976	\$ 9,437,583	

When comparing the FY24-25 first quarter results to the same period the year prior, the percentage of budgeted revenues received to date has increased. As of September 30, 2024, a total of **\$61.2 million** or **18.5%** of **FY24-25** budgeted revenues were received. During the same period ending September 30, 2023, the City realized **\$54.4 million**, representing **16.8%** of **FY23-24** budgeted revenues. Overall, year-to-date revenues are up \$6.8 million when comparing year-over-year figures. As a result, the General Fund, including all sub-funds, is projected to operate at a surplus of \$18.2 million due to the following main factors:

- Contribution to the City’s CEPPT Section 115 Fund of \$9.4 million.
- Revenue surplus of \$3.9 million (\$1.3 million surplus in General Fund-Operating Fund, \$0.2 million surplus in General Fund-Measure SST Fund, and \$2.4 million surplus in General Fund-Restricted/Assigned Fund).
- Expenditure surplus of \$5.6 million (\$4.7 million surplus in General Fund-Operating Fund, \$0.8 million surplus in General Fund-Measure SST Fund, and \$0.1 million surplus in General Fund-Restricted/Assigned Fund).

It is projected that year-end General Fund revenues will be \$334.0 million, which is a \$3.9 million surplus of FY24-25 budgeted figures. This is driven by surpluses in the Use of Money and Property and Operating Transfers In and partially offset by shortfalls in the Charges for Services and Licenses, Fees and Permits classifications. This is examined further in the **General Fund-Operating Fund Revenue Analysis** section of the document, broken down by the four main categories discussed earlier.

On the opposite side of the budget, the percentage of FY24-25 expenditures relative to budgeted amounts has also increased. As of September 30, 2024, a total of **\$110.2 million** or **34.3%** of **FY24-25** budgeted expenditures were utilized. During the same period ending September 30, 2023, the General Fund utilized **\$93.8 million** or **31.7%** of **FY23-24** budgeted expenditures. Overall, it is projected that year-end General Fund expenditures will total \$315.8 million, generating a \$5.6 million budget surplus. The details of these expenditure impacts are examined further in the **General Fund-Operating Fund Expenditure Analysis** section of the document, also broken down by the four main sections discussed earlier.

General Fund-Operating Fund First Quarter Results

This section highlights the City’s main operating fund, which represents the largest portion under the overall structure of the General Fund as reported in the Annual Report. Below is a summary of this fund as of the first quarter of FY24-25:

General Fund-Operating Fund Revenues and Expenditures Summary

	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 271,235,876	\$ 29,487,381	10.9%	\$ 286,824,553	\$ 39,224,358	13.7%	\$ 288,075,710	\$ 1,251,157	100.4%
Total Expenses	271,237,554	84,752,232	31.2%	287,233,764	88,332,454	30.8%	282,546,250	4,687,514	98.4%
Revenues Less Expenditures	\$ (1,678)	\$ (55,264,851)		\$ (409,211)	\$ (49,108,096)		\$ 5,529,460	\$ 5,938,671	

Year-to-date revenues are up by \$9.7 million when comparing year to year. As of September 30, 2024, the General Fund-Operating Fund realized revenues of **\$39.2 million**, achieving **13.7%** of the **FY24-25** revenue budget. During the same period ending September 30, 2023, the City realized **\$29.5 million** in revenues, representing **10.9%** of the **FY23-24** revenue budget. Overall, the General Fund-Operating Fund’s revenue budget is projected to operate at a surplus of \$1.3 million due to the following main factors:

- Use of Money and Property above budgeted expectations by \$2.3 million.
- Operating Transfers In above budgeted expectations by \$1.1 million.
- Charges for Services below budgeted expectations by \$0.9 million.
- Licenses, Fees, and Permits below budgeted expectations by \$0.9 million.

As of September 30, 2024, the General Fund-Operating Fund expended **\$88.3 million**, or **30.8%** of the FY24-25 expenditure budget. For the same period in FY23-24, expenditures totaled **\$84.8 million**, or **31.2%** of the budget. The current spending rate aligns with expectations and will be further discussed in the **General Fund-Operating Fund Expenditure Analysis** section. Originally adopted as a balanced budget, General Fund-Operating Fund is now projected to end the year with a **\$5.5 million** surplus.

General Fund-Operating Fund Revenue Analysis

This section highlights the revenues of the main General Fund-Operating Fund. The City’s General Fund-Operating Fund revenue budget for FY24-25 increased by \$15.6 million or 5.8% for a total **\$286.8 million**. This is largely due to steady growth in **Taxes, Use of Money and Property**, and **Charges for Services**. Details of revenue activity as of the first quarter of FY24-25 are covered in the following section. It is also important to note that the enacted Measure SST transaction and use tax starting October 1, 2022, benefits the General Fund-Operating Fund Revenue through **Operating**

Transfers In to support public safety and CIT operations. Overall, the City’s General Fund-Operating Fund revenue budget is projected to generate a year-end surplus of \$1.3 million.

General Fund-Operating Fund Revenues by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 209,861,473	\$ 14,918,455	7.1%	\$ 214,595,854	\$ 17,488,127	8.1%	\$ 214,406,574	\$ (189,280)	99.9%
Licenses, Fees and Permits	5,773,777	1,154,179	20.0%	5,429,133	1,754,383	32.3%	4,541,610	(887,523)	83.7%
Fines, Forfeitures and Penalties	760,672	63,950	8.4%	642,774	86,885	13.5%	756,240	113,466	117.7%
Use of Money and Property	4,527,970	2,006,601	44.3%	7,154,388	2,241,883	31.3%	9,447,010	2,292,622	132.0%
Intergovernmental	349,501	5,000	1.4%	490,127	3,361	0.7%	309,780	(180,347)	63.2%
Charges for Services	23,560,796	4,851,535	20.6%	25,217,466	4,791,469	19.0%	24,318,930	(898,536)	96.4%
Other Revenues	105,570	197,803	187.4%	299,604	48,517	16.2%	189,570	(110,034)	63.3%
Operating Transfers In	26,296,117	6,289,858	23.9%	32,995,207	12,809,733	38.8%	34,105,996	1,110,789	103.4%
Total Revenues	\$ 271,235,876	\$ 29,487,381	10.9%	\$ 286,824,553	\$ 39,224,358	13.7%	\$ 288,075,710	\$ 1,251,157	100.4%

As of September 30, 2024, the General Fund-Operating Fund realized revenues of **\$39.2 million**, achieving **13.7%** of the **FY24-25** revenue budget. During the same period ending September 30, 2023, the City realized **\$29.5 million** in revenues, representing **10.9%** of the **FY23-24** revenue budget. It is important to note that certain General Fund-Operating Fund revenues are not realized until after December, including property tax, business license taxes and most franchise fees. The timing of these receipts and current economic factors results in variances from the annual budget which are discussed in more detail below.

Most General Fund-Operating Fund revenues are generated from the **Taxes** classification, which include sales & use taxes, property taxes, utility users’ taxes, occupancy taxes, and business license taxes. The **Taxes** classification accounts for approximately 74.8% of the City’s General Fund-Operating Fund revenue budget for FY24-25.

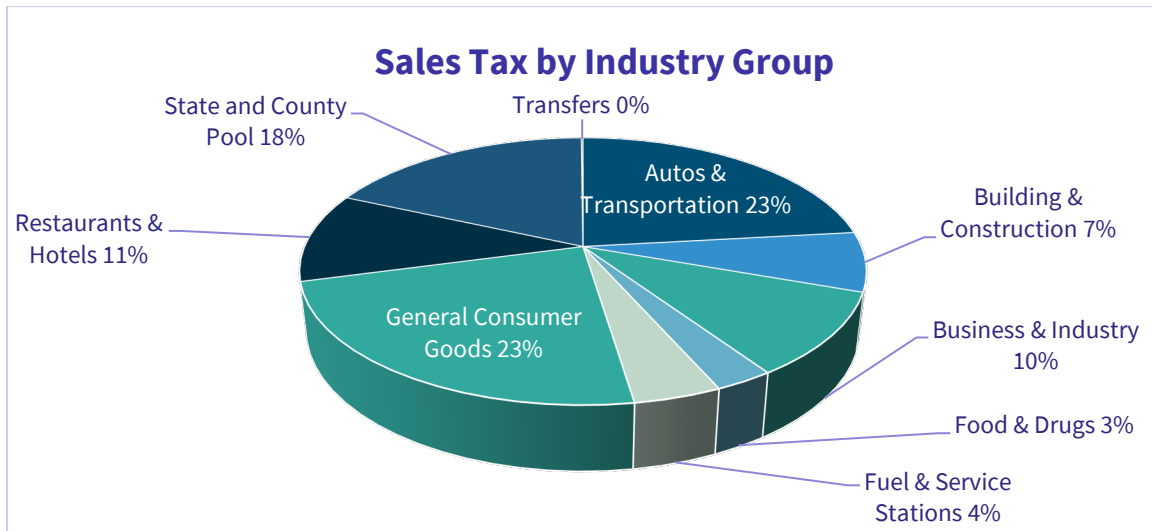
General Fund-Operating Fund Tax Revenues by Type

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Business License Tax	\$ 10,197,549	\$ 193,015	1.9%	\$ 11,314,294	\$ 382,817	3.4%	\$ 11,277,180	\$ (37,114)	99.7%
Construction Tax	2,033,484	228,803	11.3%	1,572,665	849,082	54.0%	2,950,426	1,377,761	187.6%
Franchise Taxes	9,831,080	403,826	4.1%	11,507,535	278,065	2.4%	12,586,330	1,078,795	109.4%
Occupancy Tax	13,126,729	747,211	5.7%	13,815,048	1,301,078	9.4%	13,108,030	(707,018)	94.9%
Oil Severance Tax	14,041	-	0.0%	7,000	-	0.0%	5,000	(2,000)	71.4%
Property Taxes	47,137,917	1,139,102	2.4%	48,288,709	1,263,612	2.6%	48,945,310	656,601	101.4%
Real Prop Transfer Tax	828,540	221,305	26.7%	1,016,060	233,389	23.0%	948,080	(67,980)	93.3%
Sales and Use Tax	64,400,972	4,768,790	7.4%	62,525,957	4,917,256	7.9%	62,405,820	(120,137)	99.8%
Utility Users Tax	44,465,104	7,216,402	16.2%	46,002,866	8,262,827	18.0%	43,335,220	(2,667,646)	94.2%
VLF Swap & Repayment	17,826,057	-	0.0%	18,545,720	-	0.0%	18,845,178	299,458	101.6%
Total Revenues	\$ 209,861,473	\$ 14,918,454	7.1%	\$ 214,595,854	\$ 17,488,126	8.1%	\$ 214,406,574	\$ (189,280)	99.9%

Overall, the City’s tax revenues are expected to fall short of the FY24-25 amended budget by \$189,000, primarily driven by a shortfall in utility users’ tax of \$2.7 million, offset by a surplus in construction tax of \$1.4 million and franchise taxes of \$1.1 million. Details of the increases and decreases are discussed in the following sections.

Sales and Use Tax

Sales and use tax (sales tax) is the City's largest General Fund-Operating Fund revenue source, derived from point-of-sale transactions (Bradley-Burns 1% allocation) and Los Angeles County pool allocations. The City receives sales tax revenue from a wide range of industries, as shown below.

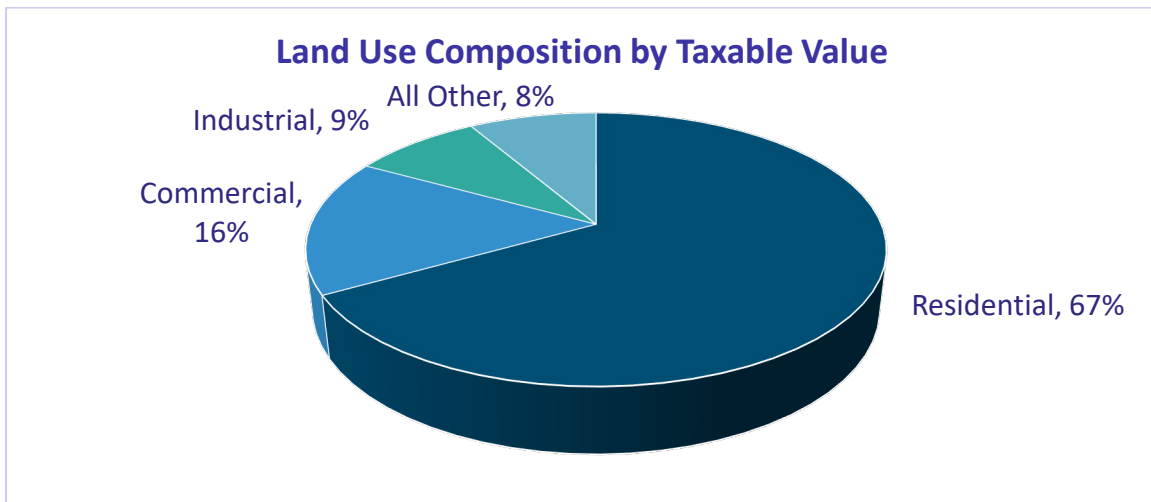


Receipts of \$4.9 million through the first fiscal quarter are tracking above prior year actuals by \$148,000 or 3.1%, and the projected annual amounts falling short of budget by \$120,000 is mainly due to decreased consumer demand after the economy rebounded significantly from the COVID-19 pandemic. Sales tax receipts peaked in FY2021-22 at \$63.6 million and is projected to pull back to \$62.4 million in FY24-25. The forecast is projecting an increase of 0.8% from prior year actuals or 0.2% below budgeted figures in the current fiscal year. As of the latest available data from the California Department of Tax & Fee Administration, sales tax revenues are experiencing declines in Autos and Transportation and General Consumer Goods, while Business and Industry is experiencing an increase.

With sales tax revenues remaining relatively flat, staff continue to be cautious with forecasts. The Fed decreased the Federal Funds Rate to a range of 4.50-4.75% in November 2024 and the Fed's policy to slow inflation has affected sales across industries. For instance, the Autos and Transportation and General Consumer Goods categories have experienced a decrease over the past year. In addition, the September 2024 year-over-year change in Consumer Price Index for All Urban Consumers (CPI-U) was 2.4%. The inflation rate continues to drive up the cost of many taxable products and consumer spending is anticipated to remain stagnant through the end of the 2025 calendar year.

Property Tax, Property Transfer Tax, and Vehicle License Fee (VLF) Swap & Repayment Tax

The City's property tax base consists of a healthy mix of residential, commercial, and industrial properties, with the residential category comprising most of the total assessed value in Torrance. Based on calendar year 2023 data from property tax consultants, HdL Coren & Cone, the City's FY24-25 net taxable assessed value increased to \$40.2 billion or 5.3% when compared to the same period during the prior year, keeping Torrance in the top 10 highest value cities in Los Angeles County at eighth place.



Property tax revenues are primarily received in December and April each year. As of September 30, 2024, \$1.3 million in property tax receipts were received compared to \$1.1 million received during the same period last year. Presently, the City projects the total year-end revenue to be slightly higher than the property tax budget by \$888,000 for FY24-25, including property transfer tax and vehicle license fee swap & repayment.

In 2004, the California Legislature approved a property tax swap of vehicle license fees (VLF) as part of a state and local government budget agreement. As a result of the swap, more than 90% of the City's Motor License Vehicle Fund was swapped for property taxes. The centerpiece of this legislation was the permanent reduction of the VLF rate. This revenue is received from the Los Angeles County Assessor twice a year in January and May, and therefore not realized in the first fiscal quarter.

Utility Users' Tax

Utility users' tax (UUT), the City's third largest revenue source, is a 6.5% consumption tax applied on the usage of utilities such as electricity and gas, and a 6.0% tax applied to water.

Utility Users' Tax by Type

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Cable	\$ 1,575,385	\$ 268,274	17.0%	\$ 1,737,373	\$ 211,992	12.2%	\$ 1,364,060	\$ (373,313)	78.5%
Cellular	1,296,803	219,040	16.9%	1,298,908	400,203	30.8%	2,062,520	763,612	158.8%
Electricity	20,912,992	3,927,656	18.8%	21,080,357	5,372,492	25.5%	22,536,300	1,455,943	106.9%
Gas	5,401,540	628,283	11.6%	6,003,793	745,830	12.4%	5,794,320	(209,473)	96.5%
Refinery: Co-Gen	757,698	235,108	31.0%	893,601	59,710	6.7%	757,390	(136,211)	84.8%
Refinery: Gas	8,304,467	891,333	10.7%	8,650,211	225,329	2.6%	4,500,000	(4,150,211)	52.0%
Telecom	2,052,774	376,125	18.3%	2,578,565	393,047	15.2%	2,410,750	(167,815)	93.5%
Water	4,163,445	670,583	16.1%	3,760,058	854,226	22.7%	3,909,880	149,822	104.0%
Total Revenues	\$ 44,465,104	\$ 7,216,402	16.2%	\$ 46,002,866	\$ 8,262,829	18.0%	\$ 43,335,220	\$ (2,667,646)	94.2%

Current period receipts of **\$8.3 million** are higher by 14.5% compared to last year. Electricity experienced an increase from the prior year, while cable experienced a slight decrease. The Torrance Refinery experienced a decrease in both electricity and gas as production continues to normalize following planned maintenance in the second fiscal quarter of 2024. Presently, the City projects that total year-end revenue will fall short of budget by approximately \$2.7 million, or 5.8%.

Business License Tax

The City serves approximately 13,954 businesses, including outside contractors. Annual renewals for this revenue source are billed in December, due on January 1, and delinquent on February 1. As of September 30, 2024, business license tax receipts are higher than prior year by \$190,000 or 98.3% and are expected to be within the budget by 1.0% at year-end. The increase in the year-to-date receipts is due to the City's compliance collection efforts which began in December 2023.

Occupancy Tax

Occupancy tax is an 11% tax on room charges to guests staying at hotels, motels, and short-term rentals. As of September 30, 2024, the City has received \$1.3 million, an increase of \$554,000 compared to September 30, 2023, receipts of \$747,000. The increase in the current year actuals is due to timing of monthly receipts being recognized earlier compared to the prior year. Based on information from data and analytics company STR, LLC, the City's occupancy rate for the twelve months ending September 30 increased slightly from 84.2% in 2023 to 84.8% in 2024. Additionally, the average daily rate per room increased by \$8.47 or 5.3% during this same period. Overall, it is projected that occupancy tax receipts will fall short of budget by approximately \$707,000.

Franchise Tax

Franchise tax is assessed to entities for the privilege to operate within the right-of-way throughout the City. The franchise taxes collected by the City are mainly from utility service providers, private waste haulers, and the Enterprise Funds for sanitation, sewer, and water services. As of September 30, 2024, the City has received \$278,000, which is slightly lower compared to September 30, 2023, receipts of \$404,000. Projected year-end receipts are expected to be \$1.1 million above budgeted

revenues mainly due to increasing remittances from SoCal Edison, SoCal Gas and private waste haulers. Receipts from utility service providers are typically received during the fourth fiscal quarter.

Licenses, Fees & Permits

This revenue source accounts primarily for development-related fees such as building and inspection fees. As of September 30, 2024, actual receipts of \$1.8 million represent a 52.0% increase from prior year receipts, and is primarily attributable to the Gable House development. Overall, revenues are projected to fall short of budget expectations by \$888,000 or 16.3% due to decreased energy inspection fees and building permits fees. This revenue source is cyclical and can fluctuate based on the timing of payments for individual projects.

Use of Money and Property

This revenue source includes investment earnings, interest income, and rental income. As of September 30, 2024, actual receipts of \$2.2 million represent a 10.0% increase from prior year receipts of \$2.0 million. This is due to increases in investment income from steadily rising interest rates. It is anticipated that this revenue source will exceed budget expectations by \$2.3 million or 32.0% by fiscal year-end.

Fines, Forfeitures & Penalties

This revenue source includes general court fees, traffic fines, and citation revenues. As of September 30, 2024, actual receipts of \$87,000 represent a slight increase from last year's receipts of \$64,000. This classification is expected to exceed budget by about \$113,000 or 17.7%.

Charges for Services

This revenue source includes various user fees, construction-related fees (e.g., plan checks), engineering fees, recreation fees, emergency transport fees, and fire inspection fees. As of September 30, 2024, actual receipts of \$4.8 million remain relatively flat compared to last year.

Charges for Services by Department

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Manager	\$ 846,330	\$ 159,736	18.9%	\$ 765,661	\$ 159,736	20.9%	\$ 638,940	\$ (126,721)	83.4%
City Clerk	4,430	1,157	26.1%	16,117	2,470	15.3%	4,280	(11,837)	26.6%
Community Development	6,174,902	1,276,696	20.7%	6,220,288	1,188,231	19.1%	5,372,510	(847,778)	86.4%
General Services	1,222,919	247,679	20.3%	1,136,049	266,375	23.4%	939,350	(196,699)	82.7%
Non-Departmental	14,899	2,849	19.1%	16,491	4,394	26.6%	17,650	1,159	107.0%
Police	434,468	56,402	13.0%	448,673	77,845	17.4%	402,020	(46,653)	89.6%
Fire	10,084,175	1,282,580	12.7%	11,139,044	1,174,295	10.5%	11,119,960	(19,084)	99.8%
Public Works	242,177	-	0.0%	267,151	-	0.0%	543,800	276,649	203.6%
Community Services	4,536,496	1,824,436	40.2%	5,207,992	1,918,124	36.8%	5,280,420	72,428	101.4%
Total Revenues	\$ 23,560,796	\$ 4,851,535	20.6%	\$ 25,217,466	\$ 4,791,470	19.0%	\$ 24,318,930	\$ (898,536)	96.4%

As shown in the table above, the decrease of \$60,000 is mainly due to decreased receipts collected by the Fire Department for Emergency Transport Fees and Annual Fire Inspection Fees; and by the Community Development Department for Planning and Zoning Fees; partially offset by increases collected by the other departments. Overall, this classification is expected to fall short of budget by \$899,000 or 3.6% by fiscal year-end.

Operating Transfers In

This revenue source includes transfers from other funds to help support operations of the General Fund-Operating Fund, with the main sources being the Airport Fund, Measure SST Fund, and Gas Tax Funds. As of September 30, 2024, actual receipts of \$12.8 million exceeded the prior year by \$6.5 million. The increase in the year-to-date transfers of \$6.3 million is mainly due to \$5.0 million from the Reserve Fund and \$1.5 million from the Airport Fund's non-aeronautical operations revenues in excess of expenses. The Operating Transfers In classification is expected to exceed budgeted expectations by \$1.1 million or 3.4% by fiscal year-end.

General Fund-Operating Fund Expenditure Analysis

This section highlights the expenditures of the main General Fund-Operating Fund. The City's General Fund-Operating Fund expenditure budget for FY24-25 increased by **\$16.0 million** or **5.9%** for a total of **\$287.2 million** from the year prior. This was a result of planned increases in salaries and employee benefits and UAL payment. This increase is partially offset by reduced transfers to the City's CEPPT Section 115 Fund. Overall, the City's General Fund Operating Fund expenditure budget is projected to generate a year-end surplus of \$4.7 million.

General Fund-Operating Fund Expenditures by Classification

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 196,422,034	\$ 44,837,059	22.8%	\$ 212,059,082	\$ 54,224,260	25.6%	\$ 207,458,388	\$ 4,600,694	97.8%
Salaries and Benefits Reimb.	(1,446,294)	(277,347)	19.2%	(1,820,500)	(584,958)	32.1%	(1,947,872)	127,372	107.0%
Materials, Supplies & Maintenance	15,767,500	2,502,347	15.9%	16,978,412	3,142,673	18.5%	16,431,652	546,760	96.8%
Materials Reimbursements	(342,751)	(63,975)	18.7%	(370,142)	(95,932)	25.9%	(370,154)	12	100.0%
Professional/Contract Services	14,668,402	2,265,199	15.4%	18,470,002	2,528,936	13.7%	18,242,601	227,401	98.8%
Training, Travel & Membership Dues	1,466,186	511,641	34.9%	2,040,261	573,750	28.1%	1,991,307	48,954	97.6%
Liabilities, Settlements & Insurance	169,581	42,218	24.9%	221,680	44,265	20.0%	218,480	3,200	98.6%
Utilities	4,676,364	1,100,547	23.5%	4,932,602	1,076,014	21.8%	4,849,887	82,715	98.3%
Interdepartmental Charges	19,310,111	4,610,923	23.9%	24,230,403	5,994,141	24.7%	24,220,419	9,984	100.0%
Debt Service	22,855,281	13,452,477	58.9%	23,369,441	14,030,290	60.0%	23,369,441	-	100.0%
Debt Service Reimbursements	(18,832,766)	(4,643,491)	24.7%	(19,341,206)	(5,020,407)	26.0%	(19,053,086)	(288,120)	98.5%
Capital Acquisitions	483,050	46,215	9.6%	658,758	110,182	16.7%	654,858	3,900	99.4%
Bad Debts and Other Losses	1,000	-	0.0%	1,000	4	0.4%	1,000	-	100.0%
Reimbursements-Indirect Costs	(8,557,193)	(1,840,246)	21.5%	(9,147,553)	(2,117,165)	23.1%	(8,472,195)	(675,358)	92.6%
Other Operating Transfers Out	24,597,049	22,208,665	90.3%	14,951,524	14,426,401	96.5%	14,951,524	-	100.0%
Total Expenses	\$ 271,237,554	\$ 84,752,232	31.2%	\$ 287,233,764	\$ 88,332,454	30.8%	\$ 282,546,250	\$ 4,687,514	98.4%

As of September 30, 2024, the General Fund-Operating Fund realized expenditures of **\$88.3 million**, achieving **30.8%** of the **FY24-25** expenditure budget. During the same period ending September 30, 2023, the City expended **\$84.8 million** or **31.2%** of the **FY23-24** expenditure budget. The main drivers for this year-over-year increase of **\$3.5 million** were the planned increases in Salaries and Employee Benefits for renewed labor contracts and salary grid modifications, as well as the Police Department's retention incentive package which was funded by salary savings. These increases were partially offset by a reduction in Other Operating Transfers Out, due to the reduced contribution to the Section 115 CEPPT fund. Expenditures to date are expected to be higher than the percentage of the fiscal year completed due to the timing of the annual contributions to the CEPPT Section 115 Fund and Debt Service payments associated with the 2020 Lease Revenue Bonds that were used to pay down a majority of the City's CalPERS UAL that are paid in July and September (included in the Non-Departmental expenditures), respectively.

General Fund-Operating Fund Expenditures by Department

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 580,611	\$ 147,332	25.4%	\$ 577,734	\$ 151,683	26.3%	\$ 557,679	\$ 20,055	96.5%
City Manager	6,436,700	1,442,094	22.4%	7,449,881	1,517,693	20.4%	7,206,725	243,156	96.7%
City Attorney	3,108,064	692,523	22.3%	3,397,091	713,012	21.0%	3,179,989	217,102	93.6%
City Clerk	1,359,558	284,979	21.0%	1,664,355	258,890	15.6%	1,506,267	158,088	90.5%
City Treasurer	343,088	91,008	26.5%	483,686	94,518	19.5%	475,196	8,490	98.2%
Finance	6,251,439	1,171,822	18.7%	6,253,088	1,222,523	19.6%	6,195,363	57,725	99.1%
Human Resources	2,355,177	482,540	20.5%	3,244,183	590,123	18.2%	3,222,872	21,311	99.3%
Civil Service	701,129	185,400	26.4%	1,144,051	209,659	18.3%	1,091,831	52,220	95.4%
Community Development	9,643,676	2,087,600	21.6%	10,600,313	2,332,439	22.0%	10,104,586	495,727	95.3%
CIT	8,782,395	2,188,713	24.9%	9,344,118	2,461,520	26.3%	8,821,682	522,436	94.4%
General Services	10,493,231	2,190,145	20.9%	11,978,778	2,735,179	22.8%	11,729,753	249,025	97.9%
Non-Departmental	22,778,700	29,395,535	129.0%	12,011,799	21,724,059	180.9%	12,955,974	(944,175)	107.9%
Police	95,374,934	20,919,638	21.9%	101,924,799	26,813,125	26.3%	100,940,019	984,780	99.0%
Fire	59,244,214	14,110,510	23.8%	69,295,045	17,396,151	25.1%	68,248,810	1,046,235	98.5%
Public Works	19,211,947	3,854,605	20.1%	21,122,469	4,229,120	20.0%	20,340,435	782,034	96.3%
Community Services	24,572,691	5,507,784	22.4%	26,742,376	5,882,760	22.0%	25,969,071	773,305	97.1%
Total Expenses	\$ 271,237,554	\$ 84,752,228	31.2%	\$ 287,233,766	\$ 88,332,454	30.8%	\$ 282,546,252	\$ 4,687,514	98.4%

As shown in the table above, most General Fund-Operating Fund departments are projected to remain within budgeted expectations. However, the Non-Departmental expenditure budget is expected to show a deficit of **\$0.9 million**, primarily due to a **\$675,000** reduction in Indirect Cost Reimbursements resulting from lower salary projections. Overall, the FY24-25 General Fund-Operating Fund expenditure budget is projected to generate **\$4.7 million** in savings, largely due to departmental vacancies.

As of September 30, 2024, there were **138.1 FTE** vacant positions in the General Fund, a decrease of **7.4 FTE** from the previous year. Despite this reduction, City departments continue to face challenges in attracting qualified candidates and have numerous recruitments underway. Significant portion of these vacancies are in the Police Department, with **67.0 FTE** vacant positions as of September 30, 2024, and efforts to fill vacancies and retain existing staff are ongoing. As part of that effort, City Council approved an Enhanced Recruitment and Retention Incentive Pilot program for the Police Department in July 2024.

To better understand the trends driving the General Fund-Operating Fund expenditure budget, it is useful to analyze its two main components: 1) **Salaries & Salary Reimbursements**, and 2) **Non-Wage (Materials) expenditures**.

As of September 30, 2024, the City has expended **\$53.6 million**, or **25.5%** of the FY24-25 salary budget, compared to **\$44.6 million**, or **22.9%** for the same period in FY23-24. These expenditures are generally in line with the fiscal year's timing (**25.2%** of the year has elapsed). As shown in the table below, FY24-25 salary expenditures are higher than the previous year, reflecting reduced vacancies and planned increases in salaries and employee benefits due to labor contract renewals,

salary grid adjustments, and newly approved Police Department’s retention incentive. The salary budget is expected to yield **\$4.7 million** in savings, primarily due to vacancies across departments.

General Fund-Operating Fund – Salary & Employee Benefit Expenditures by Department

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 198,102	\$ 43,795	22.1%	\$ 177,968	\$ 43,342	24.4%	\$ 176,451	\$ 1,517	99.1%
City Manager	4,937,891	1,148,523	23.3%	5,191,494	1,185,177	22.8%	4,875,954	315,540	93.9%
City Attorney	2,721,579	616,828	22.7%	2,933,694	667,584	22.8%	2,737,024	196,670	93.3%
City Clerk	943,350	249,741	26.5%	1,126,334	207,667	18.4%	981,183	145,151	87.1%
City Treasurer	295,742	76,491	25.9%	334,159	78,204	23.4%	328,135	6,024	98.2%
Finance	4,297,541	1,014,966	23.6%	4,531,193	1,010,795	22.3%	4,449,250	81,943	98.2%
Human Resources	1,443,488	306,130	21.2%	1,998,080	442,865	22.2%	1,990,140	7,940	99.6%
Civil Service	534,350	135,434	25.3%	741,998	169,862	22.9%	698,139	43,859	94.1%
Community Development	8,377,936	1,900,191	22.7%	9,182,801	2,118,680	23.1%	8,875,637	307,164	96.7%
CIT	5,985,691	1,223,136	20.4%	6,046,087	1,343,905	22.2%	5,608,238	437,849	92.8%
General Services	6,790,819	1,441,983	21.2%	7,329,570	1,673,173	22.8%	7,037,847	291,723	96.0%
Non-Departmental	199,717	49,590	24.8%	199,717	52,299	26.2%	199,717	-	100.0%
Police	82,440,570	18,033,449	21.9%	86,546,900	23,647,704	27.3%	85,595,463	951,437	98.9%
Fire	50,192,578	12,481,352	24.9%	57,086,588	14,768,901	25.9%	56,243,407	843,181	98.5%
Public Works	9,341,724	2,052,309	22.0%	9,427,865	2,125,349	22.5%	8,945,280	482,585	94.9%
Community Services	16,274,662	3,785,797	23.3%	17,384,134	4,103,797	23.6%	16,768,650	615,484	96.5%
Total Expenses	\$194,975,740	\$ 44,559,715	22.9%	\$210,238,582	\$ 53,639,304	25.5%	\$205,510,515	\$ 4,728,067	97.8%

City Manager’s Office

The City Manager’s Office has a total of 6.6 FTE vacancies, of which 3.6 FTE are expected to remain unfilled through the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$316,000 in budgetary savings.

City Attorney’s Office

The City Attorney’s Office has 2.0 FTE vacancies, of which 1.0 FTE is expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$197,000 in budgetary savings.

City Clerk’s Office

The City Clerk’s Office has 2.0 FTE vacancies, which are expected to fill by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$145,000 in budgetary savings.

Community Services Department

The Community Services Department has a total of 8.5 FTE vacancies, of which 6.3 FTE in 3 positions are currently being proposed as program modification, and all vacancies are expected to fill by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$615,000 in budgetary savings.

Community Development Department

The Community Development Department has a total of 5.5 FTE vacancies, which are expected to fill by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$307,000 in budgetary savings.

Communications and Information Technology (CIT) Department

The CIT Department has a total of 7.0 FTE vacancies, of which 1.0 FTE is expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$438,000 in budgetary savings.

Human Resources Department

The Human Resources Department has a total of 2.0 FTE vacancy, of which 1.0 FTE is expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$8,000 in budgetary savings. It is important to note that the Human Resources Department has already used some of their budgeted savings and transferred them to their non-wage budget.

General Services Department

The General Services Department (excluding seasonal/recurrent positions) has a total of 3.5 FTE vacancies, which are expected to fill by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$292,000 in budgetary savings.

Finance Department

The Finance Department has a total of 2.0 FTE vacancies, of which 1.0 FTE is currently being proposed as a program modification, and all are expected to fill by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$82,000 in budgetary savings.

Police Department

The Police Department has a total of 67.0 FTE vacancies, of which 38.0 FTE are expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$951,000 in budgetary savings. It is important to note that Council recently approved a new Enhanced Recruitment and Retention Incentive Pilot program, which is reflected in the projected expenditures.

Fire Department

The Fire Department has a total of 13.5 FTE vacancies, of which 1.0 FTE is expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$843,000 in budgetary savings.

Public Works Department

The Public Works Department has a total of **18.5** FTE vacancies, of which 9.0 FTE are expected to remain unfilled by the end of the fiscal year. \$394,000 of expected surplus in Salary and Employee Benefit expenditure budget was transferred to non-wage professional services budget to fund emergent temporary traffic signal and other service requirements. After transfers and based on currently approved recruitment requests, this department is projected to generate \$483,000 in budgetary salary savings.

General Fund-Operating Fund Non-Wage (Materials) Expenditures by Department

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 382,509	\$ 103,538	27.1%	\$ 399,766	\$ 108,341	27.1%	\$ 381,228	\$ 18,538	95.4%
City Manager	1,498,809	293,571	19.6%	2,258,387	332,515	14.7%	2,330,771	(72,384)	103.2%
City Attorney	386,485	75,696	19.6%	463,397	45,428	9.8%	442,964	20,433	95.6%
City Clerk	416,208	35,238	8.5%	538,021	51,223	9.5%	525,083	12,938	97.6%
City Treasurer	47,346	14,517	30.7%	149,527	16,314	10.9%	147,061	2,466	98.4%
Finance	1,953,898	156,857	8.0%	1,721,895	211,728	12.3%	1,746,113	(24,218)	101.4%
Human Resources	911,689	176,410	19.3%	1,246,103	147,259	11.8%	1,232,732	13,371	98.9%
Civil Service	166,779	49,966	30.0%	402,053	39,797	9.9%	393,692	8,361	97.9%
Community Development	1,265,740	187,409	14.8%	1,417,512	213,760	15.1%	1,228,949	188,563	86.7%
CIT	2,796,704	965,578	34.5%	3,298,031	1,117,615	33.9%	3,213,443	84,588	97.4%
General Services	3,702,412	748,162	20.2%	4,649,208	1,062,006	22.8%	4,691,906	(42,698)	100.9%
Non-Departmental	22,578,983	29,345,946	130.0%	11,812,082	21,671,760	183.5%	12,756,257	(944,175)	108.0%
Police	12,934,364	2,886,190	22.3%	15,377,899	3,165,421	20.6%	15,344,556	33,343	99.8%
Fire	9,051,636	1,629,158	18.0%	12,208,457	2,627,250	21.5%	12,005,403	203,054	98.3%
Public Works	9,870,223	1,802,297	18.3%	11,694,604	2,103,771	18.0%	11,395,155	299,449	97.4%
Community Services	8,298,029	1,721,987	20.8%	9,358,242	1,778,963	19.0%	9,200,421	157,821	98.3%
Total Expenses	\$ 76,261,814	\$ 40,192,520	52.7%	\$ 76,995,184	\$ 34,693,151	45.1%	\$ 77,035,734	\$ (40,550)	100.1%

Non-wage expenditures (materials) account for **26.8%** of General Fund-Operating Fund expenditures budget. The table above summarizes these expenses by department. Compared to the first quarter of the previous year, non-wage expenditures have decreased by \$5.5 million. As of September 30, 2024, **\$34.7 million** or **45.1%** of the FY24-25 budgeted expenditures had been used, compared to **\$40.2 million** or **52.7%** during the same period in FY23-24. The decrease is primarily due to reduced contributions from Non-Departmental to the City's CEPPT Section 115 Fund by \$10.4 million. After excluding Non-Departmental activity, the adjusted rate of non-wage departmental expenditure as of September 2024 is 20.0%, compared to 20.2% as of September 2023. Overall, non-wage expenditures are expected to generate deficit of \$41,000.

City Manager's Office

The City Manager's Office is currently projecting a deficit of \$72,000, primarily due to higher-than-anticipated costs associated with legal services and consulting expenditures.

Finance Department

The Finance Department is projecting a deficit of \$24,000, attributed to various consulting services required for rate and fee studies, as well as tax revenue recovery initiatives.

Fire Department

The Fire Department is projecting a surplus of \$203,000. The Fire Department's first-quarter expenditures are \$1.0 million higher than last year, driven by increased contributions to the Self Insurance for Workers' Compensation claims, which was already reflected in the FY24-25 budget.

General Services Department

The General Services Department is projecting a deficit of \$42,698, driven by the need for professional services in theater technician support and construction estimating, due to current staffing vacancies.

Non-Departmental

Non-Departmental expenditures are expected to exceed the budget by approximately \$0.9 million. This variance is primarily due to a \$0.7 million reduction in Indirect Cost Reimbursements, resulting from lower-than-expected salary projections.

General Fund-Measure SST Fund First Quarter Results

The General Fund-Measure SST Fund (Measure SST Fund) is a sub-fund within the overall structure of the General Fund as reported in the Annual Report. The Measure SST Fund separately accounts for the 0.50% transaction and use tax (sales tax) approved by Torrance voters in June 2022. This measure, titled Safe, Strong Torrance, included four main funding priorities: (1) Quality of Life; (2) Fiscal Sustainability; (3) Deferred Maintenance & Community Services/Programs; and (4) Emergency Responsiveness. City Council approved the budgeted use of these funds and authorized the newly established Measure SST Committee (Committee) to provide public oversight. The Committee will ensure funds are utilized in accordance with the spending plans approved by City Council and annually review the Measure SST Fund’s completed financial audits.

General Fund-Measure SST Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 22,917,288	\$ 1,962,558	8.6%	\$ 25,345,116	\$ 1,988,784	7.8%	\$ 25,562,642	\$ 217,526	100.9%
Use of Money and Property	25,000	(53,879)	-215.5%	(177,850)	(59,617)	33.5%	(149,570)	28,280	84.1%
Total Revenues	\$ 22,942,288	\$ 1,908,679	8.3%	\$ 25,167,266	\$ 1,929,167	7.7%	\$ 25,413,072	\$ 245,806	101.0%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Materials, Supplies & Maintenance	\$ 1,000,000	\$ -	0.0%	\$ 948,500	\$ -	0.0%	\$ -	\$ 948,500	0.0%
Professional/Contract Services	825,000	32,078	3.9%	876,500	48,460	5.5%	876,500	-	100.0%
Capital Acquisitions	-	-	0.0%	-	-	0.0%	-	-	0.0%
Other Operating Transfers Out	21,117,288	8,653,602	41.0%	25,670,124	16,656,751	64.9%	25,788,786	(118,662)	100.5%
Total Expenses	\$ 22,942,288	\$ 8,685,680	37.9%	\$ 27,495,124	\$ 16,705,211	60.8%	\$ 26,665,286	\$ 829,838	97.0%

Revenues Less Expenditures	\$ -	\$ (6,777,001)		\$ (2,327,858)	\$ (14,776,044)		\$ (1,252,214)	\$ 1,075,644	
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As of September 30, 2024, the Measure SST Fund realized revenues of **\$1.9 million**, achieving **7.7%** of the **FY24-25** budget, compared to **\$1.9 million** or **8.3%** for the same period in the year prior. As shown in the table above, it is projected that a total of **\$25.4 million** will be recognized by fiscal year-end, exceeding budgeted estimates by **\$246,000** or **1.0%**.

Based on the analysis provided by the City’s third-party consultant, Hinderliter de Llamas & Associates, Measure SST remittances have been approximately 43% of the Bradley Burns sales tax remittances for the trailing twelve months. Due to the timing of when revenues and expenditures are actualized, this fund typically operates at a negative cash position during the year, which is why a negative **Use of Money and Property** projection is shown in the above summary table. The budget will continue to be adjusted to better align with projected actuals in future budget cycles.

On the expenditure side, the Measure SST Fund realized expenditures of **\$16.7 million** or **60.8%** of the FY24-25 budget. Currently, it is projected that the expenditure budget will be fully expended at year-end except for **\$948,500** allocated for homelessness reduction efforts in Torrance. The City has

been able to identify various grant funding sources to mitigate the need to use general fund resources to support these activities. Overall, it is anticipated that this fund will operate at a **\$1.3 million** fiscal year-end deficit when comparing projected revenues against projected expenditures. It is important to note that this fund's budget was originally adopted with a deficit of \$2.3 million due to planned use of fund balance to support the City's Capital Improvement Plan.

General Fund-Restricted/Assigned Fund First Quarter Results

The General Fund-Restricted/Assigned Fund (Restricted/Assigned Fund) is a series of sub-funds within the overall structure of the General Fund as reported in the City’s Annual Report. This fund separately tracks balances under the different areas that are deemed restricted by the source or assigned for a particular purpose. It should be noted that this does not include the City’s Unassigned (Reserve) Fund.

For example, there are multiple replacement funds that were created by the City to set aside funding each year for planned future equipment purchases. This helps smooth spending across multiple years and creates a dedicated source for these different replacement activities, which include:

- Defibrillator Replacement Fund
- Drone/ALPR Replacement Fund
- IT Replacement Fund

In addition to the above-mentioned replacement funds, the Restricted/Assigned Fund also includes the City’s CalPERS CEPPT Section 115 Fund and Cable’s various Public, Educational, and Governmental Access (PEG) Funds.

General Fund-Restricted/Assigned Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 458,058	\$ (1,264,882)	-276.1%	\$ 598,058	\$ 2,554,447	427.1%	\$ 2,970,480	\$ 2,372,422	496.7%
Operating Transfers In	25,305,368	23,069,872	91.2%	12,526,491	12,490,767	99.7%	12,526,491	0	100.0%
Total Revenues	\$ 25,763,426	\$ 21,804,990	84.6%	\$ 13,124,549	\$ 15,045,214	114.6%	\$ 15,496,971	\$ 2,372,422	118.1%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Professional/Contract Services	\$ 256,172	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Debt Service	5,000	3,659	73.2%	15,000	6,958	46.4%	15,000	-	100.0%
Capital Acquisitions	800,913	-	0.0%	1,558,587	120,769	7.7%	1,507,741	50,846	96.7%
Other Expenditures	5,000	7,089	141.8%	28,500	13,480	47.3%	28,500	-	100.0%
Other Operating Transfers Out	775,000	400,000	51.6%	-	-	0.0%	-	-	0.0%
Total Expenses	\$ 1,842,085	\$ 410,748	22.3%	\$ 1,602,087	\$ 141,207	8.8%	\$ 1,551,241	\$ 50,846	96.8%

Revenues Less Expenditures	\$ 23,921,341	\$ 21,394,242		\$ 11,522,462	\$ 14,904,007		\$ 13,945,730	\$ 2,423,268	
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As of September 30, 2024, the Restricted/Assigned Fund realized revenues of **\$15.0 million**, achieving **114.6%** of the **FY24-25** revenue budget. During the same period ending September 30, 2023, the City realized **\$21.8 million** in revenues, representing **84.6%** of the **FY23-24** revenue budget. This variance was largely driven by the \$13.0 million reduction in contribution to the City’s CEPPT Section 115 Fund. Overall, it is projected that revenues in this fund will total \$15.5 million by fiscal year-end, exceeding budget by \$2.4 million or 18.1%.

As of September 30, 2024, the Restricted/Assigned Fund has incurred expenditures of **\$141,000**, representing **8.8%** of the **FY24-25** budget. In comparison, for the same period in **FY23-24**, the City spent **\$411,000**, or **22.3%** of the **FY23-24** budget, which included a **\$400,000** transfer from the Radio Comm Replacement Fund to a capital project. Projected expenditures for the Restricted/Assigned Fund primarily involve the purchase of essential computer and data communication equipment. Overall, it is expected that revenues will exceed expenditures by **\$13.9 million** by the end of the fiscal year.

General Fund-Unassigned Fund (Reserves) First Quarter Results

The General Fund-Unassigned Fund (Reserve Fund) is a sub-fund within the overall structure of the General Fund which does not qualify for the restricted/assigned category as reported in the City’s Annual Report. The Reserve Fund includes the Economic Anomaly and Litigation categories which help plan for economic downturns, allows the City to set aside funds for natural disasters such as earthquakes, and to ensure financial stability during times of need. The Other Unrestricted category pertains to the fund balances of the General Fund-Operating Fund and the Measure SST Fund. The table below provides a summary of the overall budget for this sub-fund.

General Fund-Unassigned Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Operating Transfers In	\$ 4,802,423	\$ 1,200,606	25.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%
Total Revenues	\$ 4,802,423	\$ 1,200,606	25.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Other Operating Transfers Out	\$ -	\$ -	0.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%
Total Expenses	\$ -	\$ -	0.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%

Revenues Less Expenditures	\$ 4,802,423	\$ 1,200,606		\$ -	\$ -		\$ -	\$ -	
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As shown in the summary table, the Reserve Fund realized revenues of **\$5.0 million**, achieving **100.0%** of budget through the first quarter of **FY24-25**. This represents contributions from the General Fund-Measure SST Fund, which demonstrates the Measure’s impact on fiscal sustainability by affording the ability to rebuild the City’s reserves. The Reserve Fund also realized expenditures of **\$5.0 million**, achieving **100.0%** of budget through the first quarter of **FY24-25** due to Operating Transfers Out to the General Fund-Operating Fund to help maintain a balanced budget and support planned increases in public safety salaries and benefits to address two of the City’s **Areas of Focus** pertaining to labor relations. It is important to note that the nature of the Reserve Fund is unique in that funds are often set aside to plan for the City’s future needs during economic downturns, and large sums of expenditures can occur in a given fiscal year to ensure the City maintains a balanced General Fund-Operating Fund budget.

General Fund-Unassigned Fund Balance Summary

Unassigned Fund Balance	Beg Bal - FY23-24	Additions/ (Uses)	End Bal - FY23-24 (unaudited)	Projected Additions/ (Uses)	Proj End Bal FY24-25
Reserve Fund - Economic Anomaly	\$ 8,081,847	\$ 4,802,423	\$ 12,884,270	\$ -	\$ 12,884,270
Reserve Fund - Litigation	-	-	-	-	-
Other Unrestricted	55,338,919	11,015,588	66,354,507	4,277,246	70,631,752
Total	\$ 63,420,766	\$ 15,818,011	\$ 79,238,777	\$ 4,277,246	\$ 83,516,023

As shown in the table above, the City's unrestricted reserve balance is projected to total **\$83.5 million** at fiscal year-end. This represents an excess of **\$26.1 million** above the City's adopted fiscal policy, which sets a target unassigned fund balance of at least **20%** of the General Fund-Operating Fund's approved expenditure appropriations, or approximately **\$57.4 million** based on the currently approved expenditure appropriation.

As of October 2023, The State Auditor's High-Risk Dashboard was discontinued. However, the City continues to monitor its reserve balances as one of our Key Performance Indicators. The State Auditor's High-Risk Dashboard previously recommended maintaining reserves greater than nine months of operating costs, or **75%** of the General Fund-Operating Fund's current expenditure appropriation, which would amount to **\$215.4 million**. To be considered "Low-Risk" designation, reserves should equal at least six months of operating costs, or **50%** of the current appropriation, or **\$143.6 million**. In the future, staff may recommend adjustments to the City's fiscal policy to further strengthen fiscal resilience.

A photograph of a swimmer in a pool at night, with a blue tint. The swimmer is in the foreground, wearing a blue cap and goggles, and is swimming. The pool has lane lines. In the background, there is a lifeguard stand and some lights. The overall scene is dimly lit, with the primary light source being the pool's ambient lighting.

INTERNAL SERVICE FUNDS

First Quarter Budget Review Report

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one City department to other departments and to other governmental units on a cost-reimbursement basis. The City currently has two Internal Service Funds: (1) Self-Insurance; and (2) Fleet Services.

Self-Insurance Fund First Quarter Results

The Self-Insurance Fund is a sub-fund used to finance and account for City expenditures associated with non-litigated claims, liability claims and settlements, workers' compensation cases, and unemployment insurance payments.

Self-Insurance Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Charges for Services	\$ 20,668,500	\$ 5,156,818	25.0%	\$ 23,659,000	\$ 5,906,513	25.0%	\$ 23,640,850	\$ (18,150)	99.9%
Other Revenues	-	117,402	0.0%	-	6,987	0.0%	5,790	5,790	0.0%
Operating Transfers In	-	-	0.0%	-	-	0.0%	-	-	0.0%
Total Revenues	\$ 20,668,500	\$ 5,274,220	25.5%	\$ 23,659,000	\$ 5,913,500	25.0%	\$ 23,646,640	\$ (12,360)	99.9%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,022,902	\$ 210,765	20.6%	\$ 1,083,179	\$ 199,529	18.4%	\$ 927,668	\$ 155,511	85.6%
Materials, Supplies & Maintenance	25,725	1,643	6.4%	24,000	568	2.4%	23,989	11	100.0%
Professional/Contract Services	660,030	45,755	6.9%	505,000	45,826	9.1%	504,940	60	100.0%
Training, Travel & Membership Dues	8,500	993	11.7%	11,600	-	0.0%	11,600	-	100.0%
Liabilities, Settlements & Insurance	18,344,252	6,909,468	37.7%	18,654,469	6,880,873	36.9%	17,781,921	872,548	95.3%
Utilities	-	94	0.0%	750	94	12.5%	750	-	100.0%
Interdepartmental Charges	228,527	51,165	22.4%	235,890	49,571	21.0%	198,284	37,606	84.1%
Bad Debts and Other Losses	8,200,000	-	0.0%	3,000,000	-	0.0%	3,000,000	-	100.0%
Other Operating Transfers Out	4,354	1,089	25.0%	-	-	0.0%	-	-	0.0%
Total Expenses	\$ 28,494,290	\$ 7,220,972	25.3%	\$ 23,514,888	\$ 7,176,461	30.5%	\$ 22,449,152	\$ 1,065,736	95.5%

Revenues Less Expenditures	\$ (7,825,790)	\$ (1,946,752)		\$ 144,112	\$ (1,262,961)		\$ 1,197,488	\$ 1,053,376	
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As of September 30, 2024, the City has received **\$5.9 million** or **25.0%** of the FY24-25 budgeted revenues, compared to **\$5.3 million** or **25.5%** in the prior year. The \$0.6 million increase in revenues is attributed to higher budgeted contributions to the Self-Insurance Fund, aimed at addressing its underfunded position, an identified **Area of Focus**. Overall, revenues are projected to come in approximately on budget by year-end.

Regarding expenditures, **\$7.2 million** or **30.5%** of **FY24-25** budgeted expenditures have been spent, compared to **\$7.2 million** or **25.3%** in the prior year. While the expenditure amount is consistent with last year, the higher percentage has been spent due to a smaller budget for actuarial adjustments budgeted in the current year. The City transitioned to a third-party claims administrator for workers' compensation claims in **FY22-23**, which has altered claims processing and made year-end actuarial adjustments more difficult to project. In FY23-24, the actuarial adjustment was recorded for \$(1.3 million) at the end of the fiscal year. For FY24-25, due to uncertainty, it is currently

projected at budgeted amount of \$3.0 million. Staff is working with the actuary to finalize the report later in the year, and it will be reflected in the future projection when available.

The Self-Insurance Fund has one vacant Claims Technician position, which is expected to remain unfilled through the end of the fiscal year, resulting in an estimated budgetary savings of \$0.2 million. Overall expenditure is projected to result in a **\$1.2 million** surplus at year-end.

Fleet Services Fund First Quarter Results

The City’s Fleet Services Fund is comprised of multiple sub-funds, including the Fleet Services Fund-Operating Fund and the Fleet Services Fund-Replacement Fund, which are used to finance and account for the maintenance, repair, and replacement of the City’s vehicular assets. However, it should be noted that this fund does not include the replacement of the City’s Sanitation, Sewer, Water, and Transit vehicular assets.

Fleet Services Fund Overall Revenues and Expenditures

	Prior Year FY2023-24			Current FY2024-25						
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget	
Total Revenues	\$ 12,121,697	\$ 2,302,802	19.0%	\$ 13,300,160	\$ 3,487,596	26.2%	\$ 13,806,660	\$ 506,500	103.8%	
Total Expenses	8,807,257	2,328,204	26.4%	8,650,840	2,349,729	27.2%	8,570,827	80,013	99.1%	
Revenues Less Expenditures	\$ 3,314,440	\$ (25,402)		\$ 4,649,320	\$ 1,137,867		\$ 5,235,833	\$ 586,513		

As shown above, the Fleet Services Fund’s overall revenues have increased when compared with the year prior. As of September 30, 2024, a total of **\$3.5 million** or **26.2%** of the **FY24-25** revenue budget has been collected. During the same period ending September 30, 2023, the City realized **\$2.3 million** in revenues, representing **19.0%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized overall expenditures of **\$2.3 million**, achieving **27.2%** of the **FY24-25** budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$2.3 million** or **26.4%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by \$5.2 million by fiscal year-end. This will be examined in more detail in the following sections.

Fleet Services Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ (28,196)	\$ (39,288)	139.3%	\$ (28,196)	\$ (32,649)	115.8%	\$ (96,790)	\$ (68,594)	343.3%
Charges for Services	6,693,324	1,177,475	17.6%	6,896,676	1,635,099	23.7%	6,816,520	(80,156)	98.8%
Total Revenues	\$ 6,665,128	\$ 1,138,187	17.1%	\$ 6,868,480	\$ 1,602,450	23.3%	\$ 6,719,730	\$ (148,750)	97.8%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 3,822,706	\$ 729,773	19.1%	\$ 4,069,608	\$ 919,672	22.6%	\$ 3,976,771	\$ 92,837	97.7%
Materials, Supplies & Maintenance	1,518,195	325,122	21.4%	269,487	97,930	36.3%	507,741	(238,254)	188.4%
Materials Reimbursements	-	-	0.0%	-	-	0.0%	(250,000)	250,000	0.0%
Parts, Fuel & Lubricants Purchases	2,938,693	434,425	14.8%	3,085,628	633,773	20.5%	3,085,628	-	100.0%
Parts, Fuel & Lubricants Contra	(2,938,693)	(434,425)	14.8%	(3,085,628)	(633,773)	20.5%	(3,085,628)	-	100.0%
Professional/Contract Services	91,350	62,386	68.3%	208,334	84,893	40.7%	201,990	6,344	97.0%
Training, Travel & Membership Dues	51,809	5,252	10.1%	54,075	1,884	3.5%	51,500	2,575	95.2%
Depreciation and Amortization	-	81	0.0%	2,379	244	10.3%	2,379	-	100.0%
Liabilities, Settlements & Insurance	16,880	-	0.0%	16,880	-	0.0%	16,880	-	100.0%
Utilities	2,730	157	5.8%	2,600	73	2.8%	2,600	-	100.0%
Interdepartmental Charges	1,065,142	231,337	21.7%	2,237,427	546,484	24.4%	2,199,637	37,790	98.3%
Debt Service	-	-	0.0%	-	-	0.0%	(13,778)	13,778	0.0%
Capital Acquisitions	-	-	0.0%	62,208	-	0.0%	62,208	-	100.0%
Other Operating Transfers Out	674,580	657,201	97.4%	268,205	339,418	126.6%	353,262	(85,057)	131.7%
Total Expenses	\$ 7,243,392	\$ 2,011,309	27.8%	\$ 7,191,203	\$ 1,990,598	27.7%	\$ 7,111,190	\$ 80,013	98.9%

Revenues Less Expenditures	\$ (578,264)	\$ (873,122)		\$ (322,723)	\$ (388,148)		\$ (391,460)	\$ (68,737)	
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When examining the Fleet Services Fund-Operating Fund, we get a better sense of day-to-day operations. As of September 30, 2024, the Fleet Services Fund-Operating Fund realized revenues of **\$1.6 million** or **23.3%** of the **FY24-25** revenue budget. During the same period ending September 30, 2023, the City realized **\$1.1 million** in revenues, representing **17.1%** of the **FY23-24** revenue budget. This year-over-year increase is primarily due to continued efforts in adjusting labor rates charges citywide to cover the full costs of maintenance.

In the FY22-23 budget, labor rates were increased by 85%, then increased another 40% during the second half of FY23-24. Fleet Services has improved its financial performance by filling vacancies, which has led to an increase in billable hours and allowed the department to more effectively meet its budget. Staff will continue to monitor the department closely to assess whether labor rate adjustments are necessary. As of September 30, 2024, it is projected that revenues in the Charges for Services classification will realize a shortfall of \$80,000.

On the expenditure side, the Fleet Services Fund-Operating Fund realized expenditures of **\$2.0 million**, achieving **27.7%** of the **FY24-25** expenditure budget as of September 30, 2023. During the same period ending September 30, 2023, the City expended **\$2.0 million** or **27.8%** of the **FY23-24** expenditure budget. The overall expenditures remained relatively consistent, while **Interdepartmental Charges** and **Salaries and Employee Benefits** slightly increased, which were partially offset by decrease in **Material, Supplies & Maintenance** and **Other Operating Transfers Out** classification.

Salaries and Employee Benefits increased as the vacancy rate has improved from 8.5 FTE to 2.0 FTE as of September 31, 2023 and 2024, respectively. The increase in **Interdepartmental Charges** and decrease in **Material, Supplies & Maintenance** was primarily due to reclassification of rental charges for the fleet warehouse. **Other Operating Transfers Out** decreased due to reduced contribution to the Fleet Services Capital Fund related to the Capital Improvement Plan.

Fleet Services fund has 2.0 FTE vacancies, for which all positions are expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$93,000 in budgetary savings. Overall, the Fleet Services Fund-Operating Fund is projected to operate at a \$391,000 deficit at fiscal year-end.

Another main component of the overall Fleet Services Fund is the Fleet Services Fund-Replacement Fund which is responsible for collecting the charges assessed to departments for the replacement costs of vehicles and accounts for expenditures made to replace these vehicles.

Fleet Services Fund-Replacement Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 5,376,105	\$ 1,164,615	21.7%	\$ 6,351,216	\$ 1,813,736	28.6%	\$ 7,006,930	\$ 655,714	110.3%
Other Revenues	80,464	-	0.0%	80,464	71,410	88.7%	80,000	(464)	99.4%
Total Revenues	\$ 5,456,569	\$ 1,164,615	21.3%	\$ 6,431,680	\$ 1,885,146	29.3%	\$ 7,086,930	\$ 655,250	110.2%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 1,468,460	\$ 316,895	21.6%	\$ 1,459,637	\$ 359,131	24.6%	\$ 1,459,637	\$ -	100.0%
Capital Acquisitions	11,956,197	475,521	4.0%	25,907,433	2,767,499	10.7%	25,907,433	-	100.0%
Asset Contra Account	(11,860,792)	(475,521)	4.0%	(25,907,433)	(2,767,499)	10.7%	(25,907,433)	-	100.0%
Total Expenses	\$ 1,563,865	\$ 316,895	20.3%	\$ 1,459,637	\$ 359,131	24.6%	\$ 1,459,637	\$ -	100.0%

Revenues Less Expenditures	\$ 3,892,704	\$ 847,720		\$ 4,972,043	\$ 1,526,015		\$ 5,627,293	\$ 655,250	
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As shown in the table above, revenues collected within these sub-funds have increased relative to budget when compared to the year prior. As of September 30, 2024, a total of **\$1.9 million** or **29.3%** of **FY24-25** budgeted revenues have been collected. During the same period ending September 30, 2023, the City realized **\$1.2 million** in revenues, representing **21.3%** of the **FY23-24** revenue budget. The increase from prior year is mainly due to increased contributions from departments of \$490,000 and allocated investment earnings of \$247,000.

On the expenditure side, the Fleet Services Fund-Replacement Fund realized expenditures of **\$359,000**, achieving **24.6%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$317,000** or **20.3%** of the **FY23-24** expenditure budget. The Fleet Services Fund-Replacement Fund is projected to operate at surplus of \$5.6 million at year-end, and it is projected that \$25.9 million worth of vehicles will be purchased and capitalized for depreciation in future budget cycles.



ENTERPRISE FUNDS

First Quarter Budget Review Report

Enterprise Funds

Enterprise Funds are used to account for fee-supported business activities operated by the City. The net activity of these funds provides working capital for maintenance and betterment of the equipment and fixed assets of the business. This section of the report will cover these enterprise funds alphabetically.

Airport Fund First Quarter Results

The Airport Fund accounts for airfield operations and leasing of commercial property outside of the airfield.

Airport Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 341,485	\$ 155,761	45.6%	\$ 482,000	\$ 330,772	68.6%	\$ 793,500	\$ 311,500	164.6%
Charges for Services	16,433,244	3,751,760	22.8%	17,360,326	3,911,255	22.5%	17,326,910	(33,416)	99.8%
Other Revenues	250,000	-	0.0%	500,000	1,164,634	232.9%	1,500,000	1,000,000	300.0%
Total Revenues	\$ 17,024,729	\$ 3,907,521	23.0%	\$ 18,342,326	\$ 5,406,661	29.5%	\$ 19,620,410	\$ 1,278,084	107.0%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,449,532	\$ 333,797	23.0%	\$ 1,556,604	\$ 328,867	21.1%	\$ 1,510,394	\$ 46,210	97.0%
Materials, Supplies & Maintenance	199,928	7,158	3.6%	144,887	22,418	15.5%	144,887	-	100.0%
Professional/Contract Services	1,189,914	43,377	3.6%	1,021,300	38,214	3.7%	1,006,844	14,456	98.6%
Training, Travel & Membership Dues	10,815	10	0.1%	11,923	3,164	26.5%	11,356	567	95.2%
Depreciation and Amortization	283,250	65,145	23.0%	260,582	67,980	26.1%	260,582	-	100.0%
Utilities	207,699	41,573	20.0%	220,946	56,890	25.7%	223,434	(2,488)	101.1%
Interdepartmental Charges	601,947	139,861	23.2%	624,115	141,000	22.6%	584,395	39,720	93.6%
Bad Debts and Other Losses	15,000	-	0.0%	15,000	-	0.0%	15,000	-	100.0%
Other Operating Transfers Out	10,483,892	2,442,411	23.3%	12,602,785	4,674,405	37.1%	13,594,913	(992,128)	107.9%
Total Expenses	\$ 14,441,977	\$ 3,073,332	21.3%	\$ 16,458,142	\$ 5,332,938	32.4%	\$ 17,351,805	\$ (893,663)	105.4%

Revenues Less Expenditures	\$ 2,582,752	\$ 834,189		\$ 1,884,184	\$ 73,723		\$ 2,268,605	\$ 384,421	
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As of September 30, 2024, a total of **\$5.4 million** or **29.5%** of **FY24-25** budgeted revenues have been collected. During the same period ending September 30, 2023, the City realized **\$3.9 million** or **23.0%** of **FY23-24** budgeted revenues. Overall, it is projected that the revenue budget will operate at a surplus at year-end of \$1.3 million. This is driven by surpluses from miscellaneous revenues of \$1.0 million related to litigation reimbursements and investment earnings of \$0.3 million.

On the expenditure side, the Airport Fund realized expenditures of **\$5.3 million** or **32.4%** of the **FY24-25** budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$3.1 million** or **21.3%** of the **FY23-24** expenditure budget. The **Other Operating Transfers Out** classification is higher than the prior year due to increased litigation reimbursements received as mentioned in the Revenue section above, which led to the increase in Operating Transfers Out to General Fund as the reimbursement relates to the non-aeronautical division's

operation. Additionally, the increase in the **Other Operating Transfers Out** was also caused by the higher transfers to Airport Capital Fund projects in the current year. Overall, the Airport Fund is projected to operate at a **\$2.3 million** surplus.

The Airport Fund has 1.0 FTE vacancy for Lead Airport Worker, which is expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$46,000 in budgetary savings.

Sanitation Fund First Quarter Results

The City’s Sanitation Fund is comprised of multiple sub-funds, including the Sanitation Fund-Operating Fund and the Sanitation Fund-Vehicle Replacement Fund, and accounts for the refuse, recycling, and green waste programs as well as the maintenance and replacement of vehicles used within the Sanitation Division of the Public Works Department. This fund is supported by user fees and operating transfers from the General Fund-Operating Fund to support the senior discount program. Additionally, City Council approved a series of annual rate increases over a five-year period, and beginning July 1, 2023, fees increased by 16% and by 9% annually starting July 1, 2024 through June 2028.

Sanitation Fund Overall Revenues and Expenditures

	Prior Year FY2023-24			Current FY2024-25						
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget	
Total Revenues	\$ 16,156,401	\$ 2,503,411	15.5%	\$ 18,918,815	\$ 2,880,827	15.2%	\$ 19,682,996	\$ 764,181	104.0%	
Total Expenses	20,155,560	3,752,846	18.6%	20,062,665	3,744,392	18.7%	19,364,734	697,931	96.5%	
Revenues Less Expenditures	\$ (3,999,159)	\$ (1,249,435)		\$ (1,143,850)	\$ (863,565)		\$ 318,262	\$ 1,462,112		

As shown in the summary table above, the Sanitation Fund overall realized revenues of **\$2.9 million**, achieving **15.2%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2023, this fund realized **\$2.5 million** in revenues, representing **15.5%** of the **FY23-24** revenue budget.

On the expenditure side, the Sanitation Fund overall realized expenditures of **\$3.7 million** or **18.7%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$3.8 million** or **18.6%** of the **FY23-24** expenditure budget. Overall, it is projected that this fund will operate at a \$318,000 surplus at fiscal year-end. This will be examined in more detail in the following sections.

Sanitation Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ (20,950)	\$ (47,052)	224.6%	\$ (261,000)	\$ (90,117)	34.5%	\$ (408,350)	\$ (147,350)	156.5%
Charges for Services	13,927,864	1,970,265	14.1%	16,467,469	2,293,062	13.9%	17,535,570	1,068,101	106.5%
Other Revenues	50,000	-	0.0%	125,000	20	0.0%	-	(125,000)	0.0%
Operating Transfers In	351,768	87,942	25.0%	382,321	95,582	25.0%	382,321	-	100.0%
Total Revenues	\$ 14,308,682	\$ 2,011,155	14.1%	\$ 16,713,790	\$ 2,298,547	13.8%	\$ 17,509,541	\$ 795,751	104.8%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 4,127,511	\$ 975,829	23.6%	\$ 4,716,434	\$ 977,244	20.7%	\$ 4,336,261	\$ 380,173	91.9%
Salaries and Benefits Reimb.	-	(116)	0.0%	-	-	0.0%	-	-	0.0%
Materials, Supplies & Maintenance	3,717,132	576,951	15.5%	3,886,729	732,414	18.8%	3,883,604	3,125	99.9%
Materials Reimbursements	(50,000)	(6,515)	13.0%	(150,000)	(1,513)	1.0%	(150,000)	-	100.0%
Professional/Contract Services	4,977,374	382,513	7.7%	5,022,008	654,975	13.0%	4,782,365	239,643	95.2%
Training, Travel & Membership Dues	33,471	618	1.8%	82,300	41,567	50.5%	82,300	-	100.0%
Depreciation and Amortization	31,930	11,444	35.8%	227,337	12,637	5.6%	227,337	-	100.0%
Liabilities, Settlements & Insurance	48,083	25,715	53.5%	60,000	-	0.0%	60,000	-	100.0%
Utilities	3,990	287	7.2%	4,190	472	11.3%	3,990	200	95.2%
Interdepartmental Charges	3,272,232	816,297	24.9%	2,067,676	455,996	22.1%	1,992,886	74,790	96.4%
Debt Service	90,000	-	0.0%	90,000	-	0.0%	90,000	-	100.0%
Capital Acquisitions	-	-	0.0%	25,000	-	0.0%	25,000	-	100.0%
Asset Contra Account	-	-	0.0%	(25,000)	-	0.0%	(25,000)	-	100.0%
Bad Debts and Other Losses	98,860	97,014	98.1%	52,860	30,803	58.3%	52,860	-	100.0%
Other Operating Transfers Out	2,682,174	659,153	24.6%	3,134,975	644,250	20.6%	3,134,975	-	100.0%
Total Expenses	\$ 19,032,757	\$ 3,539,190	18.6%	\$ 19,194,509	\$ 3,548,845	18.5%	\$ 18,496,578	\$ 697,931	96.4%

Revenues Less Expenditures	\$ (4,724,075)	\$ (1,528,035)		\$ (2,480,719)	\$ (1,250,298)		\$ (987,037)	\$ 1,493,682	
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When examining the Sanitation Fund-Operating Fund, we get a better sense of the day-to-day operations. As of September 30, 2024, a total of **\$2.3 million** or **13.8%** of **FY24-25** budgeted revenues have been collected. During the same period ending September 30, 2023, the City realized **\$2.0 million** in revenues, representing **14.1%** of the **FY23-24** revenue budget. This is primarily due to the annual rate increases approved by City Council. Overall, it is projected that the revenue budget will operate at a surplus at year-end of \$0.8 million.

On the expenditure side, this fund realized expenditures of **\$3.5 million** or **18.5%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$3.5 million** or **18.6%** of the **FY23-24** expenditure budget. When examining actual year-over-year expenditures, the overall expenditures remained relatively consistent. When comparing at classification level, the **Professional/Contract Services & Utilities** classification showed increase in year-to-date actuals, which is primarily due to timing of invoice collection. On the other hand, **Interdepartmental Charges** related to self-insurance contributions decreased due to the recalculation of the Sanitation Division's contributions to the Self-Insurance Fund.

The Sanitation Fund has 3.0 FTE vacancies for Sanitation Equipment Operator, for which all positions are expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$380,000 in budgetary savings.

Overall, the Sanitation Fund’s operating fund is projected to operate at a \$1.0 million deficit. To address this operating deficit, City Council approved a series of rates increases using the Proposition 218 hearing process through June 2028 as mentioned above. The goal of these rate increases is to reverse the structural deficit and rebuild reserves to sufficient levels by June 2028.

Sanitation Fund-Vehicle Replacement Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 396,539	\$ 110,179	27.8%	\$ 555,000	\$ 207,455	37.4%	\$ 523,430	\$ (31,570)	94.3%
Operating Transfers In	1,451,180	382,077	26.3%	1,650,025	374,825	22.7%	1,650,025	-	100.0%
Total Revenues	\$ 1,847,719	\$ 492,256	26.6%	\$ 2,205,025	\$ 582,280	26.4%	\$ 2,173,455	\$ (31,570)	98.6%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 1,122,803	\$ 213,656	19.0%	\$ 868,156	\$ 195,547	22.5%	\$ 868,156	\$ -	100.0%
Capital Acquisitions	6,190,597	446,737	7.2%	9,357,966	-	0.0%	9,357,966	-	100.0%
Asset Contra Account	(6,190,597)	(446,737)	7.2%	(9,357,966)	-	0.0%	(9,357,966)	-	100.0%
Total Expenses	\$ 1,122,803	\$ 213,656	19.0%	\$ 868,156	\$ 195,547	22.5%	\$ 868,156	\$ -	100.0%
Revenues Less Expenditures	\$ 724,916	\$ 278,600		\$ 1,336,869	\$ 386,733		\$ 1,305,299	\$ (31,570)	

The Sanitation Fund-Vehicle Replacement Fund receives contributions, generally from the Sanitation Fund-Operating Fund, to purchase vehicles. It is also where current vehicles are depreciated each month. The funds transferred during FY24-25 are to fund the future purchase of vehicles through vehicle replacement charges.

As shown in the summary table above, the Sanitation Fund-Vehicle Replacement Fund realized revenues of **\$582,000** or **26.4%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2023, this fund realized **\$492,000** in revenues, representing **26.6%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized expenditures of **\$196,000** or **22.5%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$214,000** or **19.0%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by **\$1.3 million** at fiscal year-end. The projection above includes the purchase of four (4) CNG Refuse Collection Trucks as approved by Council on December 6, 2022; and four (4) CNG Refuse Collection Trucks as approved by Council on November 28, 2023; and five (5) CNG Refuse Collection Trucks as approved by Council on November 19, 2024

Sewer Fund First Quarter Results

The Sewer Fund is comprised of multiple sub-funds, including the Sewer Fund-Operating Fund and the Sewer Fund-Vehicle Replacement Fund, and accounts for sewer discharge fees received for the maintenance and capital improvement expenditures of the City’s sewer system as well as the maintenance and replacement of vehicles used within the Sewer Division of the Public Works Department. The City Council approved a series of annual sewer rate increases over a five-year period starting in January 2023 through December 2027. Additionally, this fund is supported by user fees and operating transfers from the General Fund-Operating Fund to support the senior discount program.

Sewer Fund Overall Revenues and Expenditures

	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 8,313,366	\$ 1,329,720	16.0%	\$ 8,616,082	\$ 1,530,366	17.8%	\$ 8,348,609	\$ (267,473)	96.9%
Total Expenses	6,581,954	3,257,378	49.5%	5,698,593	2,149,883	37.7%	5,377,493	321,100	94.4%
Revenues Less Expenditures	\$ 1,731,412	\$ (1,927,658)		\$ 2,917,489	\$ (619,517)		\$ 2,971,116	\$ 53,627	

As shown in the summary table above, the Sewer Fund overall realized revenues of **\$1.5 million**, achieving **17.8%** of **FY24-25** budget as of September 30, 2024. During the same period ending September 30, 2023, this fund realized **\$1.3 million** in revenues, representing **16.0%** of the **FY23-24** budget.

On the expenditure side, the Sewer Fund overall realized expenditures of **\$2.2 million** or **37.7%** of the **FY24-25** budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$3.3 million** or **49.5%** of the **FY23-24** budget. Overall, it is projected that revenues will exceed expenditures by **\$3.0 million** at fiscal year-end. This will be examined in more detail in the following sections.

Sewer Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 216,234	\$ 63,526	29.4%	\$ 590,000	\$ 151,699	25.7%	\$ 341,670	\$ (248,330)	57.9%
Charges for Services	7,495,161	1,166,044	15.6%	7,315,073	1,281,662	17.5%	7,328,800	13,727	100.2%
Other Revenues	13,556	2,157	15.9%	50,000	-	0.0%	10,000	(40,000)	20.0%
Operating Transfers In	22,212	5,553	25.0%	34,347	8,586	25.0%	34,347	-	100.0%
Total Revenues	\$ 7,747,163	\$ 1,237,280	16.0%	\$ 7,989,420	\$ 1,441,947	18.0%	\$ 7,714,817	\$ (274,603)	96.6%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,702,959	\$ 444,940	26.1%	\$ 1,956,558	\$ 429,889	22.0%	\$ 1,751,066	\$ 205,492	89.5%
Materials, Supplies & Maintenance	332,840	58,985	17.7%	348,642	61,938	17.8%	341,642	7,000	98.0%
Materials Reimbursements	-	-	0.0%	-	(341)	0.0%	(1,597)	1,597	0.0%
Professional/Contract Services	623,677	19,063	3.1%	509,250	29,762	5.8%	485,000	24,250	95.2%
Training, Travel & Membership Dues	10,447	271	2.6%	15,246	-	0.0%	14,520	726	95.2%
Depreciation and Amortization	1,127	-	0.0%	-	-	0.0%	-	-	0.0%
Utilities	68,917	16,254	23.6%	97,557	6,455	6.6%	97,557	-	100.0%
Interdepartmental Charges	736,093	195,119	26.5%	744,053	165,016	22.2%	662,018	82,035	89.0%
Capital Acquisitions	6,906	-	0.0%	25,000	-	0.0%	25,000	-	100.0%
Asset Contra Account	(4,700)	-	0.0%	(25,000)	-	0.0%	(25,000)	-	100.0%
Bad Debts and Other Losses	26,000	30,486	117.3%	20,000	10,629	53.1%	20,000	-	100.0%
Other Operating Transfers Out	2,902,588	2,469,854	85.1%	1,917,662	1,400,340	73.0%	1,917,662	-	100.0%
Total Expenses	\$ 6,406,854	\$ 3,234,972	50.5%	\$ 5,608,968	\$ 2,103,688	37.5%	\$ 5,287,868	\$ 321,100	94.3%

Revenues Less Expenditures	\$ 1,340,309	\$ (1,997,692)		\$ 2,380,452	\$ (661,741)		\$ 2,426,949	\$ 46,497	
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When examining the Sewer Fund-Operating Fund, we get a better sense of the day-to-day operations. As of September 30, 2024, a total of **\$1.4 million** or **18.0%** of **FY24-25** budgeted revenues have been collected. During the same period ending September 30, 2023, the City realized **\$1.2 million** in revenues, representing **16.0%** of the **FY23-24** revenue budget. This is primarily due to the annual rate increase approved by City Council effective January 2023 through January 2027. Overall, staff expect the total projected revenue to be lower than the budget by **\$275,000**.

On the expenditure side, this fund realized expenditures of **\$2.1 million** or **37.5%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$3.2 million** or **50.5%** of the **FY23-24** expenditure budget. When examining actual expenditures year to year, we see a decrease of \$1.1 million. This is a result of decreased transfers to the Vehicle Replacement and Capital Project Funds. Overall, the Sewer's operating fund is projected to end the year operating at a \$2.4 million surplus.

Sewer Fund-Vehicle Replacement Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 63,615	\$ 22,586	35.5%	\$ 109,000	\$ 32,856	30.1%	\$ 116,130	\$ 7,130	106.5%
Operating Transfers In	502,588	69,854	13.9%	517,662	55,563	10.7%	517,662	-	100.0%
Total Revenues	\$ 566,203	\$ 92,440	16.3%	\$ 626,662	\$ 88,419	14.1%	\$ 633,792	\$ 7,130	101.1%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 175,100	\$ 22,406	12.8%	\$ 89,625	\$ 46,195	51.5%	\$ 89,625	\$ -	100.0%
Capital Acquisitions	1,644,574	-	0.0%	4,398,355	1,338,196	30.4%	4,398,355	-	100.0%
Asset Contra Account	(1,644,574)	-	0.0%	(4,398,355)	(1,338,196)	30.4%	(4,398,355)	-	100.0%
Total Expenses	\$ 175,100	\$ 22,406	12.8%	\$ 89,625	\$ 46,195	51.5%	\$ 89,625	\$ -	100.0%

Revenues Less Expenditures	\$ 391,103	\$ 70,034		\$ 537,037	\$ 42,224		\$ 544,167	\$ 7,130	
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The Sewer Fund-Vehicle Replacement Fund receives contributions, generally from the Sewer Fund-Operating Fund, to purchase vehicles. It is also where current vehicles are depreciated each month. The funds transferred in FY24-25 will fund future vehicle replacement costs. As shown in the summary table above, the Sewer Fund-Vehicle Replacement Fund realized revenues of **\$88,000** or **14.1%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2024, this fund realized **\$92,000** in revenues, representing **16.3%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized expenditures of **\$46,000** or **51.5%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 31, 2023, the City expended **\$22,000** or **12.8%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by \$544,000 at fiscal year-end. The projection above includes the purchase of two (2) CNG Vactor Sewer Cleaner Trucks, one (1) CNG Ramjet Jet Rodder Truck and two (2) Ford F-350 Dump Trucks which were all approved by Council on December 20, 2022, and one (1) Ford F-450 Crane Truck approved by City Manager appropriation.

Transit Fund First Quarter Results

The Transit Fund is used to finance and account for the City’s fixed route transit system and Torrance Community Transit Program.

Transit Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 1,029,127	\$ 342,973	33.3%	\$ 1,718,000	\$ 547,265	31.9%	\$ 1,570,960	\$ (147,040)	91.4%
Intergovernmental	31,869,767	10,594,658	33.2%	29,545,571	6,943,746	23.5%	27,872,880	(1,672,691)	94.3%
Charges for Services	1,326,028	179,046	13.5%	940,001	312,933	33.3%	1,203,620	263,619	128.0%
Other Revenues	30,000	2,835	9.5%	30,000	115	0.4%	240	(29,760)	0.8%
Operating Transfers In	3,000,000	753,000	25.1%	3,000,000	756,000	25.2%	3,000,000	-	100.0%
Total Revenues	\$ 37,254,922	\$ 11,872,512	31.9%	\$ 35,233,572	\$ 8,560,059	24.3%	\$ 33,647,700	\$ (1,585,872)	95.5%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 22,490,772	\$ 4,247,935	18.9%	\$ 23,152,327	\$ 4,860,143	21.0%	\$ 21,749,309	\$ 1,403,018	93.9%
Materials, Supplies & Maintenance	2,653,113	667,171	25.1%	3,593,905	642,766	17.9%	3,584,508	9,397	99.7%
Materials Reimbursements	(250,000)	(7,601)	3.0%	(250,000)	(5,128)	2.1%	(250,000)	-	100.0%
Parts, Fuel & Lubricants Purchases	1,019,991	335,167	32.9%	1,811,250	310,026	17.1%	1,725,000	86,250	95.2%
Parts, Fuel & Lubricants Contra	(1,019,991)	(335,167)	32.9%	(1,811,250)	(310,026)	17.1%	(1,725,000)	(86,250)	95.2%
Professional/Contract Services	2,018,063	229,815	11.4%	2,593,196	568,924	21.9%	2,470,233	122,963	95.3%
Training, Travel & Membership Dues	159,022	11,462	7.2%	125,037	23,865	19.1%	125,037	-	100.0%
Depreciation and Amortization	4,314,089	779,294	18.1%	3,238,219	641,845	19.8%	3,238,219	-	100.0%
Liabilities, Settlements & Insurance	217,639	20,085	9.2%	217,639	-	0.0%	217,639	-	100.0%
Utilities	144,845	26,754	18.5%	233,466	55,482	23.8%	269,315	(35,849)	115.4%
Interdepartmental Charges	6,666,292	1,454,092	21.8%	7,172,359	1,704,147	23.8%	6,816,586	355,773	95.0%
Capital Acquisitions	-	-	0.0%	50,000	-	0.0%	50,000	-	100.0%
Asset Contra Account	-	-	0.0%	(50,000)	-	0.0%	(50,000)	-	100.0%
Other Operating Transfers Out	76,578	19,143	25.0%	70,154	22,858	32.6%	70,154	-	100.0%
Total Expenses	\$ 38,490,413	\$ 7,448,150	19.4%	\$ 40,146,302	\$ 8,514,902	21.2%	\$ 38,291,000	\$ 1,855,302	95.4%

Revenues Less Expenditures	\$ (1,235,491)	\$ 4,424,362		\$ (4,912,730)	\$ 45,157		\$ (4,643,300)	\$ 269,430	
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As of September 30, 2024, a total of **\$8.6 million** or **24.3%** of **FY24-25** budgeted revenues have been collected. During the same period ending September 30, 2023, the City realized **\$11.9 million** in revenues, representing **31.9%** of the **FY23-24** revenue budget. This decrease is driven by a decrease in the **Intergovernmental** classification and is partially offset by an increase in the **Charges for Services** classification. As shown above, year-to-date receipts in the **Intergovernmental** classification are down **\$3.7 million** primarily due to decreases from Measure R, Measure M, and Proposition A totaling \$3.0 million.

As of this Budget Review Report, the Transit Department has \$29.9 million in unspent Federal Transit Administration grants dating back to 2009. Additionally, the Transit Department has a total of \$75.5 million in unspent grants from other sources.

On the expenditure side, the Transit Fund realized expenditures of **\$8.5 million** or **21.2%** of the **FY24-25** budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$7.4 million** or **19.4%** of the **FY23-24** expenditure budget. This is primarily driven by an

increase in the **Salaries and Employee Benefits** classifications. The change in the Salaries and Employee Benefits classification is a result of filling **29.5** vacancies since September 30, 2023. The Transit Fund has 31.3 FTE vacancies as of September 30, 2024, for which 8.0 FTE is expected to remain unfilled by the end of the fiscal year. While the department has seen progress in filling these vacancies, it is still projected that **\$1.4 million** in salary savings will be realized at fiscal year-end. Overall, the Transit Fund is projected to end the year with a **\$4.6 million** deficit.

Water Fund First Quarter Results

The Water Fund is comprised of multiple sub-funds, including the Water Fund-Operating Fund and the Water Fund-Vehicle Replacement Fund, and accounts for water fees received to support the City’s water system as well as the maintenance and replacement of vehicles used within the Water Division of the Public Works Department. City Council approved a series of annual water rate increases over a five-year period, and the fees will increase annually by 6.5% as of January 1, 2025 and 2026, and 6% as of January 1, 2027, 2028 and 2029. As the rate increase was approved by City Council after September 30, 2024, it is not reflected in the FY24-25 projection. In addition, this fund is supported by user fees and operating transfers from the General Fund-Operating Fund to support the senior discount program.

Water Fund Overall Revenues and Expenditures

	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Realized	Amended Budget	July-Sept Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 54,827,481	\$ 9,738,331	17.8%	\$ 54,803,501	\$ 11,280,853	20.6%	\$ 56,159,573	\$ 1,356,072	102.5%
Total Expenses	56,507,977	20,937,559	37.1%	51,905,219	13,691,333	26.4%	51,912,705	(7,486)	100.0%
Revenues Less Expenditures	\$ (1,680,496)	\$ (11,199,228)		\$ 2,898,282	\$ (2,410,480)		\$ 4,246,868	\$ 1,348,586	

As shown in the summary table above, the Water Fund overall realized revenues of **\$11.3 million**, achieving **20.6%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2023, this fund realized **\$9.7 million** in revenues, representing **17.8%** of the **FY23-24** revenue budget.

On the expenditure side, the Water Fund overall realized expenditures of **\$13.7 million** or **26.4%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$20.9 million** or **37.1%** of the **FY23-24** expenditure budget. Overall, it is projected that this fund will operate at a **\$4.3 million** surplus at fiscal year-end. This will be examined in more detail in the following sections.

Water Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 1,287,643	\$ 329,862	25.6%	\$ 1,197,000	\$ 606,890	50.7%	\$ 1,503,260	\$ 306,260	125.6%
Charges for Services	53,070,586	9,291,292	17.5%	53,095,000	10,538,349	19.8%	54,142,160	1,047,160	102.0%
Other Revenues	-	13,441	0.0%	5,000	8,727	174.5%	20,000	15,000	400.0%
Operating Transfers In	12,430	3,108	25.0%	18,284	4,572	25.0%	18,284	-	100.0%
Total Revenues	\$ 54,370,659	\$ 9,637,703	17.7%	\$ 54,315,284	\$ 11,158,538	20.5%	\$ 55,683,704	\$ 1,368,420	102.5%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 5,732,781	\$ 1,194,936	20.8%	\$ 5,949,210	\$ 1,346,187	22.6%	\$ 5,495,406	\$ 453,804	92.4%
Materials, Supplies & Maintenance	1,973,066	362,671	18.4%	1,938,160	156,198	8.1%	1,904,480	33,680	98.3%
Materials Reimbursements	5,000	-	0.0%	-	(60)	0.0%	(366)	366	0.0%
Parts, Fuel & Lubricants Purchases	583,495	47,565	8.2%	612,670	100,935	16.5%	612,670	-	100.0%
Parts, Fuel & Lubricants Contra	(583,495)	(47,565)	8.2%	(612,670)	(100,935)	16.5%	(612,670)	-	100.0%
Stored Water Rights Inv. Purchases	471,699	-	0.0%	-	-	0.0%	-	-	0.0%
Stored Water Rights Contra	(471,699)	-	0.0%	-	-	0.0%	-	-	0.0%
Professional/Contract Services	1,676,431	117,000	7.0%	2,031,344	291,336	14.3%	1,937,886	93,458	95.4%
Water Supply Costs	33,350,000	8,673,975	26.0%	34,785,000	8,349,965	24.0%	35,434,467	(649,467)	101.9%
Training, Travel & Membership Dues	49,955	4,341	8.7%	52,453	583	1.1%	49,955	2,498	95.2%
Depreciation and Amortization	15,000	2,723	18.2%	12,445	2,723	21.9%	12,445	-	100.0%
Liabilities, Settlements & Insurance	91,479	16,008	17.5%	16,008	-	0.0%	16,008	-	100.0%
Utilities	164,950	32,847	19.9%	205,820	42,756	20.8%	208,223	(2,403)	101.2%
Interdepartmental Charges	2,858,400	682,394	23.9%	3,650,457	866,903	23.7%	3,598,747	51,710	98.6%
Debt Service	1,567,288	-	0.0%	644,517	-	0.0%	644,517	-	100.0%
Debt Service Reimbursements	(1,279,515)	-	0.0%	(580,744)	-	0.0%	(580,744)	-	100.0%
Capital Acquisitions	56,201	-	0.0%	110,000	-	0.0%	110,000	-	100.0%
Asset Contra Account	(56,200)	-	0.0%	(110,000)	-	0.0%	(110,000)	-	100.0%
Bad Debts and Other Losses	150,000	135,297	90.2%	150,000	8,940	6.0%	150,000	-	100.0%
Other Operating Transfers Out	10,005,676	9,685,275	96.8%	2,906,903	2,591,411	89.1%	2,898,035	8,868	99.7%
Total Expenses	\$ 56,360,512	\$ 20,907,467	37.1%	\$ 51,761,573	\$ 13,656,942	26.4%	\$ 51,769,059	\$ (7,486)	100.0%

Revenues Less Expenditures	\$ (1,989,853)	\$ (11,269,764)		\$ 2,553,711	\$ (2,498,404)		\$ 3,914,645	\$ 1,360,934	
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When examining the Water Fund-Operating Fund, we can get a better sense of the day-to-day operations. The Water Fund-Operating Fund realized revenues of **\$11.2 million** or **20.5%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2023, the City realized revenues of **\$9.6 million** or **17.7%** of the **FY23-24** revenue budget. In the **Charges for Services** classification, revenues are up \$1.2 million or 13.4% from the same period the year prior. This is primarily a result of increased potable water consumption at the Torrance Refinery (Refinery), coupled with slightly reduced consumption for reclaimed water sales. At the Refinery, consumption for potable water sales is up 49.6% while rates remain consistent with the prior year. For potable water sales (non-Refinery), the rate charged remains flat, and consumption is up 2.5% when compared to the same period the year prior. Finally, consumption for reclaimed water at the Refinery is down 12.6%; however, rates are up 11.5% partially offsetting the reduction experienced in potables sales.

On the expenditure side, this fund realized expenditures of **\$13.7 million** or **26.4%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$20.9 million** or **37.1%** of the **FY23-24** expenditure budget. This is primarily driven by decreases in the **Other Operating Transfer Out** classification. The **Operating Transfers**

Out decreased by \$7.1 million, as the prior year included transfers to the Water Capital Fund to implement an automated meter reading project.

The Water Fund has 2.0 FTE vacancies, for which all positions are expected to remain unfilled by the end of the fiscal year. Based on approved recruitment requests as of September 2024, this department is projected to generate \$454,000 in budgetary savings. Overall, the Water’s operating fund is projected to operate at a **\$3.9 million** surplus, driven by the projected increase in **Charges for Services** mainly from Refinery potable water.

Water Fund-Vehicle Replacement Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Received	Amended Budget	July-Sept Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 60,014	\$ 17,570	29.3%	\$ 84,000	\$ 31,576	37.6%	\$ 80,520	\$ (3,480)	95.9%
Operating Transfers In	396,808	83,058	20.9%	404,217	90,739	22.4%	395,349	(8,868)	97.8%
Total Revenues	\$ 456,822	\$ 100,628	22.0%	\$ 488,217	\$ 122,315	25.1%	\$ 475,869	\$ (12,348)	97.5%

Expenses	Prior Year FY2023-24			Current FY2024-25					
	Amended Budget	July-Sept Actuals	Budget Expended	Amended Budget	July-Sept Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 147,465	\$ 30,092	20.4%	\$ 143,646	\$ 34,391	23.9%	\$ 143,646	\$ -	100.0%
Capital Acquisitions	918,213	-	0.0%	774,109	-	0.0%	774,109	-	100.0%
Asset Contra Account	(918,213)	-	0.0%	(774,109)	-	0.0%	(774,109)	-	100.0%
Total Expenses	\$ 147,465	\$ 30,092	20.4%	\$ 143,646	\$ 34,391	23.9%	\$ 143,646	\$ -	100.0%

Revenues Less Expenditures	\$ 309,357	\$ 70,536		\$ 344,571	\$ 87,924		\$ 332,223	\$ (12,348)	
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The Water Fund-Vehicle Replacement Fund receives contributions, generally from the Water Fund-Operating Fund, to purchase vehicles. It is also where assets are depreciated each month. The funds transferred in FY24-25 are to fund the future purchase of vehicles through vehicle replacement charges.

As shown in the summary table above, the Water Fund-Vehicle Replacement Fund realized revenues of **\$122,000** or **25.1%** of the **FY24-25** revenue budget as of September 30, 2024. During the same period ending September 30, 2023, this fund realized **\$101,000** in revenues, representing **22.0%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized expenditures of **\$34,000** or **23.9%** of the **FY24-25** expenditure budget as of September 30, 2024. During the same period ending September 30, 2023, the City expended **\$30,000** or **20.4%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by \$332,000 at fiscal year-end. The projection above includes the purchase of two (2) Ford F-350 trucks with Pacific Body Utility Bodies as approved by Council on December 20, 2022.



FISCAL YEAR 2023-24 (UNAUDITED) RESULTS

First Quarter Budget Review Report

Fiscal Year 2023-24 (Unaudited) Results

This section provides citywide summary tables relating to FY23-24 results. The Finance Department is currently undergoing its annual financial statement audit in preparation for the publication of the Annual Report. The FY23-24 Annual Report will be available by the end of calendar year 2024.

The table below summarizes, the unaudited results for FY23-24 compared with FY22-23 for Revenues:

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
GF-Operating	\$ 271,375,162	\$ 279,771,398	103.1%	\$ 271,764,866	\$ 278,125,855	102.3%
GF-SST	17,550,521	18,064,595	102.9%	23,027,688	25,577,251	111.1%
GF-Rest&Assigned	4,509,841	4,648,221	103.1%	25,763,426	30,881,303	119.9%
GF-Unassigned	-	-	0.0%	4,802,423	4,802,423	100.0%
Total General Fund	\$ 293,435,524	\$ 302,484,214	103.1%	\$ 325,358,403	\$ 339,386,832	104.3%
Self Insurance	17,347,600	24,309,720	140.1%	20,668,500	23,070,807	111.6%
Fleet	9,628,182	25,854,359	268.5%	12,121,697	13,976,328	115.3%
Total Internal Service	\$ 26,975,782	\$ 50,164,079	186.0%	\$ 32,790,197	\$ 37,047,135	113.0%
Airport	23,364,106	23,886,882	102.2%	17,024,729	20,292,508	119.2%
Transit	45,232,700	35,962,667	79.5%	37,254,922	32,367,583	86.9%
Sanitation	15,680,878	16,649,110	106.2%	16,156,401	26,869,751	166.3%
Sewer	6,165,910	6,569,642	106.5%	8,622,923	8,050,200	93.4%
Water	52,170,884	55,377,877	106.1%	54,827,481	56,262,311	102.6%
Total Enterprise Fund	\$ 142,614,478	\$ 138,446,178	97.1%	\$ 133,886,456	\$ 143,842,353	107.4%
Total Revenues	\$ 463,025,784	\$ 491,094,471	106.1%	\$ 492,035,056	\$ 520,276,320	105.7%

The table below summarizes the unaudited results for FY23-24 compared with FY22-23 for Expenditures:

Expenses	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Expended	Amended Budget	July-June Actuals	Budget Expended
GF-Operating	\$ 265,006,259	\$ 261,591,949	98.7%	\$ 271,906,428	\$ 271,219,954	99.7%
GF-SST	17,550,521	17,550,521	100.0%	23,027,688	21,467,564	93.2%
GF-Rest&Assigned	2,305,522	299,909	13.0%	2,515,039	4,812,262	191.3%
GF-Unassigned	-	-	0.0%	-	-	0.0%
Total General Fund	\$ 284,862,302	\$ 279,442,379	98.1%	\$ 297,449,155	\$ 297,499,780	100.0%
Self Insurance	32,351,985	16,210,165	50.1%	28,494,290	20,519,641	72.0%
Fleet	1,022,157	5,270,328	515.6%	8,870,144	8,182,546	92.2%
Total Internal Service	\$ 33,374,142	\$ 21,480,493	64.4%	\$ 37,364,434	\$ 28,702,187	76.8%
Airport	24,657,035	23,675,160	96.0%	17,451,719	17,581,262	100.7%
Transit	38,373,837	28,721,634	74.8%	38,491,381	32,986,308	85.7%
Sanitation	15,936,198	14,811,383	92.9%	20,115,386	26,428,864	131.4%
Sewer	6,175,601	5,230,481	84.7%	6,851,338	6,170,049	90.1%
Water	52,114,173	47,410,975	91.0%	56,427,720	55,702,193	98.7%
Total Enterprise Fund	\$ 137,256,844	\$ 119,849,633	87.3%	\$ 139,337,544	\$ 138,868,676	99.7%
Total Expenses	\$ 455,493,288	\$ 420,772,505	92.4%	\$ 474,151,133	\$ 465,070,643	98.1%
Revenues Less Expenditures	\$ 7,532,496	\$ 70,321,966		\$ 17,883,923	\$ 55,205,677	

The table below summarizes the General Fund-Operating Fund unaudited results for FY23-24 compared with FY22-23 for Revenues and Expenditures (broken down by classification):

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
Taxes	\$ 200,180,678	\$ 202,796,702	101.3%	\$ 209,861,473	\$ 205,018,175	97.7%
Licenses, Fees and Permits	4,923,246	6,030,909	122.5%	5,773,777	5,572,251	96.5%
Fines, Forfeitures and Penalties	735,144	676,656	92.0%	760,672	727,156	95.6%
Use of Money and Property	4,200,594	4,677,227	111.3%	4,527,970	8,898,762	196.5%
Intergovernmental	559,241	521,909	93.3%	349,501	368,968	105.6%
Charges for Services	21,994,195	21,010,365	95.5%	23,965,796	25,460,614	106.2%
Other Revenues	521,598	4,638,131	889.2%	229,560	676,712	294.8%
Operating Transfers In	38,260,466	38,361,683	100.3%	26,296,117	26,367,219	100.3%
Other Financing Sources	-	1,057,816	0.0%	-	5,035,998	0.0%
Total Revenues	\$271,375,162	\$279,771,398	103.1%	\$271,764,866	\$278,125,855	102.3%

Expenses	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Expended	Amended Budget	July-June Actuals	Budget Expended
Salaries and Employee Benefits	\$ 194,373,220	\$ 181,083,668	93.2%	\$ 192,259,229	\$ 185,530,020	96.5%
Salaries and Benefits Reimb.	(51,294)	(738,235)	1439.2%	(1,446,294)	(963,531)	66.6%
Materials, Supplies & Maintenanar	12,720,243	10,964,026	86.2%	14,911,536	13,320,075	89.3%
Materials Reimbursements	(221,351)	(432,584)	195.4%	(362,751)	(324,623)	89.5%
Professional/Contract Services	12,860,105	12,132,703	94.3%	19,073,905	13,822,642	72.5%
Training, Travel & Membership I	1,355,853	1,296,268	95.6%	1,719,941	1,652,226	96.1%
Liabilities, Settlements & Insura	922,343	679,787	73.7%	186,581	148,684	79.7%
Utilities	4,804,667	4,616,160	96.1%	4,582,772	4,647,391	101.4%
Interdepartmental Charges	16,459,489	15,835,772	96.2%	19,314,421	19,134,445	99.1%
Debt Service	22,360,355	22,646,081	101.3%	22,855,281	23,578,848	103.2%
Debt Service Reimbursements	(18,337,744)	(18,337,743)	100.0%	(18,832,766)	(18,832,766)	100.0%
Capital Acquisitions	368,774	1,360,558	368.9%	829,942	5,672,519	683.5%
Asset Contra Account	-	(300,812)	0.0%	-	(740,544)	0.0%
Bad Debts and Other Losses	1,000	-	0.0%	1,000	43	4.3%
Reimbursements-Indirect Costs	(7,813,890)	(6,320,271)	80.9%	(8,557,193)	(7,901,694)	92.3%
Other Operating Transfers Out	25,204,489	37,106,571	147.2%	25,370,824	32,476,219	128.0%
Total Expenses	\$ 265,006,259	\$ 261,591,949	98.7%	\$ 271,906,428	\$ 271,219,954	99.7%
Revenues Less Expenditures	\$ 6,368,903	\$ 18,179,449		\$ (141,562)	\$ 6,905,901	

The table below summarizes the General Fund-Operating Fund unaudited results for FY23-24 compared with FY22-23 for Revenues and Expenditures (broken down by department):

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
City Council	\$ 6,000	\$ 6,210	103.5%	\$ -	\$ -	0.0%
City Manager	2,641,080	2,344,119	88.8%	2,730,496	2,130,251	78.0%
City Attorney	-	24,609	0.0%	-	-	0.0%
City Clerk	16,004	10,920	68.2%	4,430	4,291	96.9%
Finance	-	-	0.0%	-	9,390	0.0%
Community Development	9,807,883	11,025,424	112.4%	11,728,562	12,004,879	102.4%
CIT	-	-	0.0%	175,000	175,000	100.0%
General Services	907,220	981,678	108.2%	1,222,919	982,431	80.3%
Non-Departmental	227,571,879	236,517,988	103.9%	224,375,640	229,709,686	102.4%
Police	9,057,157	9,336,197	103.1%	9,568,102	9,511,155	99.4%
Fire	11,280,018	10,545,122	93.5%	12,118,811	12,929,835	106.7%
Public Works	3,796,368	3,729,702	98.2%	4,525,325	4,551,487	100.6%
Community Services	6,291,553	5,249,429	83.4%	5,315,581	6,117,449	115.1%
Total Revenues	\$271,375,162	\$279,771,398	103.1%	\$271,764,866	\$278,125,854	102.3%

Expenses	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Expended	Amended Budget	July-June Actuals	Budget Expended
City Council	\$ 464,713	\$ 485,730	104.5%	\$ 621,134	\$ 528,700	85.1%
City Manager	6,165,100	6,338,430	102.8%	6,585,668	6,179,282	93.8%
City Attorney	2,815,838	2,796,410	99.3%	3,133,064	2,985,977	95.3%
City Clerk	1,102,135	877,876	79.7%	1,389,558	1,349,619	97.1%
City Treasurer	364,841	338,794	92.9%	366,088	343,136	93.7%
Finance	5,989,884	5,389,530	90.0%	6,251,439	5,645,754	90.3%
Human Resources	2,192,036	2,110,570	96.3%	2,494,941	2,387,931	95.7%
Civil Service	629,901	737,818	117.1%	1,038,510	1,013,371	97.6%
Community Development	9,815,615	8,341,425	85.0%	9,815,788	8,639,775	88.0%
CIT	9,084,137	7,486,252	82.4%	8,741,967	7,496,901	85.8%
General Services	10,442,460	9,456,227	90.6%	10,846,593	10,006,878	92.3%
Non-Departmental	20,553,902	36,248,874	176.4%	21,807,177	34,503,838	158.2%
Police	93,794,113	86,678,251	92.4%	95,529,919	87,910,845	92.0%
Fire	59,097,842	56,677,235	95.9%	59,354,384	60,478,362	101.9%
Public Works	18,179,445	16,270,511	89.5%	19,689,161	18,570,272	94.3%
Community Services	24,314,298	21,358,015	87.8%	24,241,037	23,179,315	95.6%
Total Expenses	\$ 265,006,260	\$ 261,591,948	98.7%	\$ 271,906,428	\$ 271,219,956	99.7%

Revenues Less Expenditures	\$ 6,368,902	\$ 18,179,450		\$ (141,562)	\$ 6,905,898	
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The table below summarizes the General Fund-Operating Fund unaudited results for FY23-24 compared with FY22-23 for Tax Revenues:

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
Business License Tax	\$ 8,837,266	\$ 10,067,200	113.9%	\$ 10,197,549	\$ 10,763,541	105.6%
Construction Tax	1,745,904	1,082,781	62.0%	2,033,484	1,308,065	64.3%
Franchise Taxes	9,328,324	10,750,647	115.2%	9,831,080	12,045,565	122.5%
Occupancy Tax	12,601,755	12,058,112	95.7%	13,126,729	12,580,760	95.8%
Oil Severance Tax	5,857	6,675	114.0%	14,041	4,998	35.6%
Property Taxes	44,427,885	44,156,785	99.4%	47,137,917	46,285,305	98.2%
Real Prop Transfer Tax	1,469,471	943,943	64.2%	828,540	911,613	110.0%
Sales and Use Tax	63,940,625	62,610,106	97.9%	64,400,972	61,931,074	96.2%
Utility Users Tax	41,207,940	44,115,724	107.1%	44,465,104	41,289,435	92.9%
VLF Swap & Repayment	16,615,651	17,004,729	102.3%	17,826,057	17,897,819	100.4%
Total Revenues	\$200,180,678	\$202,796,702	101.3%	\$209,861,473	\$205,018,175	97.7%

The table below summarizes for the General Fund-Operating Fund the unaudited results for FY23-24 compared with FY22-23 for Utility Users Tax Revenues:

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
Cable	\$ 2,258,709	\$ 1,666,102	73.8%	\$ 1,575,385	\$ 1,440,882	91.5%
Cellular	1,219,291	1,245,623	102.2%	1,296,803	2,014,882	155.4%
Electricity	19,855,858	20,215,594	101.8%	20,912,992	21,800,381	104.2%
Gas	5,013,915	5,757,504	114.8%	5,401,540	4,771,722	88.3%
Refinery: Co-Gen	530,230	856,944	161.6%	757,698	605,914	80.0%
Refinery: Gas	6,537,410	8,295,360	126.9%	8,304,467	4,532,115	54.6%
Telecom	2,198,935	2,472,785	112.5%	2,052,774	2,364,045	115.2%
Water	3,593,592	3,605,812	100.3%	4,163,445	3,759,495	90.3%
Total Revenues	\$ 41,207,940	\$ 44,115,724	107.1%	\$ 44,465,104	\$ 41,289,436	92.9%

The table below summarizes for the General Fund-Operating Fund the unaudited results for FY23-24 compared with FY22-23 for Charges for Services Revenues:

Revenues	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Received	Amended Budget	July-June Actuals	Budget Received
City Manager	\$ 888,099	\$ 806,164	90.8%	\$ 846,330	\$ 696,740	82.3%
City Clerk	16,004	10,815	67.6%	4,430	4,186	94.5%
Finance	-	-	0.0%	-	9,390	0.0%
Community Development	5,316,824	5,730,923	107.8%	6,474,902	7,011,427	108.3%
General Services	907,220	981,678	108.2%	1,222,919	982,431	80.3%
Non-Departmental	22,175	15,389	69.4%	14,899	19,282	129.4%
Police	247,341	304,754	123.2%	539,468	368,818	68.4%
Fire	9,312,233	8,513,144	91.4%	10,084,175	10,846,381	107.6%
Public Works	268,044	230,762	86.1%	242,177	252,073	104.1%
Community Services	5,016,255	4,416,736	88.0%	4,536,496	5,269,886	116.2%
Total Revenues	\$ 21,994,195	\$ 21,010,365	95.5%	\$ 23,965,796	\$ 25,460,614	106.2%

The table below summarizes the General Fund-Operating Fund unaudited results for FY23-24 compared with FY22-23 for **Salaries and Employee Benefits** Expenditures broken down by Department:

Expenses	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Expended	Amended Budget	July-June Actuals	Budget Expended
City Council	\$ 93,497	\$ 152,330	162.9%	\$ 198,102	\$ 181,082	91.4%
City Manager	4,835,342	4,917,649	101.7%	4,924,703	4,567,975	92.8%
City Attorney	2,498,585	2,436,514	97.5%	2,652,979	2,623,689	98.9%
City Clerk	942,396	871,566	92.5%	943,350	950,271	100.7%
City Treasurer	281,782	262,000	93.0%	318,742	312,521	98.0%
Finance	4,521,806	3,844,220	85.0%	4,297,541	3,999,138	93.1%
Human Resources	1,474,767	1,376,018	93.3%	1,469,752	1,395,430	94.9%
Civil Service	506,633	562,970	111.1%	593,066	598,654	100.9%
Community Development	8,728,520	7,362,504	84.3%	8,550,048	7,698,121	90.0%
CIT	6,279,206	5,235,686	83.4%	5,972,691	5,239,041	87.7%
General Services	6,772,903	6,053,965	89.4%	6,754,045	6,126,049	90.7%
Non-Departmental	199,717	92,273	46.2%	199,717	130,040	65.1%
Police	82,709,949	75,842,122	91.7%	78,986,468	75,031,126	95.0%
Fire	49,759,228	49,210,686	98.9%	50,192,578	51,902,504	103.4%
Public Works	8,522,389	8,265,567	97.0%	8,775,992	8,595,618	97.9%
Community Services	16,195,206	13,859,364	85.6%	15,983,162	15,215,230	95.2%
Total Expenses	\$194,321,926	\$180,345,434	92.8%	\$190,812,936	\$184,566,489	96.7%

The table below summarizes the General Fund-Operating Fund unaudited results for FY23-24 compared with FY22-23 for **Materials (non-wage)** Expenditures broken down by Department:

Expenses	Prior Year FY2022-23			Prior Year FY2023-24		
	Amended Budget	July-June Actuals	Budget Expended	Amended Budget	July-June Actuals	Budget Expended
City Council	\$ 371,216	\$ 333,400	89.8%	\$ 423,032	\$ 347,617	82.2%
City Manager	1,329,758	1,420,781	106.8%	1,660,965	1,611,307	97.0%
City Attorney	317,253	359,896	113.4%	480,085	362,289	75.5%
City Clerk	159,739	6,311	4.0%	446,208	399,348	89.5%
City Treasurer	83,059	76,793	92.5%	47,346	30,615	64.7%
Finance	1,468,078	1,545,309	105.3%	1,953,898	1,646,617	84.3%
Human Resources	717,269	734,553	102.4%	1,025,189	992,502	96.8%
Civil Service	123,268	174,848	141.8%	445,444	414,716	93.1%
Community Development	1,087,095	978,921	90.0%	1,265,740	941,654	74.4%
CIT	2,804,931	2,250,566	80.2%	2,769,276	2,257,860	81.5%
General Services	3,669,557	3,402,263	92.7%	4,092,548	3,880,829	94.8%
Non-Departmental	20,354,185	36,156,602	177.6%	21,607,460	34,373,797	159.1%
Police	11,084,164	10,836,129	97.8%	16,543,451	12,879,718	77.9%
Fire	9,338,614	7,466,550	80.0%	9,161,806	8,575,858	93.6%
Public Works	9,657,056	8,004,943	82.9%	10,913,169	9,974,653	91.4%
Community Services	8,119,092	7,498,651	92.4%	8,257,875	7,964,085	96.4%
Total Expenses	\$ 70,684,334	\$ 81,246,516	114.9%	\$ 81,093,492	\$ 86,653,465	106.9%