

MID-YEAR BUDGET REVIEW REPORT

FY 2024 - 2025



SEE WHAT
TORRANCE IS DOING



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EXECUTIVE SUMMARY

Mid-Year Budget Review Report

Executive Summary

Introduction

The purpose of the Fiscal Year 2024-25 Mid-Year 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 through the first six months of the fiscal year ending December 31, 2024. This report also provides an update on reserve balances, projected year-end figures, and a summary of economic trends.

The City published its audited financial statements in December 2024, which included an unassigned fund balance (reserves) of \$78.7 million and a California Employers’ Pension Prefunding Trust (CEPPT) Section 115 Trust fund balance of \$27.8 million. Including the projected results in the Fiscal Year 2024-25 Mid-Year Budget Review Report, it is anticipated that the City’s unassigned fund balance (reserves) will climb to \$81.1 million and the City’s CEPPT Fund will end the year at \$38.4 million. The City’s CEPPT Fund can be leveraged to offset future pension costs for the City while the City’s unassigned fund balance can be utilized for any purpose, including economic downturns. The City’s audited Unassigned fund balance for Fiscal Year 2023-24 translates to a 31.7% reserve ratio, which will be reflected in the City’s Financial Key Performance Indicators. These balances provide the City with flexibility to address fluctuations in the economy and to address the City’s current net pension liability and OPEB liability balances of \$250.5 million and \$61.7 million, respectively. 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.

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.

Mid-Year Results – Citywide Revenues (All Major Funds)

As of December 31, 2024, City-wide revenues across all funds, including the General Fund, Internal Service Funds, and Enterprise Funds, totaled \$223.6 million, achieving 44.4% of the FY24-25 revenue budget. In comparison, during the same period ending December 31, 2023, the City realized \$210.9 million in revenues, representing 42.9% 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 FY23-24			Current Year FY24-25				
	Amended Budget	July-December Actuals	% Budget Received	Amended Budget	July-December Actuals	% Budget Received	Annual Projected Total	Projected Surplus/(Deficit)
GF-Operating	\$ 271,689,666	\$ 95,166,859	35.0%	\$ 287,065,655	\$ 109,420,973	38.1%	\$ 286,065,425	\$ (1,000,230)
GF-SST	23,027,688	8,383,886	36.4%	25,167,266	8,347,898	33.2%	25,466,625	299,359
GF-Rest&Assigned	25,763,426	25,195,349	97.8%	13,240,830	13,860,066	104.7%	14,083,101	842,271
GF-Unassigned	4,802,423	2,401,212	50.0%	5,000,000	5,000,000	100.0%	5,000,000	-
Total General Fund	\$ 325,283,203	\$ 131,147,306	40.3%	\$ 330,473,751	\$ 136,628,937	41.3%	\$ 330,615,151	\$ 141,400
Self Insurance	20,668,500	10,723,856	51.9%	23,659,000	11,833,072	50.0%	23,657,220	(1,780)
Fleet	12,121,697	5,149,764	42.5%	13,339,999	6,466,194	48.5%	13,100,140	(239,859)
Total Internal Service	\$ 32,790,197	\$ 15,873,620	48.4%	\$ 36,998,999	\$ 18,299,266	49.5%	\$ 36,757,360	\$ (241,639)
Airport	17,024,729	8,806,005	51.7%	18,342,326	11,291,906	61.6%	21,567,250	3,224,924
Transit	37,254,922	22,338,745	60.0%	35,233,572	18,867,178	53.5%	33,537,760	(1,695,812)
Sanitation	16,156,401	6,610,318	40.9%	18,918,815	7,628,936	40.3%	20,373,226	1,454,411
Sewer	8,622,923	3,432,521	39.8%	8,616,082	3,597,715	41.8%	8,473,369	(142,713)
Water	54,827,481	22,732,767	41.5%	54,803,501	27,252,722	49.7%	64,112,907	9,309,406
Total Enterprise Fund	\$ 133,886,456	\$ 63,920,356	47.7%	\$ 135,914,296	\$ 68,638,457	50.5%	\$ 148,064,512	\$ 12,150,216
Total Revenues	\$ 491,959,856	\$ 210,941,282	42.9%	\$ 503,387,046	\$ 223,566,660	44.4%	\$ 515,437,023	\$ 12,049,977

Mid-Year Results – Citywide Expenditures (All Major Funds)

As of December 31, 2024, across all major funds, the City realized expenditures of \$254.7 million, achieving 51.8% of the FY24-25 citywide expenditure budget. During the same period ending December 31, 2023, the City expended \$233.6 million or 49.4% 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 FY23-24			Current Year FY24-25					Projected Net Surplus/(Deficit)
	Amended Budget	July-December Actuals	% Budget Expended	Amended Budget	July-December Actuals	% Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	
GF-Operating	\$ 271,900,152	\$ 139,816,261	51.4%	\$ 287,514,706	\$ 148,840,929	51.8%	\$ 282,760,773	\$ 4,753,933	\$ 3,304,652
GF-SST	23,027,688	12,714,885	55.2%	27,495,124	19,861,879	72.2%	26,422,215	1,072,909	(955,590)
GF-Rest&Assigned	1,842,085	67,208	3.6%	1,843,704	639,895	34.7%	1,787,078	56,626	12,296,023
GF-Unassigned	-	-	0.0%	5,000,000	5,000,000	100.0%	5,000,000	-	-
Total General Fund	\$ 296,769,925	\$ 152,598,354	51.4%	\$ 321,853,534	\$ 174,342,703	54.2%	\$ 315,970,066	\$ 5,883,468	\$ 14,645,085
Self Insurance	28,494,290	10,300,161	36.1%	23,514,888	10,174,875	43.3%	22,399,180	1,115,708	\$ 1,258,040
Fleet	8,954,537	4,067,327	45.4%	8,940,680	4,448,582	49.8%	8,720,699	219,981	4,379,441
Total Internal Service	\$ 37,448,827	\$ 14,367,488	38.4%	\$ 32,455,568	\$ 14,623,457	45.1%	\$ 31,119,879	\$ 1,335,689	\$ 5,637,481
Airport	17,010,181	7,170,128	42.2%	17,958,142	10,264,515	57.2%	19,036,362	(1,078,220)	\$ 2,530,888
Transit	38,491,434	15,656,809	40.7%	41,472,492	18,323,958	44.2%	39,084,355	2,388,137	(5,546,595)
Sanitation	20,155,560	8,157,469	40.5%	20,062,665	7,839,750	39.1%	18,883,590	1,179,075	1,489,636
Sewer	6,891,511	4,504,853	65.4%	5,823,593	3,082,699	52.9%	5,545,203	278,390	2,928,166
Water	56,508,067	31,109,959	55.1%	51,905,219	26,267,502	50.6%	53,669,071	(1,763,852)	10,443,836
Total Enterprise Fund	\$ 139,056,753	\$ 66,599,218	47.9%	\$ 137,222,111	\$ 65,778,424	47.9%	\$ 136,218,581	\$ 1,003,530	\$ 11,845,931
Total Expenses	\$ 473,275,505	\$ 233,565,060	49.4%	\$ 491,531,213	\$ 254,744,584	51.8%	\$ 483,308,525	\$ 8,222,688	\$ 32,128,498
Revenues Less Expenditures	\$ 18,684,351	\$ (22,623,778)		\$ 11,855,833	\$ (31,177,924)		\$ 32,128,498	\$ 20,272,665	

As shown under the “**Projected Net 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 **\$3.3 million**, primarily driven by vacancies. 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 **\$1.0 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 **\$12.3 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 **Self-Insurance Fund** will operate at a projected surplus of **\$1.3 million** due to a decrease in projected expenditures related to liabilities and settlements.
- The **Fleet Services Fund** will operate at a **\$4.4 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 **\$11.8 million** overall, led by the Water Fund, Sewer Fund, Airport Fund, and Sanitation 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 89.3% of the General Fund budget and 58.5% 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.

Mid-Year Results – General Fund-Operating Fund

General Fund-Operating Fund Revenues and Expenditures

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 271,689,666	\$ 95,166,859	35.0%	\$ 287,065,655	\$ 109,420,973	38.1%	\$ 286,065,425	\$ (1,000,230)	99.7%
Total Expenses	271,900,152	139,816,261	51.4%	287,514,706	148,840,929	51.8%	282,760,773	4,753,933	98.3%
Rev. Less Exp.	\$ (210,486)	\$ (44,649,402)		\$ (449,051)	\$ (39,419,956)		\$ 3,304,652	\$ 3,753,703	

As of December 31, 2024, the General Fund-Operating Fund realized revenues of **\$109.4 million**, achieving **38.1%** of the **FY24-25** revenue budget. During the same period in the prior year, the fund realized **\$95.2 million** in revenues, representing **35.0%** of the **FY23-24** revenue budget. As shown in the table above, the General Fund-Operating Fund’s FY24-25 revenue budget is projected to operate at a deficit of **\$1.0 million**, mainly driven by decreases in Utility Users Tax and Charges for Services from various plan check fees and inspection fees, partially offset by expected increase in transfers from the Airport Fund’s non-aeronautical (land leases) division.

The General Fund-Operating Fund realized expenditures of \$148.8 million, achieving 51.8% of the FY24-25 expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the fund expended \$139.8 million or 51.4% of the FY23-24 expenditure budget. Currently, it is projected that expenditures will fall below budget by **\$4.8 million** at the end of the fiscal year. This is primarily the result of departmental vacancies across the General Fund. As of December 31, 2024, the General Fund had 154.1 FTE vacant positions. While this represents a decrease of 5.0 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 **\$3.3 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 Mid-Year do not provide a “clear” representation of projected fiscal year-end results since most of these are not received until the third quarter 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 209,861,473	\$ 66,773,099	31.8%	\$ 214,595,854	\$ 69,352,398	32.3%	\$ 213,371,505	\$ (1,224,349)	99.4%
Licenses, Fees and Permits	5,773,777	2,534,971	43.9%	5,429,133	3,252,123	59.9%	6,001,320	572,187	110.5%
Fines, Forfeitures and Penalties	760,672	227,119	29.9%	642,774	333,158	51.8%	712,510	69,736	110.8%
Use of Money and Property	4,527,970	3,261,475	72.0%	7,154,388	3,627,392	50.7%	6,614,040	(540,348)	92.4%
Intergovernmental	349,501	32,342	9.3%	490,127	45,357	9.3%	327,950	(162,177)	66.9%
Charges for Services	23,910,796	10,517,597	44.0%	25,217,466	11,927,104	47.3%	24,332,220	(885,246)	96.5%
Other Revenues	209,360	219,846	105.0%	319,604	86,858	27.2%	203,240	(116,364)	63.6%
Operating Transfers In	26,296,117	11,600,410	44.1%	33,216,309	20,796,583	62.6%	34,502,640	1,286,331	103.9%
Total Revenues	\$ 271,689,666	\$ 95,166,859	35.0%	\$ 287,065,655	\$ 109,420,973	38.1%	\$ 286,065,425	\$ (1,000,230)	99.7%

Sales and Use Tax

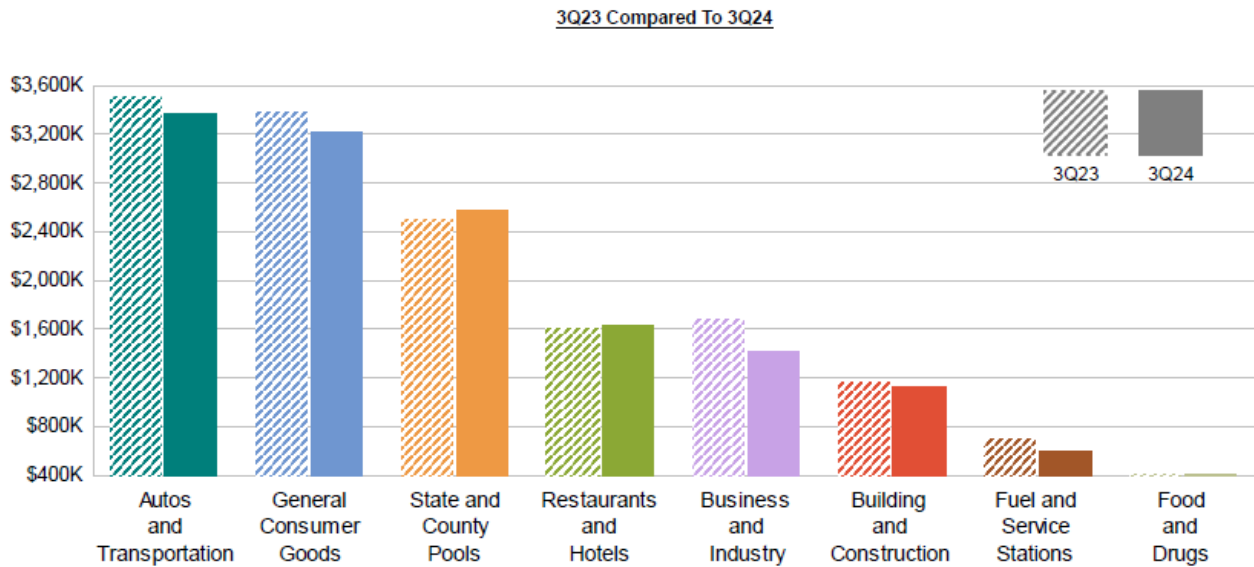
Sales and Use Tax (**sales tax**) receipts of \$19.3 million through the second fiscal quarter are tracking below prior year actuals by \$1.2 million or 5.9% lower. After the 2020 pandemic, sales tax receipts peaked in FY2021-22 at \$63.6 million, fell to \$62.6 million in FY22-23, \$61.9 million in FY23-24, and are projected to generate \$61.5 million in FY24-25. This forecast projects a decreasing trend, with a decrease of 0.6% from prior-year actuals and a 1.6% decrease below budgeted figures in the current fiscal year.

With sales tax revenues trending downward, staff continue to be cautious with economic forecasts. In January 2025, the Federal Reserve (Fed) maintained the Federal Funds Rate at a range of 4.25% - 4.50%. 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 State and County Pools and Restaurants and Hotels sectors remained a bright spot in the economy and 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 December 31, 2024, property tax receipts of \$20.9 million are tracking \$1.2 million higher, or 6.1%, 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 December 2024 (2024 Q4), the median sales price of a detached single-family residential (SFR) home in Torrance was \$1,205,000, a 5.0% increase from the same period in 2023 (Q4), and a 7.3% decrease from \$1,300,000 from the third calendar quarter of 2024 (Q3). 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 - 12/31/2024)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2022 Q1	165	\$1,311,447	\$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	143	\$1,352,678	\$1,218,000	6.14%
2024 Q2	193	\$1,373,191	\$1,275,000	4.68%
2024 Q3	160	\$1,331,466	\$1,300,000	1.96%
2024 Q4	171	\$1,303,491	\$1,205,000	-7.31%

Source: HdL Companies

Utility Users' Tax

Utility users' tax (UUT) receipts of \$18.6 million translate to a 6.5% increase from the prior year. Cellular, electricity, gas, and water experienced an increase from the prior year, while cable and telecom experienced a slight decrease. The Torrance Refinery experienced a decrease in gas as production continues to normalize following planned maintenance in the second fiscal quarter of 2024. Presently, the City projects that total year-end UUT revenue will fall short of budget by approximately \$2.5 million or 5.4%, primarily due to the projected deficit in the natural gas consumption at the Refinery.

Other Major Revenue Sources

Other major revenue sources of the General Fund-Operating Fund include **Business License Tax** and **Occupancy Tax**. As of December 31, 2024, **Business License Tax** receipts are higher than the prior year by \$763,000 and are expected to be within the budget by 1.0% at year-end. Moreover, the City's **Occupancy Tax** receipts have decreased by \$89,000 compared to December 31, 2023. Based on the latest information from data and analytics company STR, LLC, the City's occupancy rate for the twelve months ending December 2024 increased from 81.2% in 2023 to 81.7% in 2024. Additionally, the average daily rate per room increased by \$4.24 or 2.6% 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 December 31, 2024, the General Fund-Operating Fund’s expenditures increased by **\$9.0 million** or **6.5%** 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 partially 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-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 580,611	\$ 254,355	43.8%	\$ 577,734	\$ 255,477	44.2%	\$ 554,159	\$ 23,575	95.9%
City Manager	6,677,469	3,067,980	45.9%	7,736,510	3,382,876	43.7%	7,490,206	246,304	96.8%
City Attorney	3,108,064	1,465,612	47.2%	3,397,091	1,458,560	42.9%	3,146,491	250,600	92.6%
City Clerk	1,359,558	553,226	40.7%	1,664,355	557,825	33.5%	1,499,150	165,205	90.1%
City Treasurer	343,088	179,831	52.4%	483,686	187,134	38.7%	452,822	30,864	93.6%
Finance	6,251,439	2,615,848	41.8%	6,263,088	2,723,356	43.5%	6,121,791	141,297	97.7%
Human Resources	2,381,441	1,085,238	45.6%	3,244,183	1,387,514	42.8%	3,068,108	176,075	94.6%
Civil Service	1,035,845	482,380	46.6%	1,144,051	422,327	36.9%	1,043,053	100,998	91.2%
Community Development	9,815,788	4,329,726	44.1%	10,600,313	4,928,500	46.5%	10,103,669	496,644	95.3%
CIT	8,782,395	4,058,855	46.2%	9,400,911	4,308,467	45.8%	8,993,544	407,367	95.7%
General Services	10,493,231	4,664,661	44.5%	12,000,152	5,849,911	48.7%	11,668,025	332,127	97.2%
Non-Departmental	22,384,648	25,697,771	114.8%	12,064,204	17,826,402	147.8%	12,962,403	(898,199)	107.4%
Police	95,424,934	42,843,698	44.9%	101,934,294	50,523,060	49.6%	100,777,674	1,156,620	98.9%
Fire	59,352,214	28,783,050	48.5%	69,315,045	33,989,198	49.0%	68,326,434	988,611	98.6%
Public Works	19,315,737	8,535,313	44.2%	21,111,493	9,145,550	43.3%	20,736,213	375,280	98.2%
Community Services	24,593,691	11,198,719	45.5%	26,577,596	11,894,772	44.8%	25,817,033	760,563	97.1%
Total Expenses	\$ 271,900,153	\$ 139,816,263	51.4%	\$ 287,514,706	\$ 148,840,929	51.8%	\$ 282,760,775	\$ 4,753,931	98.3%

As shown in the table above, most departments are expected to remain within budget with the General Fund-Operating Fund projected to operate at a surplus of \$4.8 million by fiscal year-end. This is primarily the result of departmental vacancies across the General Fund. As of December 31, 2024, the General Fund had 154.1 FTE vacant positions. While this represents a decrease of 5.0 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				
	Non-Major				Total	General Fund	Non-Major Governmental Funds	Enterprise Fund	Internal Service Fund	Total
	General Fund	Governmental Funds	Enterprise Fund	Internal Service						
CIT	8.0	-	-	-	8.0	1,096,390	-	-	-	1,096,390
City Attorney	2.0	-	-	-	2.0	264,891	-	-	-	264,891
City Clerk	2.0	-	-	-	2.0	178,879	-	-	-	178,879
City Manager	6.6	-	-	-	6.6	537,687	-	-	-	537,687
Community Development	5.5	0.5	-	-	6.0	592,571	64,371	-	-	656,942
Community Services	12.0	-	-	-	12.0	1,182,556	-	-	-	1,182,556
Finance	3.0	-	-	1.0	4.0	478,525	-	-	92,951	571,476
Fire	15.5	-	-	-	15.5	3,348,635	-	-	-	3,348,635
General Services	5.0	-	2.5	2.5	10.0	556,725	-	248,096	336,792	1,141,613
Human Resources	1.0	-	-	-	1.0	81,079	-	-	-	81,079
Police	72.0	-	-	-	72.0	13,312,291	-	-	-	13,312,291
Public Works	21.5	-	10.5	-	32.0	2,024,277	-	1,243,536	-	3,267,814
Transit	-	-	27.3	-	27.3	-	-	2,494,259	-	2,494,259
Total	154.1	0.5	40.3	3.5	198.4	\$ 23,654,505	\$ 64,371	\$ 3,985,891	\$ 429,744	\$ 28,134,511

The table above shows a summary of departmental vacancies as of December 31, 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 \$52.1 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, this fund was **underfunded by approximately \$52.1 million**. This is driven by existing outstanding liabilities in workers’ compensation totaling \$52.7 million and liability claims of \$14.8 million. This fund shows slight improvement when comparing to the underfunded balance of \$54.0 million as of June 30, 2023.

As of December 31, 2024, the cash balance in this fund stands at only \$21.4 million, and the Self-Insurance Fund is approximately 29.5% 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 December 31, 2024 and highlights the fund categories that are relatively low for operations of their sizes.

Fund Category	End Cash Balance		Example Funds
		Q2 FY2024-25	
Enterprise Funds	\$	119,178,730	Airport; Sanitation; Sewer; Water; Transit
Nonmajor Governmental Funds		79,321,514	Measure M; Prop A; Prop C; Measure W; Gas Tax
General Fund		43,069,037	
Internal Svc - Self-Insurance Fund		21,397,105	
Internal Svc - Fleet Services Fund		34,556,351	
Fiduciary Funds		9,915,340	INSB; Area G; Low Mod/RDA/Succesor
Capital Improvement Fund		23,060,738	General Fund CIP
Internal Svc - OPEB Fund		5,292,708	
Total	\$	335,791,523	

As shown above, the City’s General Fund only sits at a cash balance of \$43.1 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 12.8% of all cash on hand, while the total General Fund expenditure budget represents 65.5% 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 December 31, 2024, 241 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. As a result of this Pilot program, 128 Police Officers and 14 Public Safety Dispatchers have been placed on eligibility lists for department hiring.

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 six-month period ending December 31, 2024, there have been 30 retirements and 44 voluntary resignations, compared to 20 and 44 during the prior year, respectively.

	FY20-21	FY21-22	FY22-23	FY23-24	6 Months of FY24-25
Retirement	57	72	59	33	30
Voluntary Resignation	42	133	121	96	44
Departure or Death	11	13	21	18	10
Total	110	218	201	147	84

Expiring Labor Agreements

The City's agreements with the various labor groups follow different terms. Below is a table that summarizes the 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	Settled
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)	6/30/2028	Settled
Torrance Recurrent Recreational Employees Organization (TRREO)	6/30/2028	Settled

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 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 largely determined by the U.S. Federal Reserve System (Fed) from which fixed income instrument, loan, mortgage, and credit card rates are based. Typically, a higher federal funds rate incentivizes saving while a lower rate incentivizes spending and borrowing. For city governments, a lower federal funds rate—coupled with a low inflation rate—could mean increased tax revenues from economic growth as well as more affordable borrowing for critical projects.

The Fed significantly raised the federal funds rate between March 2022 and July 2023, aiming to reduce post-pandemic inflation by incentivizing saving rather than spending. Since inflation successfully began to fall, the Fed maintained its 5.25% - 5.50% target federal funds rate until September 2024, at which point it began to slightly lower the target rate. The Fed has followed with two more rate cuts in November and December 2024 but signaled no urgency for further reductions, citing a strong job market and lingering inflation. The Fed's three most recent target federal funds rate actions are summarized below:

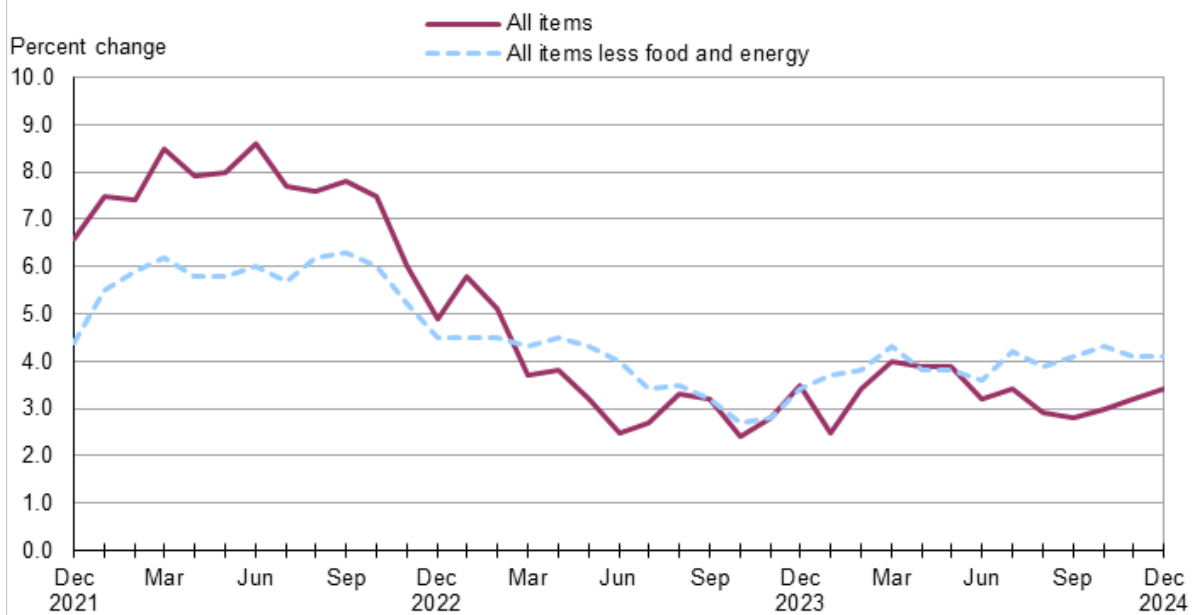
Federal Reserve Meeting	Action Taken	Target Fed Fund Rate
December 19, 2024	-25 basis points	4.25% - 4.50%
November 8, 2024	-25 basis points	4.50% - 4.75%
September 19, 2024	- 50 basis points	4.75% - 5.00%

Consumer Price Index (CPI) and Inflation

The Consumer Price Index (CPI) tracks changes in the average prices of consumer goods and services. Annualized percent changes in CPI reflect a measure of inflation. The U.S. Federal Reserve System (Fed) has a target inflation rate of 2%. Inflation that is substantially higher or lower reflects unstable prices that make financial planning more difficult and often hinders economic growth.

The chart below shows inflation for the local region using CPI-U, CPI for All Urban Consumers. As shown below, inflation climbed to a peak of 8.6% in June 2022, but federal funds target rate increases helped move inflation down to 2.8% by September 2024. Inflation has slightly increased to 3.4% since, however, the Federal Reserve System believes their dual mandates of achieving maximum employment and stable prices are nevertheless roughly balanced for now.

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

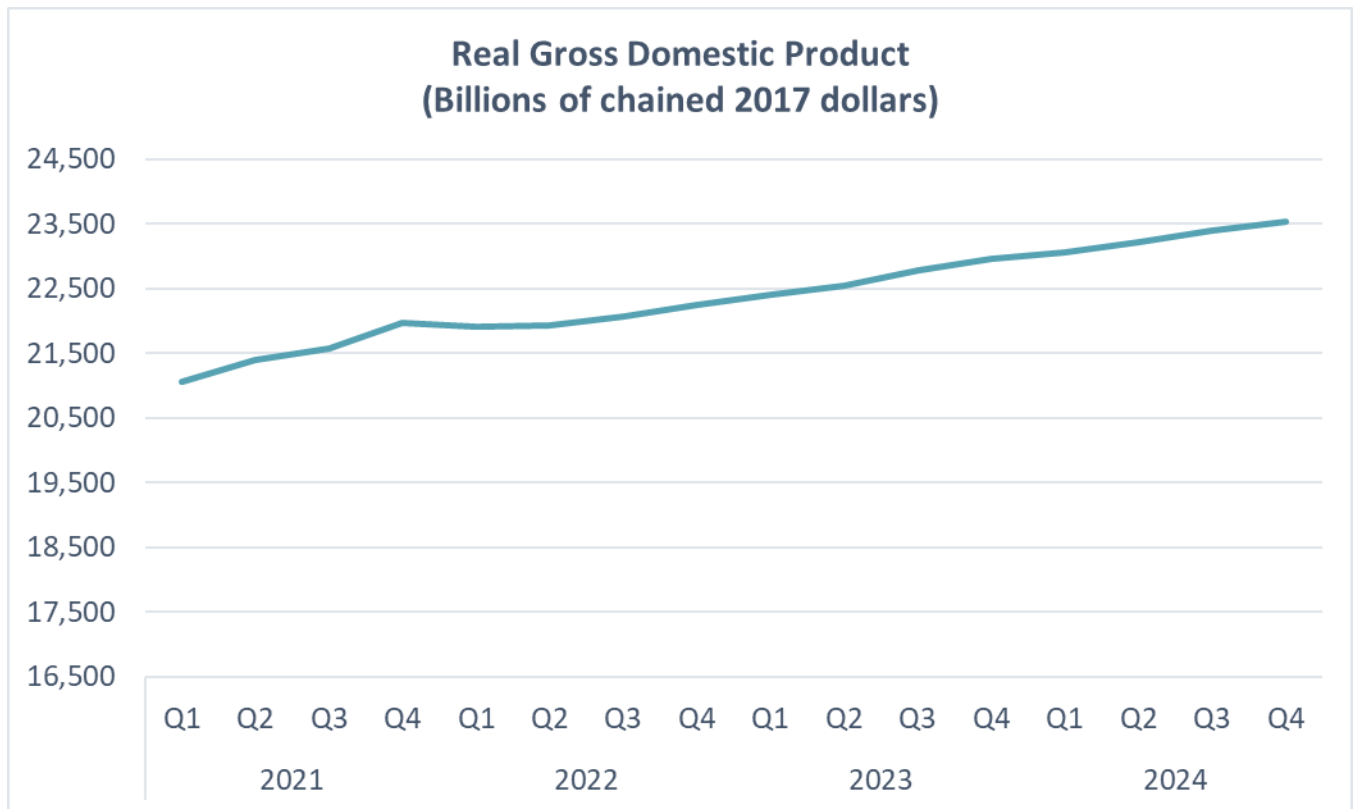


Source: U.S. Bureau of Labor Statistics.

Real Gross Domestic Product (Real GDP)

Real GDP reflects the value of all goods and services produced by an economy each year controlled for inflation. Essentially, it measures a country's total economic output and is particularly useful for analyzing economic growth over time. According to the most recent data available from the U.S. Bureau of Economic Analysis, national real GDP is up by 2.7% in the third calendar quarter of 2024 compared to the same period last year, and it is up by 2.5% in the fourth calendar quarter compared to the same period last year. The latter increase is primarily due to increased consumer and government spending that is partly offset by decreased investment.

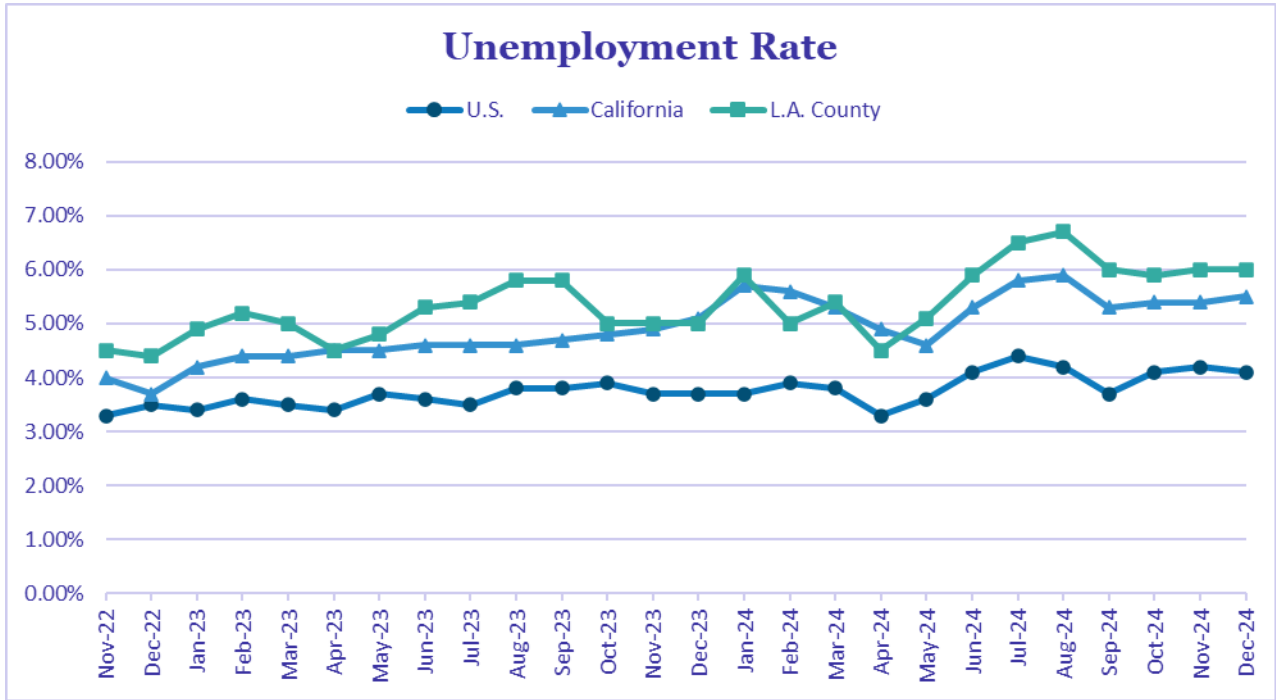
The increase in consumer spending reflected increases in both goods and services. According to the U.S. Bureau of Economic Analysis' press release, the increase in goods were led by spending on information processing equipment and new light trucks, goods that could potentially be affected by the imposition of tariffs, and services growth was led by hospital and nursing home services and outpatient services. State and local government spending was driven by increases in employee compensation, while defense spending drove federal government spending.



Source: Bureau of Economic Analysis

Labor Market

The unemployment rate indicates the percentage of people who are unemployed out of the total number of people working or actively seeking work. As of December 2024, the U.S. unemployment rate was 4.1%; California's was 5.5%; and Los Angeles (L.A.) County's was 6.0%. Like national, state, and county results, local unemployment rates peaked during summer 2024 but have since decreased. The U.S. Department of Labor's Employment Situation report for December 2024 highlighted that the decrease in unemployment was indeed due to more people finding jobs and increased employment rather than a decline in the number of people looking for work. As well, the National Conference of State Legislatures 2025 Forecast reported a trending increase in reemployment after retirement.



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

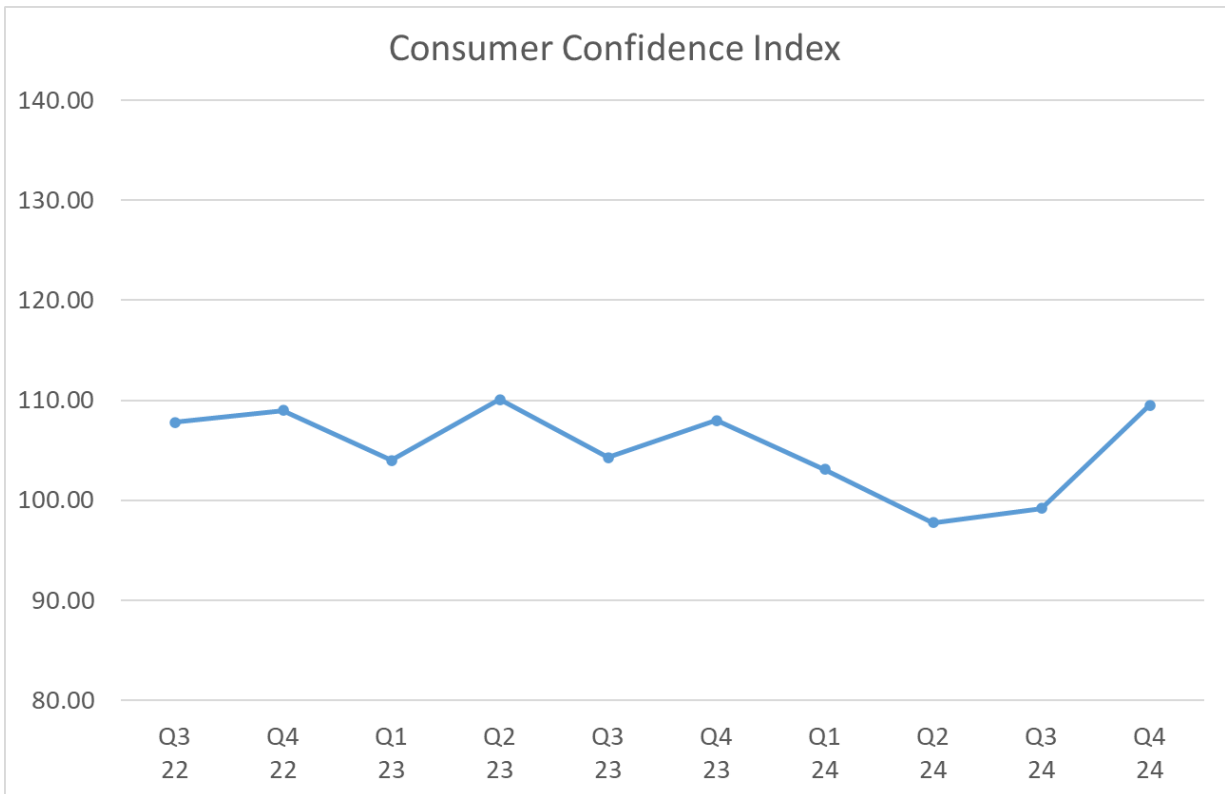
While California and L.A. County unemployment rates are higher than the national level, Torrance unemployment levels fare better with an unemployment rate of 3.8% and 4.5% at the end of calendar year 2023 and 2024, respectively. Although Torrance had a higher local unemployment rate in Q4 2024 than the national average, unemployment in Torrance remains lower than other nearby cities.

Local Unemployment Rate Trends								
	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National	3.5%	3.6%	3.7%	3.8%	3.8%	4.1%	3.7%	4.1%
California	4.3%	4.5%	4.6%	4.9%	5.3%	5.2%	5.3%	5.5%
Los Angeles County	5.3%	4.9%	5.0%	5.0%	5.4%	5.3%	6.0%	6.0%
Carson	5.4%	4.7%	5.3%	4.9%	5.3%	5.9%	6.0%	5.5%
Gardena	5.0%	4.8%	5.4%	4.7%	4.8%	5.7%	6.1%	5.6%
Glendale	5.2%	4.7%	5.7%	4.9%	5.0%	5.7%	5.8%	5.6%
Hawthorne	5.2%	4.8%	5.3%	4.7%	5.2%	5.7%	5.8%	5.6%
Inglewood	5.8%	5.3%	6.1%	5.5%	5.9%	6.8%	7.1%	6.3%
Santa Monica	5.4%	5.1%	5.9%	5.0%	5.4%	5.8%	5.8%	5.6%
Torrance	4.1%	3.8%	4.3%	3.8%	4.2%	4.9%	4.9%	4.5%

Source: Employment Development Department, State of California

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 December 2024 to 109.5, its highest quarterly point, up from 99.2 in September, 97.8 in June, and 103.1 in March 2024.



This increase in consumer confidence was accompanied by increased consumer spending. As the Wall Street Journal notes, “consumer spending, which accounts for more than two-thirds of the economy, rose at a 4.2% pace, the fastest since early 2023.” However, economists note this is unlikely to repeat in the first quarter of 2025. Early January reports show that consumer confidence has declined with the expectation of higher inflation and new import tariffs. As for expectations in the coming six months, the report also shows that consumers were less optimistic about the outlook for business conditions and income prospects and remained pessimistic about labor market conditions.

Reserve Balances

The City’s adopted fiscal policy sets a 20% unassigned fund balance which translates to approximately \$57.5 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 \$81.6 million for FY24-25. By reaching the 28.4% 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 \$215.6 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 \$143.8 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 - FY22-23	Additions/ (Uses)	End Bal - FY23-24	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	55,338,393	10,526,798	65,865,191	2,349,062	68,214,253
Total	\$ 63,420,240	\$ 15,329,221	\$ 78,749,461	\$ 2,349,062	\$ 81,098,523

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 - FY22-23	Additions/ (Uses)	End Bal - FY23-24	Projected Additions/ (Uses)	Proj End Bal FY24-25
Restricted Fund - Section 115 Trust (CEPPT)	\$ 3,668,763	\$ 24,123,084	\$ 27,791,847	\$ 10,593,227	\$ 38,385,074

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

The City continues to prioritize efforts with respect to development across the City to ensure continued growth in the City's revenue base. In 2024, the Community Development Department issued over 7,900 permits with a job valuation for permits submitted totaling \$223.0 million, compared to \$157.2 million in 2023. Below are a handful of developments in Torrance, at various stages:

- **Fashion Square Project/21515 Madrona Avenue** – This multi-family residential project will add 260 townhome units.
- **Pleskow Architects/3475 Torrance Blvd** – This mixed-use development will add 106 apartment units and 12,558 square feet of medical office space.
- **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).
- **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 Mid-Year Budget Review Report and authorize staff to bring forward to City Council at a future date.

Respectfully submitted,



Ian Dailey
Finance Director

CONCUR:



Aram Chaparyan
City Manager

An aerial photograph of a coastal city, likely San Diego, showing a wide beach, waves, and a dense urban area. The image is overlaid with a semi-transparent blue filter. The text 'PROGRAM MODIFICATIONS' is prominently displayed in the center.

PROGRAM MODIFICATIONS

Mid-Year 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.

Community Development Department

Delete 1.0 FTE Planning Associate and Add 1.0 FTE Senior Planner

Expenditure: None

The Community Development Department is requesting the conversion of 1.0 Full-Time Equivalent (FTE) Planning Associate to 1.0 FTE Senior Planner. On October 29, 2024, the City Council approved the Resolution 2024-81, which added the position of Senior Planner to the Engineers and Torrance Fiscal Employees Association, as a result of removing a 20% premium that was provided to a Planning Associate who was primarily responsible for overseeing major projects and complex administrative cases as assigned. On January 14, 2025, the City Council approved the proposed Class Specification for Senior Planner. This conversion has no fiscal impact, and the program modification is brought for approval to memorialize the conversion of the budgeted position change to align with the Resolution.

Increase General Fund – Community Development Revenue and Expenditure Budget by \$250,000

The Community Development Department is requesting to increase the General Fund’s revenue and expenditure operating budget to facilitate collection and payment of expedited plan review services. The City of Torrance's Community Development Department Building and Safety Division requires engineering plan reviews of most proposed development projects. It’s not uncommon for applicants to choose expedited plan review service to meet their project schedules or specific needs. These projects range from small single-family additions to large mixed-use developments.

To facilitate the expedited plan reviews, the department uses outside engineering consultants to facilitate the plan reviews. The fee charged to the applicant by the department is matched to the cost associated with the plan review services provided by the outside consultant.

General Services Department

Increase Airport Fund - Operating Fund Revenue and Expenditure Budget by \$2,000,000

The General Services Department is requesting an increase of \$2,000,000 to the Airport Fund – Operating Fund’s revenue and expenditure budget for FY2024-25. This adjustment is related to reimbursements of litigations costs incurred. Since the litigation is related to leasing of a commercial property outside of the airfield, the reimbursements increase the amount to be transferred to the General Fund Operating Fund; thus, the request is to increase both revenue and expenditure budgets to accommodate the transfers.

Public Works Department

Increase Water Fund - Operating Fund Revenue and Expenditure Budget by \$3,900,000

The Public Works Department is requesting an increase of \$3,900,000 to the Water Fund – Operating Fund’s revenue and expenditure budget for FY2024-25. This adjustment is related to the purchase of recycled water from the West Basin Municipal Water District (WBMWD), an expense that is fully reimbursed through revenues primarily from the Torrance Refining Company (TRC) and commercial accounts using recycled water for landscape irrigation. The increase is necessary due to significantly higher recycled water rates from WBMWD than initially projected, as well as to cover the full pass-through of fixed service charges levied by WBMWD, which are fully recovered through our monthly billings to TRC.



GENERAL FUND

Mid-Year Budget Review Report

General Fund

Overall Mid-Year Results

The City's General Fund is the main operating fund of the city, used to account for essential services and activities that are not restricted to a specific purpose. It accounts for the city's core operations, including public safety (police and fire), portions of public works, parks and recreation, libraries, and administrative functions. The 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 is balanced, with planned contributions aimed at increasing the fund balances of other sub-funds. These contributions are primarily directed toward the City's replacement funds and the CalPERS CEPPT Section 115 Fund. The General Fund performance, including all sub-funds, for the Mid-Year of FY24-25 is summarized in the following table.

General Fund Revenues and Expenditures Summary

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 325,283,203	\$ 131,147,306	40.3%	\$ 330,473,751	\$ 136,628,937	41.3%	\$ 330,615,151	\$ 141,400	100.0%
Total Expenses	296,769,925	152,598,354	51.4%	321,853,534	174,342,703	54.2%	315,970,066	5,883,468	98.2%
Rev. Less Exp.	\$ 28,513,278	\$ (21,451,048)		\$ 8,620,217	\$ (37,713,766)		\$ 14,645,085	\$ 6,024,868	

The General Fund, including all sub-funds, is projected to close the fiscal year with a **\$14.6 million surplus**, driven by:

- A \$9.4 million contribution to the City's CEPPT Section 115 Fund.
- Expenditure surplus of \$5.9 million (\$4.8 million surplus in the General Fund-Operating Fund and \$1.1 million surplus in the General Fund-Measure SST Fund)

As of December 31, 2024, the City has received **\$136.6 million** in General Fund revenues, representing **41.3%** of the FY24-25 budgeted amount. This reflects an increase from the same period last year, when **\$131.1 million** or **40.3%** of the FY23-24 budget was collected, marking a **\$5.5 million** year-over-year increase. Overall, General Fund revenues are projected to reach **\$330.6 million**, slightly exceeding the FY24-25 budget by **\$0.1 million**. This is primarily driven by surpluses in the **Use of Money and Property** and **Operating Transfers In** and partially offset by shortfalls in the **Taxes** and **Charges for Services**.

Looking at General Fund Expenditures, **\$174.3 million** or **54.2%** of the FY24-25 budget has been spent as of December 31, 2024, up from **\$152.6 million** or **51.4%** at the same point last year. By fiscal year-end, total General Fund expenditures are projected to reach **\$316.0 million**, resulting in an estimated **\$5.9 million** budget surplus.

For a detailed breakdown, please refer to the **General Fund-Operating Fund Revenue and Expenditure Analysis** sections of the report.

General Fund-Operating Fund Mid-Year 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 financial summary of this fund as of the Mid-Year of FY24-25:

General Fund-Operating Fund Revenues and Expenditures Summary

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 271,689,666	\$ 95,166,859	35.0%	\$ 287,065,655	\$ 109,420,973	38.1%	\$ 286,065,425	\$ (1,000,230)	99.7%
Total Expenses	271,900,152	139,816,261	51.4%	287,514,706	148,840,929	51.8%	282,760,773	4,753,933	98.3%
Rev. Less Exp.	\$ (210,486)	\$ (44,649,402)		\$ (449,051)	\$ (39,419,956)		\$ 3,304,652	\$ 3,753,703	

Year-to-date revenues are up by \$14.2 million when comparing year to year. As of December 31, 2024, the General Fund-Operating Fund realized revenues of **\$109.4 million**, achieving **38.1%** of the **FY24-25** revenue budget. During the same period ending December 31, 2023, the City realized **\$95.2 million** in revenues, representing **35.0%** of the **FY23-24** revenue budget. Overall, the General Fund-Operating Fund’s revenue budget is projected to operate at a deficit of \$1.0 million due to the following main factors:

- Operating Transfers In above budgeted expectations by \$1.3 million.
- Taxes below budgeted expectations by \$1.2 million.
- Charges for Services below budgeted expectations by \$0.9 million.

As of December 31, 2024, the General Fund-Operating Fund expended **\$148.8 million** or **51.8%** of the FY24-25 expenditure budget. For the same period in FY23-24, expenditures totaled **\$139.8 million** or **51.4%** 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 **\$3.3 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 \$15.4 million or 5.7% for a total of **\$287.1 million**. This is largely due to steady growth in **Taxes, Use of Money and Property**, and **Charges for Services**. Details of revenue activity for the six months ending December 31, 2024, are covered in the following section. It is also important to note that the Measure SST transaction and use tax, enacted October 1, 2022, benefits the General Fund-Operating Fund Revenue through **Operating Transfers In** classification to support public safety and cyber security infrastructure.

Overall, the City’s General Fund-Operating Fund revenue is projecting a year-end deficit of \$1.0 million.

General Fund-Operating Fund Revenues by Classification

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 209,861,473	\$ 66,773,099	31.8%	\$ 214,595,854	\$ 69,352,398	32.3%	\$ 213,371,505	\$ (1,224,349)	99.4%
Licenses, Fees and Permits	5,773,777	2,534,971	43.9%	5,429,133	3,252,123	59.9%	6,001,320	572,187	110.5%
Fines, Forfeitures and Penalties	760,672	227,119	29.9%	642,774	333,158	51.8%	712,510	69,736	110.8%
Use of Money and Property	4,527,970	3,261,475	72.0%	7,154,388	3,627,392	50.7%	6,614,040	(540,348)	92.4%
Intergovernmental	349,501	32,342	9.3%	490,127	45,357	9.3%	327,950	(162,177)	66.9%
Charges for Services	23,910,796	10,517,597	44.0%	25,217,466	11,927,104	47.3%	24,332,220	(885,246)	96.5%
Other Revenues	209,360	219,846	105.0%	319,604	86,858	27.2%	203,240	(116,364)	63.6%
Operating Transfers In	26,296,117	11,600,410	44.1%	33,216,309	20,796,583	62.6%	34,502,640	1,286,331	103.9%
Total Revenues	\$ 271,689,666	\$ 95,166,859	35.0%	\$ 287,065,655	\$ 109,420,973	38.1%	\$ 286,065,425	\$ (1,000,230)	99.7%

As of December 31, 2024, the General Fund-Operating Fund realized revenues of **\$109.4 million**, achieving **38.1%** of the **FY24-25** revenue budget. During the same period ending December 31, 2023, the City realized **\$95.2 million** in revenues, representing **35.0%** of the **FY23-24** revenue budget. It is important to note that certain General Fund-Operating Fund revenues are not fully 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 and use taxes, property taxes, utility users’ taxes, occupancy taxes, and franchise taxes. The **Taxes** classification accounts for approximately 74.7% of the City’s General Fund-Operating Fund revenue budget for FY24-25.

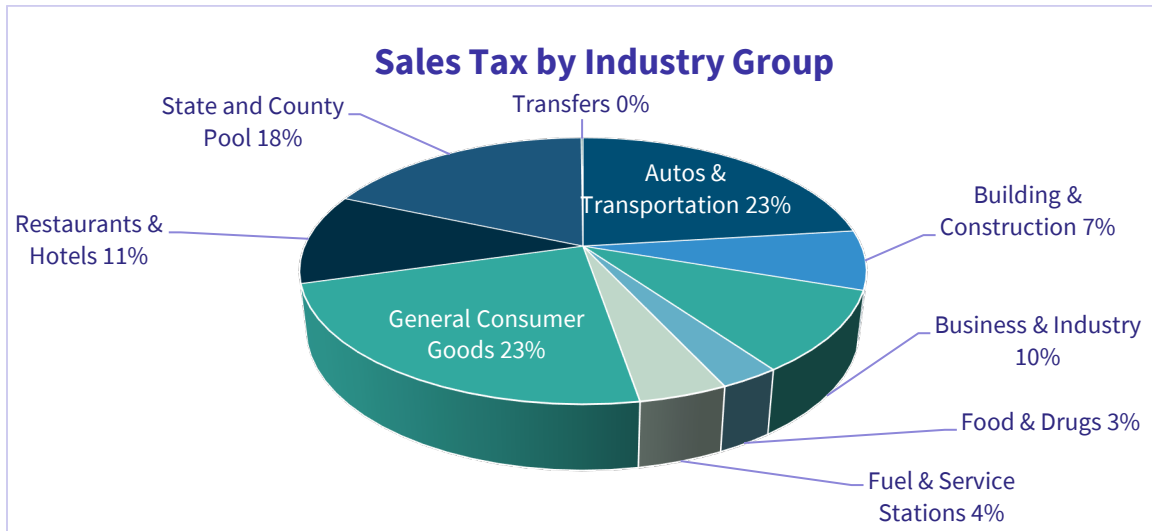
General Fund-Operating Fund Tax Revenues by Type

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Business License Tax	\$ 10,197,549	\$ 2,617,580	25.7%	\$ 11,314,294	\$ 3,380,760	29.9%	\$ 11,305,490	\$ (8,804)	99.9%
Construction Tax	2,033,484	456,704	22.5%	1,572,665	1,097,227	69.8%	2,383,426	810,761	151.6%
Franchise Taxes	9,831,080	1,646,075	16.7%	11,507,535	1,775,334	15.4%	12,807,450	1,299,915	111.3%
Occupancy Tax	13,126,729	4,405,181	33.6%	13,815,048	4,316,660	31.2%	13,108,030	(707,018)	94.9%
Oil Severance Tax	14,041	668	4.8%	7,000	1,263	18.0%	5,000	(2,000)	71.4%
Property Taxes	47,137,917	19,292,961	40.9%	48,288,709	20,448,465	42.3%	48,945,310	656,601	101.4%
Real Prop Transfer Tax	828,540	425,984	51.4%	1,016,060	481,841	47.4%	948,080	(67,980)	93.3%
Sales and Use Tax	64,400,972	20,500,433	31.8%	62,525,957	19,294,015	30.9%	61,487,941	(1,038,016)	98.3%
Utility Users Tax	44,465,104	17,427,513	39.2%	46,002,866	18,556,833	40.3%	43,535,600	(2,467,266)	94.6%
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	\$ 66,773,099	31.8%	\$ 214,595,854	\$ 69,352,398	32.3%	\$ 213,371,505	\$ (1,224,349)	99.4%

Overall, the City’s tax revenues are expected to fall short of the FY24-25 amended budget by \$1.2 million, primarily driven by lower collections of utility users’ tax of \$2.5 million, offset by a surplus in franchise taxes of \$1.3 million. Details of the specific revenue sources and corresponding increases and decreases are discussed in the following sections.

Sales and Use Tax

Sales and use taxes (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.

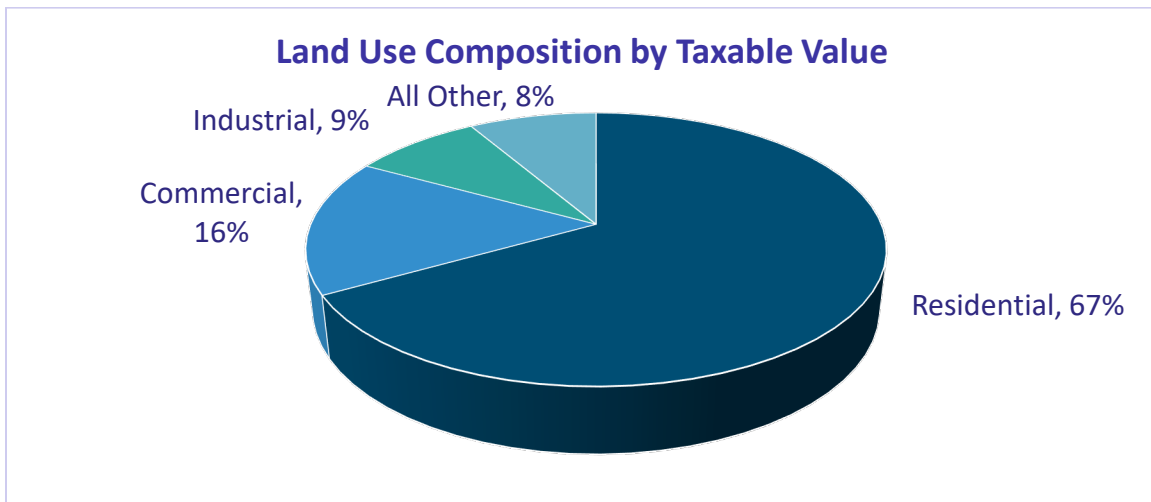


Receipts of \$19.3 million through the second fiscal quarter are tracking below prior year actuals by \$1.2 million or 5.9%, and the annual receipts are projected to fall short of budget by \$1.0 million which is mainly due to decreased consumer demand after the economy rebounded significantly from the COVID-19 pandemic. Sales tax receipts peaked in FY2021-22 at \$63.6 million and is projected to pull back to \$61.5 million in FY24-25. The forecast is projecting a decrease of 0.6% from prior year actuals or 1.7% 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, General Consumer Goods, Business and Industry, and Building and Construction, while Restaurants and Hotels and Fuel and Service Stations are experiencing increases year-over-year.

With sales tax revenues projecting under budgeted amounts, staff continue to be cautious with forecasts. The Fed maintained the Federal Funds Rate at a range of 4.25 - 4.50% in January 2025 and the Fed's policy to slow inflation has affected sales across industries. For instance, the Autos and Transportation, General Consumer Goods, Business and Industry, and Building and Construction industries have experienced a decrease over the past year. In addition, the December 2024 year-over-year change in Consumer Price Index for All Urban Consumers (CPI-U) was 2.9%. 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 2024 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 of each year. As of December 31, 2024, \$20.4 million in property tax receipts were received compared to \$19.3 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 second 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 FY23-24			Current Year FY24-25						
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Projected Annual Total	Projected Surplus/(Deficit)	% of Budget	
Cable	\$ 1,575,385	\$ 553,558	35.1%	\$ 1,737,373	\$ 488,865	28.1%	\$ 1,301,030	\$ (436,343)	74.9%	
Cellular	1,296,803	554,778	42.8%	1,298,908	990,241	76.2%	2,958,070	1,659,162	227.7%	
Electricity	20,912,992	9,918,139	47.4%	21,080,357	11,057,247	52.5%	23,083,680	2,003,323	109.5%	
Gas	5,401,540	1,511,321	28.0%	6,003,793	1,864,184	31.1%	5,887,300	(116,493)	98.1%	
Refinery: Co-Gen	757,698	239,338	31.6%	893,601	270,048	30.2%	683,660	(209,941)	76.5%	
Refinery: Gas	8,304,467	2,206,086	26.6%	8,650,211	1,145,138	13.2%	3,363,690	(5,286,521)	38.9%	
Telecom	2,052,774	919,851	44.8%	2,578,565	773,573	30.0%	2,274,110	(304,455)	88.2%	
Water	4,163,445	1,524,443	36.6%	3,760,058	1,967,536	52.3%	3,984,060	224,002	106.0%	
Total Revenues	\$ 44,465,104	\$ 17,427,514	39.2%	\$ 46,002,866	\$ 18,556,832	40.3%	\$ 43,535,600	\$ (2,467,266)	94.6%	

Current period receipts of **\$18.6 million** are higher by 6.5% compared to last year. Cellular, electricity, gas, and water experienced an increase from the prior year, while cable and telecom experienced a slight decrease. Receipts from the Torrance Refinery experienced a decrease in 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 \$2.5 million or 5.4%, primarily due to the projected deficit in the natural gas consumption at the Refinery.

Business License Tax

The City serves approximately 13,987 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 December 31, 2024, business license tax receipts are higher than prior year by \$763,000 or 29.2% and are expected to be within the budget by 1.0% at year-end. The increase in the year-to-date receipts is mainly 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 December 31, 2024, the City has received \$4.3 million, a decrease of \$89,000 compared to December 31, 2023, receipts of \$4.4 million. The decrease in the current year actuals is due to timing of monthly receipts being recognized later 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 December 31 increased slightly from 81.2% in 2023 to 81.7% in 2024. Additionally, the average daily rate per room increased by \$4.24 or 2.6% during this same period. Overall, it is projected that occupancy tax receipts will fall short of budget by approximately \$707,000, or 5.1%.

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 December

31, 2024, the City has received \$1.8 million, which is slightly higher compared to December 31, 2023, receipts of \$1.6 million. Projected year-end receipts are expected to be \$1.3 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 December 31, 2024, actual receipts of \$3.3 million represent a 32.0% increase from prior year receipts and is primarily attributable to the Gable House development. Overall, revenues are projected to exceed budget expectations by \$572,000 or 10.5% due to increased building-related 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 December 31, 2024, actual receipts of \$3.6 million represent a 9.1% increase from prior year receipts of \$3.3 million. This is mainly due to an increase in the investment balance and the timing of maturities. It is anticipated that this revenue source will fall short of budget expectations by \$540,000 or 7.6% by fiscal year-end.

Fines, Forfeitures & Penalties

This revenue source includes general court fees, traffic fines, and citation revenues. As of December 31, 2024, actual receipts of \$333,000 represent a slight increase from last year's receipts of \$227,000. This classification is expected to exceed budget by about \$70,000 or 10.8%.

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 December 31, 2024, actual receipts of \$11.9 million represent a 13.3% increase from prior year receipts of \$10.5 million.

Charges for Services by Department

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
City Manager	\$ 846,330	\$ 319,471	37.7%	\$ 765,661	\$ 159,736	20.9%	\$ 638,940	\$ (126,721)	83.4%
City Clerk	4,430	3,003	67.8%	16,117	4,285	26.6%	5,620	(10,497)	34.9%
Community Development	6,474,902	2,551,719	39.4%	6,220,288	2,425,605	39.0%	5,284,680	(935,608)	85.0%
General Services	1,222,919	480,303	39.3%	1,136,049	491,702	43.3%	982,050	(153,999)	86.4%
Non-Departmental	14,899	8,623	57.9%	16,491	7,598	46.1%	16,430	(61)	99.6%
Police	484,468	164,561	34.0%	448,673	174,970	39.0%	365,800	(82,873)	81.5%
Fire	10,084,175	3,836,340	38.0%	11,139,044	5,042,522	45.3%	11,093,510	(45,534)	99.6%
Public Works	242,177	-	0.0%	267,151	193,557	72.5%	543,800	276,649	203.6%
Community Services	4,536,496	3,153,579	69.5%	5,207,992	3,427,130	65.8%	5,401,390	193,398	103.7%
Total Revenues	\$ 23,910,796	\$ 10,517,599	44.0%	\$ 25,217,466	\$ 11,927,105	47.3%	\$ 24,332,220	\$ (885,246)	96.5%

As shown in the table above, the increase of \$1.4 million is mainly due to the timing of receipts collected by the Fire Department for Annual Fire Inspection Fees and by Public Works for Traffic Signal Maintenance Fees. Overall, this classification is expected to fall short of budget by \$885,000 or 3.5% 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 December 31, 2024, actual receipts of \$20.8 million exceeded the prior year by \$9.2 million. The increase in the year-to-date transfers of \$9.2 million is mainly due to \$5.0 million from the Reserve Fund and \$4.2 million from the Airport Fund's non-aeronautical net operating activity. The Operating Transfers In classification is expected to exceed budgeted expectations by \$1.3 million or 3.9% 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 **\$15.6 million** or **5.7%** for a total of **\$287.5 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 **\$4.8 million**.

General Fund-Operating Fund Expenditures by Classification

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	December Actuals	Budget Expende	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Salaries and Employee Benefits	\$ 195,320,911	\$ 91,544,152	46.9%	\$ 211,717,970	\$ 105,127,575	49.7%	\$ 207,978,591	\$ 3,739,379	98.2%
Salaries and Benefits Reimb.	(1,446,294)	(526,938)	36.4%	(2,400,500)	(1,313,567)	54.7%	(2,952,191)	551,691	123.0%
Materials, Supplies & Maintenance	15,703,378	5,466,684	34.8%	16,667,034	6,576,792	39.5%	16,206,766	460,268	97.2%
Materials Reimbursements	(342,751)	(146,590)	42.8%	(485,142)	(277,576)	57.2%	(395,950)	(89,192)	81.6%
Professional/Contract Services	16,252,001	5,825,209	35.8%	19,529,656	6,529,149	33.4%	18,659,586	870,070	95.5%
Training, Travel & Membership Dues	1,579,532	909,136	57.6%	2,047,061	1,003,753	49.0%	1,979,446	67,615	96.7%
Liabilities, Settlements & Insurance	185,581	76,411	41.2%	221,680	80,844	36.5%	218,460	3,220	98.5%
Utilities	4,691,096	2,357,070	50.2%	4,932,602	2,341,546	47.5%	4,803,679	128,923	97.4%
Interdepartmental Charges	19,311,221	9,443,959	48.9%	24,303,425	12,061,503	49.6%	24,435,781	(132,356)	100.5%
Debt Service	22,855,281	14,856,518	65.0%	23,369,441	15,439,906	66.1%	23,369,441	-	100.0%
Debt Service Reimbursements	(18,832,766)	(9,305,201)	49.4%	(19,341,206)	(9,701,491)	50.2%	(19,053,086)	(288,120)	98.5%
Capital Acquisitions	582,106	196,355	33.7%	691,109	164,369	23.8%	624,872	66,237	90.4%
Asset Contra Account	-	-	0.0%	-	-	0.0%	-	-	0.0%
Bad Debts and Other Losses	1,000	-	0.0%	1,000	12	1.2%	1,000	-	100.0%
Reimbursements-Indirect Costs	(8,557,193)	(3,884,976)	45.4%	(9,147,553)	(4,416,600)	48.3%	(8,523,751)	(623,802)	93.2%
Other Operating Transfers Out	24,597,049	23,004,472	93.5%	15,408,129	15,224,714	98.8%	15,408,129	-	100.0%
Total Expenses	\$ 271,900,152	\$ 139,816,261	51.4%	\$ 287,514,706	\$ 148,840,929	51.8%	\$ 282,760,773	\$ 4,753,933	98.3%

As of December 31, 2024, the General Fund-Operating Fund realized expenditures of **\$148.8 million**, achieving **51.8%** of the **FY24-25** expenditure budget. During the same period ending December 31, 2023, the City expended **\$139.8 million** or **51.4%** of the **FY23-24** expenditure budget. The main drivers for this year-over-year increase of **\$9.0 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-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Projected Annual Total	Projected Surplus/(Deficit)	% of Budget
City Council	\$ 580,611	\$ 254,355	43.8%	\$ 577,734	\$ 255,477	44.2%	\$ 554,159	\$ 23,575	95.9%
City Manager	6,677,469	3,067,980	45.9%	7,736,510	3,382,876	43.7%	7,490,206	246,304	96.8%
City Attorney	3,108,064	1,465,612	47.2%	3,397,091	1,458,560	42.9%	3,146,491	250,600	92.6%
City Clerk	1,359,558	553,226	40.7%	1,664,355	557,825	33.5%	1,499,150	165,205	90.1%
City Treasurer	343,088	179,831	52.4%	483,686	187,134	38.7%	452,822	30,864	93.6%
Finance	6,251,439	2,615,848	41.8%	6,263,088	2,723,356	43.5%	6,121,791	141,297	97.7%
Human Resources	2,381,441	1,085,238	45.6%	3,244,183	1,387,514	42.8%	3,068,108	176,075	94.6%
Civil Service	1,035,845	482,380	46.6%	1,144,051	422,327	36.9%	1,043,053	100,998	91.2%
Community Development	9,815,788	4,329,726	44.1%	10,600,313	4,928,500	46.5%	10,103,669	496,644	95.3%
CIT	8,782,395	4,058,855	46.2%	9,400,911	4,308,467	45.8%	8,993,544	407,367	95.7%
General Services	10,493,231	4,664,661	44.5%	12,000,152	5,849,911	48.7%	11,668,025	332,127	97.2%
Non-Departmental	22,384,648	25,697,771	114.8%	12,064,204	17,826,402	147.8%	12,962,403	(898,199)	107.4%
Police	95,424,934	42,843,698	44.9%	101,934,294	50,523,060	49.6%	100,777,674	1,156,620	98.9%
Fire	59,352,214	28,783,050	48.5%	69,315,045	33,989,198	49.0%	68,326,434	988,611	98.6%
Public Works	19,315,737	8,535,313	44.2%	21,111,493	9,145,550	43.3%	20,736,213	375,280	98.2%
Community Services	24,593,691	11,198,719	45.5%	26,577,596	11,894,772	44.8%	25,817,033	760,563	97.1%
Total Expenses	\$ 271,900,153	\$ 139,816,263	51.4%	\$ 287,514,706	\$ 148,840,929	51.8%	\$ 282,760,775	\$ 4,753,931	98.3%

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 **\$624,000** reduction in Indirect Cost Reimbursements resulting from lower salary projections. Overall, the FY24-25 General Fund-Operating Fund expenditure budget is projected to generate **\$4.8 million** in savings, largely due to departmental vacancies.

As of December 31, 2024, there were **154.1 FTE** vacant positions in the General Fund, a decrease of **5.0 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 **72.0 FTE** vacant positions as of December 31, 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 December 31, 2024, the City has expended **\$103.8 million** or **49.6%** of the FY24-25 salary budget, compared to **\$91.0 million** or **46.9%** for the same period in FY23-24. These expenditures are generally in line with the fiscal year's timing (**50.4%** 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 incentives. The salary budget is expected to yield **\$4.3 million** in savings, 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	December Actuals	Budget Expende	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
City Council	\$ 198,102	\$ 90,975	45.9%	\$ 187,968	\$ 93,669	49.8%	\$ 181,921	\$ 6,047	96.8%
City Manager	4,924,703	2,367,880	48.1%	5,267,941	2,508,088	47.6%	5,106,722	161,219	96.9%
City Attorney	2,652,979	1,267,215	47.8%	2,933,694	1,361,828	46.4%	2,733,612	200,082	93.2%
City Clerk	943,350	485,318	51.4%	1,126,334	451,019	40.0%	964,619	161,715	85.6%
City Treasurer	295,742	158,072	53.4%	334,159	165,055	49.4%	330,760	3,399	99.0%
Finance	4,297,541	2,067,106	48.1%	4,531,193	2,167,111	47.8%	4,384,406	146,787	96.8%
Human Resources	1,469,752	656,882	44.7%	1,998,080	967,443	48.4%	1,992,628	5,452	99.7%
Civil Service	593,066	288,059	48.6%	741,998	356,216	48.0%	706,466	35,532	95.2%
Community Development	8,550,048	3,902,870	45.6%	9,160,619	4,446,063	48.5%	8,813,015	347,604	96.2%
CIT	5,985,691	2,579,921	43.1%	6,046,087	2,770,001	45.8%	5,665,993	380,094	93.7%
General Services	6,790,819	2,992,636	44.1%	7,229,570	3,502,822	48.5%	6,965,331	264,239	96.3%
Non-Departmental	199,717	91,435	45.8%	199,717	109,658	54.9%	199,717	-	100.0%
Police	81,864,299	37,111,184	45.3%	85,826,303	43,894,677	51.1%	84,871,666	954,637	98.9%
Fire	50,192,578	25,107,341	50.0%	57,086,588	28,440,825	49.8%	56,202,141	884,447	98.5%
Public Works	8,933,068	4,323,660	48.4%	9,427,865	4,448,120	47.2%	9,312,255	115,610	98.8%
Community Services	15,983,162	7,526,660	47.1%	17,219,354	8,131,413	47.2%	16,595,147	624,207	96.4%
Total Expenses	#####	\$ 91,017,214	46.9%	\$ 209,317,470	\$ 103,814,008	49.6%	\$ 205,026,400	\$ 4,291,071	97.9%

City Manager’s Office

The City Manager’s Office has a total of 6.6 FTE vacancies, of which 2.0 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 \$161,000 in budgetary savings.

City Attorney’s Office

The City Attorney’s Office has 2.0 FTE vacancies, which are expected be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$200,000 in budgetary savings.

City Clerk’s Office

The City Clerk’s Office has 2.0 FTE vacancies, which are expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$162,000 in budgetary savings.

Community Services Department

The Community Services Department (excluding seasonal/recurrent positions) has a total of 12.0 FTE vacancies, of which 2.0 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 \$624,000 in budgetary savings.

Community Development Department

The Community Development Department has a total of 5.5 FTE vacancies, of which 1.0 FTE is expected to remain unfilled through the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$348,000 in budgetary savings.

Communications and Information Technology (CIT) Department

The CIT Department has a total of 8.0 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 \$380,000 in budgetary savings.

Finance Department

The Finance Department has a total of 3.0 FTE vacancies, and all are expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$147,000 in budgetary savings.

Fire Department

The Fire Department has a total of 15.5 FTE vacancies, of which 3.0 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 \$884,000 in budgetary savings.

General Services Department

The General Services Department (excluding seasonal/recurrent positions) has a total of 5.0 FTE vacancies, of which 2.0 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 \$264,000 in budgetary savings.

Police Department

The Police Department has a total of 72.0 FTE vacancies, of which 17.0 FTE are expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, the police department is projected to generate \$955,000 in budgetary salary savings after approximately \$1.8 million of transfers to professional services, funding additional crossing guard and parking enforcement services, computing and reporting modernization services, additional officer body-worn cameras, and replacement vehicle outfitting. 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.

Public Works Department

The Public Works Department has a total of 21.5 FTE vacancies, of which 7.0 FTE are expected to remain unfilled by the end of the fiscal year. Based on currently approved recruitment requests, Public Works is projected to generate \$116,000 in budgetary salary savings after the budget transfers to professional services to fund emergent traffic light repairs and tree trimming.

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

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
City Council	\$ 382,509	\$ 163,380	42.7%	\$ 389,766	\$ 161,808	41.5%	\$ 372,238	\$ 17,528	95.5%
City Manager	1,752,766	700,100	39.9%	2,468,569	874,788	35.4%	2,383,484	85,085	96.6%
City Attorney	455,085	198,397	43.6%	463,397	96,732	20.9%	412,879	50,518	89.1%
City Clerk	416,208	67,908	16.3%	538,021	106,806	19.9%	534,531	3,490	99.4%
City Treasurer	47,346	21,759	46.0%	149,527	22,079	14.8%	122,062	27,465	81.6%
Finance	1,953,898	548,742	28.1%	1,731,895	556,245	32.1%	1,737,385	(5,490)	100.3%
Human Resources	911,689	428,356	47.0%	1,246,103	420,071	33.7%	1,075,480	170,623	86.3%
Civil Service	442,779	194,321	43.9%	402,053	66,111	16.4%	336,587	65,466	83.7%
Community Development	1,265,740	426,856	33.7%	1,439,694	482,437	33.5%	1,290,654	149,040	89.6%
CIT	2,796,704	1,478,934	52.9%	3,354,824	1,538,466	45.9%	3,327,551	27,273	99.2%
General Services	3,702,412	1,672,025	45.2%	4,770,582	2,347,089	49.2%	4,702,694	67,888	98.6%
Non-Departmental	22,184,930	25,606,334	115.4%	11,864,487	17,716,744	149.3%	12,762,683	(898,196)	107.6%
Police	13,560,635	5,732,514	42.3%	16,107,991	6,628,383	41.1%	15,906,008	201,983	98.7%
Fire	9,159,636	3,675,709	40.1%	12,228,457	5,548,373	45.4%	12,124,293	104,164	99.1%
Public Works	10,382,669	4,211,653	40.6%	11,683,628	4,697,430	40.2%	11,423,958	259,670	97.8%
Community Services	8,610,529	3,672,059	42.6%	9,358,242	3,763,359	40.2%	9,221,886	136,356	98.5%
Total Expenses	\$ 78,025,535	\$ 48,799,047	62.5%	\$ 78,197,236	\$ 45,026,921	57.6%	\$ 77,734,373	\$ 462,863	99.4%

Non-wage expenditures (materials) account for **27.2%** of General Fund-Operating Fund expenditures budget. The table above summarizes these expenses by department. Compared to the Mid-Year of the previous year, non-wage expenditures have decreased by \$3.8 million. As of December 31, 2024, **\$45.0 million** or **57.6%** of the FY24-25 budgeted expenditures had been used, compared to **\$48.8 million** or **62.5%** 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 December 31, 2024, is 41.2%, compared to 41.5% as of December 31, 2023. Overall, non-wage expenditures are expected to generate a surplus of \$463,000.

City Manager's Office

The City Manager's Office is currently projecting a surplus of \$85,000, primarily due to higher-than-anticipated costs associated with legal services and consulting expenditures. It is important to note that the department has received non-wage budget from Non-Departmental to address the budgetary deficit in the previous quarter.

Community Services

The Community Services Department is currently projecting a surplus of \$136,000, reflecting refinements to projections across the Parks, Recreation, and Library Services. Projections include

adjustments to program contingencies and accounting for timing of various professional services and materials purchases.

Finance Department

The Finance Department is projecting a deficit of (\$5,500), attributed to various consulting services required for rate and fee studies, as well as tax revenue recovery initiatives.

Fire Department

The Fire Department projects a \$104,000 surplus, primarily due to lower fuel and material costs, partially offset by increased expenses for vehicle parts and maintenance. Mid-year expenditures are \$1.9 million higher than the previous year, driven by increased contributions to Self-Insurance for Workers' Compensation claims, which were already accounted for in the FY24-25 budget.

Human Resources

The Human Resources Department anticipates a \$171,000 surplus, attributed to a reduction in projected investigation services costs based on year-to-date trends.

Non-Departmental

Non-Departmental expenditures are projected to exceed the budget by approximately \$898,000, primarily due to a \$624,000 reduction in Indirect Cost Reimbursements and a \$288,000 decrease in bond leaseback payment reimbursements, resulting from lower-than-anticipated salary projections.

Police Department

The Police Department's amended non-wage budget includes approximately \$1.8 million in transfers from salary savings to professional services, funding additional crossing guard and parking enforcement services, computing and reporting modernization, additional body-worn cameras, and replacement vehicle outfitting. The department anticipates a \$202,000 non-wage surplus, primarily due to lower-than-budgeted legal services fees based on year-to-date trends.

Public Works Department

The Public Works Department's amended non-wage budget includes \$394,000 of transfers from salary savings to professional services, funding emergent traffic light repairs and tree trimming services. The department anticipates a \$260,000 surplus, primarily due to effective cost management of contracts and material acquisitions, along with lower fleet replacement contributions due to delays in the delivery of select replacement vehicles.

General Fund-Measure SST Fund Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Taxes	\$ 23,002,688	\$ 8,477,489	36.9%	\$ 25,345,116	\$ 8,328,634	32.9%	\$ 25,421,325	\$ 76,209	100.3%
Use of Money and Property	25,000	(93,603)	-374.4%	(177,850)	19,264	-10.8%	45,300	223,150	-25.5%
Total Revenues	\$ 23,027,688	\$ 8,383,886	36.4%	\$ 25,167,266	\$ 8,347,898	33.2%	\$ 25,466,625	\$ 299,359	101.2%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Materials, Supplies & Maintenance	\$ 855,500	\$ -	0.0%	\$ 727,398	\$ -	0.0%	\$ -	\$ 727,398	0.0%
Professional/Contract Services	859,500	96,052	11.2%	876,500	108,735	12.4%	530,989	345,511	60.6%
Capital Acquisitions	110,000	-	0.0%	-	-	0.0%	-	-	0.0%
Other Operating Transfers Out	21,202,688	12,618,833	59.5%	25,891,226	19,753,144	76.3%	25,891,226	-	100.0%
Total Expenses	\$ 23,027,688	\$ 12,714,885	55.2%	\$ 27,495,124	\$ 19,861,879	72.2%	\$ 26,422,215	\$ 1,072,909	96.1%
Revenues Less Expenditures	\$ -	\$ (4,330,999)		\$ (2,327,858)	\$ (11,513,981)		\$ (955,590)	\$ 1,372,268	

As of December 31, 2024, the Measure SST Fund realized revenues of **\$8.3 million**, achieving **33.2%** of the **FY24-25** budget, compared to **\$8.4 million** or **36.4%** for the same period in the year prior. As shown in the table above, it is projected that a total of **\$25.5 million** will be recognized by fiscal year-end, exceeding budgeted estimates by **\$300,000** or **1.2%**.

Based on the analysis provided by the City’s third-party consultant, Hinderliter de Llamas & Associates (HdL), Measure SST remittances have been approximately 43% of the Bradley Burns sales tax remittances for the trailing twelve months. 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 **\$19.9 million** or **72.2%** of the FY24-25 budget, compared to **\$12.7 million** or **55.2%** for the same period in the year prior. Currently, it is projected that the expenditure budget will generate a budget surplus of **\$1.1 million** due to the timing of **\$346,000** of IT hardware and software purchases, and **\$727,00** 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 the homelessness reduction efforts. Overall, it is anticipated that this fund will operate at a **\$956,000** 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 Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Use of Money and Property	\$ 458,058	\$ 1,165,247	254.4%	\$ 598,058	\$ 1,369,299	229.0%	\$ 1,556,610	\$ 958,552	260.3%
Operating Transfers In	25,305,368	24,030,102	95.0%	12,642,772	12,490,767	98.8%	12,526,491	(116,281)	99.1%
Total Revenues	\$ 25,763,426	\$ 25,195,349	97.8%	\$ 13,240,830	\$ 13,860,066	104.7%	\$ 14,083,101	\$ 842,271	106.4%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Professional/Contract Services	\$ 256,172	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Debt Service	15,200	8,633	56.8%	15,000	14,654	97.7%	15,000	-	100.0%
Capital Acquisitions	879,710	41,848	4.8%	1,800,204	596,850	33.2%	1,743,578	56,626	96.9%
Other Expenditures	28,800	16,727	58.1%	28,500	28,391	99.6%	28,500	-	100.0%
Other Operating Transfers Out	662,203	-	0.0%	-	-	0.0%	-	-	0.0%
Total Expenses	\$ 1,842,085	\$ 67,208	3.6%	\$ 1,843,704	\$ 639,895	34.7%	\$ 1,787,078	\$ 56,626	96.9%

Revenues Less Expenditures	\$ 23,921,341	\$ 25,128,141		\$ 11,397,126	\$ 13,220,171		\$ 12,296,023	\$ 898,897	
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As of December 31, 2024, the Restricted/Assigned Fund realized revenues of **\$13.9 million**, achieving **104.7%** of the **FY24-25** revenue budget. During the same period ending December 31, 2023, the City realized **\$25.2 million** in revenues, representing **97.8%** 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 \$14.1 million by fiscal year-end, exceeding budget by \$0.8 million or 6.4%.

As of December 31, 2024, the Restricted/Assigned Fund has incurred expenditures of **\$640,000**, representing **34.7%** of the **FY24-25** budget. In comparison, for the same period in **FY23-24**, the City spent **\$67,000** or **3.6%** of the **FY23-24** budget. Capital Acquisitions classification is higher than the prior year due to purchase of various computer equipment, as the 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 **\$12.3 million** by the end of the fiscal year.

General Fund-Unassigned Fund (Reserves) Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Operating Transfers In	\$ 4,802,423	\$ 2,401,212	50.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%
Total Revenues	\$ 4,802,423	\$ 2,401,212	50.0%	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 5,000,000	\$ -	100.0%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December 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	\$ 2,401,212		\$ -	\$ -		\$ -	\$ -	
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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 Mid-Year of **FY24-25**. This represents contributions from the General Fund-Measure SST Fund. The Reserve Fund also realized expenditures of **\$5.0 million**, achieving **100.0%** of budget through the Mid-Year 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 - FY22-23	Additions/ (Uses)	End Bal - FY23-24	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	55,338,393	10,526,798	65,865,191	2,349,062	68,214,253
Total	\$ 63,420,240	\$ 15,329,221	\$ 78,749,461	\$ 2,349,062	\$ 81,098,523

As shown in the table above, the City's unassigned reserve balance is projected to total **\$81.6 million** at fiscal year-end. This represents an excess of **\$24.1 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 **\$57.5 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 **\$215.6 million**. To be considered "Low-Risk" designation, reserves should equal at least six months of operating costs, or **50%** of the current appropriation, or **\$143.8 million**. In the future, staff may recommend adjustments to the City's fiscal policy to further strengthen fiscal resilience.

An aerial photograph of a city street scene, overlaid with a semi-transparent blue filter. The image shows a multi-lane highway on the left with traffic, a row of four circular, modern buildings in the center, and a tall, modern skyscraper on the right with a glass facade. The text 'INTERNAL SERVICE FUNDS' is prominently displayed in white, bold, sans-serif font across the middle of the image. At the bottom, the text 'Mid-Year Budget Review Report' is visible in a smaller white font. The overall scene is bright and clear, suggesting a sunny day.

INTERNAL SERVICE FUNDS

Mid-Year 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 Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Charges for Services	\$ 20,668,500	\$ 10,601,492	51.3%	\$ 23,659,000	\$ 11,819,450	50.0%	\$ 23,642,570	\$ (16,430)	99.9%
Other Revenues	-	122,364	0.0%	-	13,622	0.0%	14,650	14,650	0.0%
Operating Transfers In	-	-	0.0%	-	-	0.0%	-	-	0.0%
Total Revenues	\$ 20,668,500	\$ 10,723,856	51.9%	\$ 23,659,000	\$ 11,833,072	50.0%	\$ 23,657,220	\$ (1,780)	100.0%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,022,902	\$ 417,257	40.8%	\$ 1,083,179	\$ 454,286	41.9%	\$ 888,486	\$ 194,693	82.0%
Materials, Supplies & Maintenance	25,725	2,827	11.0%	24,000	2,434	10.1%	22,800	1,200	95.0%
Professional/Contract Services	660,030	62,536	9.5%	505,000	246,179	48.7%	496,275	8,725	98.3%
Training, Travel & Membership Dues	8,500	5,751	67.7%	11,600	2,496	21.5%	10,815	785	93.2%
Liabilities, Settlements & Insurance	18,344,252	9,706,370	52.9%	18,654,469	9,354,785	50.1%	17,781,921	872,548	95.3%
Utilities	-	283	0.0%	750	236	31.5%	599	151	79.9%
Interdepartmental Charges	228,527	102,959	45.1%	235,890	114,459	48.5%	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	2,178	50.0%	-	-	0.0%	-	-	0.0%
Total Expenses	\$ 28,494,290	\$ 10,300,161	36.1%	\$ 23,514,888	\$ 10,174,875	43.3%	\$ 22,399,180	\$ 1,115,708	95.3%

Revenues Less Expenditures	\$ (7,825,790)	\$ 423,695		\$ 144,112	\$ 1,658,197		\$ 1,258,040	\$ 1,113,928	
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As of December 31, 2024, the City has received **\$11.8 million** or **50.0%** of the FY24-25 budgeted revenues, compared to **\$10.7 million** or **51.9%** in the prior year. The \$1.1 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, **\$10.2 million** or **43.3%** of **FY24-25** budgeted expenditures have been spent, compared to **\$10.3 million** or **36.1%** 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 **Professional/Contract Services** classification is higher than the prior year due to the timing of an annual invoice paid.

The City transitioned to a third-party claims' administrator for workers' compensation claims in **FY22-23**, which has improved processing times and overall claims management. In FY23-24, the actuarial adjustment was recorded for \$(1.3 million), while in FY22-23 it was recorded for \$(4.2 million), and in FY21-22 it was recorded at \$8.2 million. For FY24-25, due to uncertainty, it is currently projected at the 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 at year-end.

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 \$195,000. Overall, the fund is projected to result in a **\$1.3 million** surplus at year-end.

Fleet Services Fund Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 12,121,697	\$ 5,149,764	42.5%	\$ 13,339,999	\$ 6,466,194	48.5%	\$ 13,100,140	\$ (239,859)	98.2%
Total Expenses	8,954,537	4,067,327	45.4%	8,940,680	4,448,582	49.8%	8,720,699	219,981	97.5%
Rev. Less Exp.	\$ 3,167,160	\$ 1,082,437		\$ 4,399,319	\$ 2,017,612		\$ 4,379,441	\$ (19,878)	

As shown above, the Fleet Services Fund’s overall revenues have increased when compared with the year prior. As of December 31, 2024, a total of **\$6.5 million** or **48.5%** of the **FY24-25** revenue budget has been collected. During the same period ending December 31, 2023, the City realized **\$5.1 million** in revenues, representing **42.5%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized overall expenditures of **\$4.4 million**, achieving **49.8%** of the **FY24-25** budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$4.1 million** or **45.4%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by \$4.4 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ (28,196)	\$ (53,515)	189.8%	\$ (28,196)	\$ (42,076)	149.2%	\$ (61,250)	\$ (33,054)	217.2%
Charges for Services	6,693,324	2,464,328	36.8%	6,896,676	2,971,037	43.1%	6,286,720	(609,956)	91.2%
Total Revenues	\$ 6,665,128	\$ 2,410,813	36.2%	\$ 6,868,480	\$ 2,928,961	42.6%	\$ 6,225,470	\$ (643,010)	90.6%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 3,822,706	\$ 1,512,492	39.6%	\$ 3,984,551	\$ 1,896,286	47.6%	\$ 3,848,601	\$ 135,950	96.6%
Materials, Supplies & Maintenance	1,517,195	679,433	44.8%	777,487	328,622	42.3%	765,741	11,746	98.5%
Materials Reimbursements	-	-	0.0%	(500,000)	(203,852)	40.8%	(500,000)	-	100.0%
Parts, Fuel & Lubricants Purchases	2,938,693	1,114,077	37.9%	3,213,628	1,446,958	45.0%	3,148,312	65,316	98.0%
Parts, Fuel & Lubricants Contra	(2,938,693)	(1,114,077)	37.9%	(3,210,628)	(1,446,958)	45.1%	(3,148,312)	(62,316)	98.1%
Professional/Contract Services	241,570	72,641	30.1%	205,334	170,466	83.0%	206,133	(799)	100.4%
Training, Travel & Membership Dues	51,809	6,075	11.7%	54,075	3,272	6.1%	51,500	2,575	95.2%
Depreciation and Amortization	1,000	325	32.5%	2,379	487	20.5%	2,375	4	99.8%
Liabilities, Settlements & Insurance	16,880	-	0.0%	16,880	-	0.0%	16,880	-	100.0%
Utilities	2,730	1,733	63.5%	2,600	184	7.1%	2,600	-	100.0%
Interdepartmental Charges	1,065,142	476,879	44.8%	2,237,427	1,102,244	49.3%	2,218,069	19,358	99.1%
Debt Service	-	-	0.0%	-	-	0.0%	-	-	0.0%
Capital Acquisitions	-	-	0.0%	54,208	32,492	59.9%	54,208	-	100.0%
Other Operating Transfers Out	674,580	662,994	98.3%	353,263	344,032	97.4%	353,262	1	100.0%
Total Expenses	\$ 7,393,612	\$ 3,412,572	46.2%	\$ 7,191,204	\$ 3,674,233	51.1%	\$ 7,019,369	\$ 171,835	97.6%
Revenues Less Expenditures	\$ (728,484)	\$ (1,001,759)		\$ (322,724)	\$ (745,272)		\$ (793,899)	\$ (471,175)	

When examining the Fleet Services Fund-Operating Fund, we get a better sense of day-to-day operations. As of December 31, 2024, the Fleet Services Fund-Operating Fund realized revenues of **\$2.9 million** or **42.6%** of the **FY24-25** revenue budget. During the same period ending December 31, 2023, the City realized **\$2.4 million** in revenues, representing **36.2%** 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 December 31, 2024, it is projected that revenues in the **Charges for Services** classification will realize a shortfall of \$610,000.

On the expenditure side, the Fleet Services Fund-Operating Fund realized expenditures of **\$3.7 million**, achieving **51.1%** of the **FY24-25** expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$3.4 million** or **46.2%** of the **FY23-24** expenditure budget. The increase in **Interdepartmental Charges** and decrease in **Material, Supplies & Maintenance** was primarily due to reclassification of rental charges for the fleet warehouse. **Salaries and Employee Benefits** increased as the vacancy rate has improved from 7.0 FTE to 2.5 FTE as of December 31, 2023 and 2024, respectively. The Fleet Services Fund has 2.5 FTE

vacancies, for which 1.0 FTE is expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$136,000 in budgetary savings. **Other Operating Transfers Out** decreased due to reduced contribution to the Fleet Services Capital Fund related to the Capital Improvement Plan.

Overall, the Fleet Services Fund-Operating Fund is projected to operate at a \$794,000 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 5,376,105	\$ 2,702,801	50.3%	\$ 6,391,055	\$ 3,413,275	53.4%	\$ 6,746,670	\$ 355,615	105.6%
Other Revenues	80,464	36,150	44.9%	80,464	123,958	154.1%	128,000	47,536	159.1%
Total Revenues	\$ 5,456,569	\$ 2,738,951	50.2%	\$ 6,471,519	\$ 3,537,233	54.7%	\$ 6,874,670	\$ 403,151	106.2%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 1,468,460	\$ 654,755	44.6%	\$ 1,709,637	\$ 774,349	45.3%	\$ 1,701,491	\$ 8,146	99.5%
Capital Acquisitions	13,549,099	1,314,300	9.7%	26,588,249	5,669,362	21.3%	26,588,249	-	100.0%
Asset Contra Account	(13,456,634)	(1,314,300)	9.8%	(26,548,410)	(5,669,362)	21.4%	(26,588,410)	40,000	100.2%
Total Expenses	\$ 1,560,925	\$ 654,755	41.9%	\$ 1,749,476	\$ 774,349	44.3%	\$ 1,701,330	\$ 48,146	97.2%

Revenues Less Expenditures	\$ 3,895,644	\$ 2,084,196		\$ 4,722,043	\$ 2,762,884		\$ 5,173,340	\$ 451,297	
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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 December 31, 2024, a total of **\$3.5 million** or **54.7%** of **FY24-25** budgeted revenues have been collected. During the same period ending December 31, 2023, the City realized **\$2.7 million** in revenues, representing **50.2%** of the **FY23-24** revenue budget. The increase from prior year is mainly due to increased contributions from departments of \$440,000 and allocated investment earnings of \$271,000.

On the expenditure side, the Fleet Services Fund-Replacement Fund realized expenditures of **\$774,000**, achieving **45.3%** of the **FY24-25** expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$655,000** or **41.9%** of the **FY23-24** expenditure budget. The Fleet Services Fund-Replacement Fund is projected to operate at surplus of \$5.2 million at year-end, and it is projected that \$26.6 million worth of vehicles will be purchased and capitalized for depreciation in future budget cycles.



ENTERPRISE FUNDS

Mid-Year 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 Mid-Year 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 341,485	\$ 314,589	92.1%	\$ 482,000	\$ 555,961	115.3%	\$ 982,460	\$ 500,460	203.8%
Charges for Services	16,433,244	7,861,763	47.8%	17,360,326	8,511,933	49.0%	18,043,530	683,204	103.9%
Other Revenues	250,000	629,653	251.9%	500,000	2,224,012	444.8%	2,541,260	2,041,260	508.3%
Total Revenues	\$ 17,024,729	\$ 8,806,005	51.7%	\$ 18,342,326	\$ 11,291,906	61.6%	\$ 21,567,250	\$ 3,224,924	117.6%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,514,167	\$ 663,342	43.8%	\$ 1,556,604	\$ 688,098	44.2%	\$ 1,472,086	\$ 84,518	94.6%
Materials, Supplies & Maintenance	199,928	33,412	16.7%	144,887	32,924	22.7%	140,474	4,413	97.0%
Professional/Contract Services	4,595,914	2,074,960	45.1%	2,543,300	324,054	12.7%	2,454,447	88,853	96.5%
Training, Travel & Membership Dues	10,815	391	3.6%	11,923	8,323	69.8%	11,023	900	92.4%
Depreciation and Amortization	283,250	130,290	46.0%	260,582	135,255	51.9%	269,156	(8,574)	103.3%
Utilities	207,699	97,425	46.9%	220,946	112,849	51.1%	214,434	6,512	97.1%
Interdepartmental Charges	724,441	400,692	55.3%	624,115	289,479	46.4%	570,629	53,486	91.4%
Bad Debts and Other Losses	15,000	-	0.0%	15,000	-	0.0%	15,000	-	100.0%
Other Operating Transfers Out	9,444,431	3,769,616	39.9%	12,580,785	8,673,533	68.9%	13,889,113	(1,308,328)	110.4%
Total Expenses	\$ 17,010,181	\$ 7,170,128	42.2%	\$ 17,958,142	\$ 10,264,515	57.2%	\$ 19,036,362	\$ (1,078,220)	106.0%

Revenues Less Expenditures	\$ 14,548	\$ 1,635,877		\$ 384,184	\$ 1,027,391		\$ 2,530,888	\$ 2,146,704	
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As of December 31, 2024, a total of **\$11.3 million** or **61.6%** of **FY24-25** budgeted revenues have been collected. During the same period ending December 31, 2023, the City realized **\$8.8 million** or **51.7%** of **FY23-24** budgeted revenues. Overall, it is projected that the revenue budget will operate at a surplus at year-end of \$3.2 million. This is driven by surpluses from miscellaneous revenues of \$2.0 million related to litigation reimbursements, rental income of \$0.7 million, and investment earnings of \$0.5 million.

On the expenditure side, the Airport Fund realized expenditures of **\$10.3 million** or **57.2%** of the **FY24-25** budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$7.2 million** or **42.2%** of the **FY23-24** expenditure budget. The **Professional/Contract Services** classification is lower than the prior year primarily due to less legal services cost related to litigation efforts on the airport property in the current year. The **Other Operating**

Transfers Out classification is higher than the prior year due to increased litigation reimbursements received and decreased legal costs as mentioned above, which led to the increase in Operating Transfers Out to General Fund as the reimbursement and legal costs relate 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 **\$2.5 million** surplus.

The Airport Fund has 2.0 FTE vacancy for Airport Worker, which are expected to be filled by the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$85,000 in budgetary savings.

Sanitation Fund Mid-Year 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, which began July 1, 2023 with fees increasing by 16% and by 9% annually starting July 1, 2024 through June 2028.

Sanitation Fund Overall Revenues and Expenditures

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 16,156,401	\$ 6,610,318	40.9%	\$ 18,918,815	\$ 7,628,936	40.3%	\$ 20,373,226	\$ 1,454,411	107.7%
Total Expenses	20,155,560	8,157,469	40.5%	20,062,665	7,839,750	39.1%	18,883,590	1,179,075	94.1%
Rev. Less Exp.	\$ (3,999,159)	\$ (1,547,151)		\$ (1,143,850)	\$ (210,814)		\$ 1,489,636	\$ 2,633,486	

As shown in the summary table above, the Sanitation Fund overall realized revenues of **\$7.6 million**, achieving **40.3%** of the **FY24-25** revenue budget as of December 31, 2024. During the same period ending December 31, 2023, this fund realized **\$6.6 million** in revenues, representing **40.9%** of the **FY23-24** revenue budget.

On the expenditure side, the Sanitation Fund overall realized expenditures of **\$7.8 million** or **39.1%** of the **FY24-25** expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$8.2 million** or **40.5%** of the **FY23-24** expenditure budget. Overall, it is projected that this fund will operate at a \$1.5 million 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Licenses, Fees and Permits	-	-	0.0%	-	2,483	0.0%	38,000	38,000	0.0%
Use of Money and Property	(20,950)	(95,396)	455.4%	(261,000)	(146,950)	56.3%	(253,850)	7,150	97.3%
Charges for Services	13,927,864	5,516,542	39.6%	16,467,469	6,428,195	39.0%	17,838,770	1,371,301	108.3%
Other Revenues	50,000	39,966	79.9%	125,000	54,809	43.8%	109,620	(15,380)	87.7%
Operating Transfers In	351,768	175,884	50.0%	382,321	191,163	50.0%	382,321	-	100.0%
Total Revenues	\$ 14,308,682	\$ 5,636,996	39.4%	\$ 16,713,790	\$ 6,527,217	39.1%	\$ 18,076,861	\$ 1,363,071	108.2%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 4,127,511	\$ 1,980,106	48.0%	\$ 4,716,434	\$ 2,077,067	44.0%	\$ 4,272,626	\$ 443,808	90.6%
Salaries and Benefits Reimb.	-	(116)	0.0%	-	(4,224)	0.0%	-	-	0.0%
Materials, Supplies & Maintenance	3,599,132	1,170,811	32.5%	3,886,729	1,470,419	37.8%	3,742,514	144,215	96.3%
Materials Reimbursements	(50,000)	(45,823)	91.6%	(150,000)	(50,381)	33.6%	(150,000)	-	100.0%
Professional/Contract Services	4,977,374	1,508,363	30.3%	5,022,008	1,558,542	31.0%	4,782,365	239,643	95.2%
Training, Travel & Membership Dues	33,471	803	2.4%	82,300	41,795	50.8%	65,975	16,325	80.2%
Depreciation and Amortization	45,930	22,889	49.8%	227,337	25,274	11.1%	50,548	176,789	22.2%
Liabilities, Settlements & Insurance	68,083	41,330	60.7%	60,000	3,640	6.1%	57,000	3,000	95.0%
Utilities	3,990	753	18.9%	4,190	785	18.7%	3,590	600	85.7%
Interdepartmental Charges	3,272,232	1,574,497	48.1%	2,067,676	962,196	46.5%	1,998,950	68,726	96.7%
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	31,732	60.0%	52,860	-	100.0%
Other Operating Transfers Out	2,766,174	1,376,569	49.8%	3,134,975	1,331,812	42.5%	3,134,975	-	100.0%
Total Expenses	\$ 19,032,757	\$ 7,727,196	40.6%	\$ 19,194,509	\$ 7,448,657	38.8%	\$ 18,101,403	\$ 1,093,106	94.3%
Revenues Less Expenditures	\$ (4,724,075)	\$ (2,090,200)		\$ (2,480,719)	\$ (921,440)		\$ (24,542)	\$ 2,456,177	

When examining the Sanitation Fund-Operating Fund, we get a better sense of the day-to-day operations. As of December 31, 2024, a total of **\$6.5 million** or **39.1%** of **FY24-25** budgeted revenues have been collected. During the same period ending December 31, 2023, the City realized **\$5.6 million** in revenues, representing **39.4%** of the **FY23-24** revenue budget. This is primarily due to the annual rate increase approved by City Council. Overall, it is projected that the revenue budget will operate at a surplus at year-end of \$1.4 million.

On the expenditure side, this fund realized expenditures of **\$7.4 million** or **38.8%** of the **FY24-25** expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$7.7 million** or **40.6%** of the **FY23-24** expenditure budget. When comparing at classification level, the **Interdepartmental Charges** related to self-insurance contributions decreased due to the recalculation of the Sanitation Division's contributions to the Self-Insurance Fund. On the other hand, the **Materials, Supplies & Maintenance** classification showed an increase in year-to-date actuals, which is primarily due to the increase in the fleet labor hours.

The Sanitation Fund has 3.0 FTE vacancies for Sanitation Equipment Operator, of which 2.0 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 \$444,000 in budgetary savings.

Overall, the Sanitation Fund's operating fund is projected to operate at a \$25,000 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 396,539	\$ 212,253	53.5%	\$ 555,000	\$ 344,445	62.1%	\$ 608,340	\$ 53,340	109.6%
Operating Transfers In	1,451,180	761,069	52.4%	1,650,025	754,791	45.7%	1,650,025	-	100.0%
Total Revenues	\$ 1,847,719	\$ 973,322	52.7%	\$ 2,205,025	\$ 1,099,236	49.9%	\$ 2,258,365	\$ 53,340	102.4%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 1,122,803	\$ 430,273	38.3%	\$ 868,156	\$ 391,093	45.0%	\$ 782,187	\$ 85,969	90.1%
Capital Acquisitions	7,893,460	446,737	5.7%	9,357,966	-	0.0%	9,357,966	-	100.0%
Asset Contra Account	(7,893,460)	(446,737)	5.7%	(9,357,966)	-	0.0%	(9,357,966)	-	100.0%
Total Expenses	\$ 1,122,803	\$ 430,273	38.3%	\$ 868,156	\$ 391,093	45.0%	\$ 782,187	\$ 85,969	90.1%

Revenues Less Expenditures	\$ 724,916	\$ 543,049		\$ 1,336,869	\$ 708,143		\$ 1,476,178	\$ 139,309	
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The Sanitation Fund-Vehicle Replacement Fund receives contributions 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 **\$1.1 million** or **49.9%** of the **FY24-25** revenue budget as of December 31, 2024. During the same period ending December 31, 2023, this fund realized **\$1.0 million** in revenues, representing **52.7%** of the **FY23-24** revenue budget.

On the expenditure side, this fund realized expenditures of **\$391,000** or **45.0%** of the **FY24-25** expenditure budget as of December 31, 2024. During the same period ending December 31, 2023, the City expended **\$430,000** or **38.3%** of the **FY23-24** expenditure budget. Overall, it is projected that revenues will exceed expenditures by **\$1.5 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 Mid-Year Results

The Sewer Fund supports the maintenance and improvement of the City’s sewer system, as well as the upkeep and replacement of vehicles used by the Sewer Division within the Public Works Department. It includes multiple sub-funds, such as the Sewer Fund-Operating Fund and the Sewer Fund-Vehicle Replacement Fund, which are funded primarily through sewer discharge fees.

To ensure continued investment in the City’s sewer infrastructure, the City Council approved a series of annual sewer rate increases from January 2023 through December 2027. Additionally, the fund receives support from user fees and transfers from the General Fund-Operating Fund to help fund the senior discount program.

Sewer Fund Overall Revenues and Expenditures

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Total Revenues	\$ 8,622,923	\$ 3,432,521	39.8%	\$ 8,616,082	\$ 3,597,715	41.8%	\$ 8,473,369	\$ (142,713)	98.3%
Total Expenses	6,891,511	4,504,853	65.4%	5,823,593	3,082,699	52.9%	5,545,203	278,390	95.2%
Rev. Less Exp.	\$ 1,731,412	\$ (1,072,332)		\$ 2,792,489	\$ 515,016		\$ 2,928,166	\$ 135,677	

As of December 31, 2024, the Sewer Fund generated **\$3.6 million** in revenue or 41.8% of the FY24-25 budget, compared to **\$3.4 million** or 39.8% for the same period in FY23-24.

On the expenditure side, the fund is operating closely to plan, incurring **\$3.1 million** in expenses or 52.9% of the FY24-25 budget as of December 31, 2024. This represents a decrease from the **\$4.5 million** or 65.4% spent during the same period in FY23-24. Overall, the fund is projected to end the fiscal year with a **\$2.9 million** surplus, which will be analyzed in further detail in the following sections.

Sewer Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 216,234	\$ 124,987	57.8%	\$ 590,000	\$ 258,973	43.9%	\$ 468,730	\$ (121,270)	79.4%
Charges for Services	7,495,161	2,787,837	37.2%	7,315,073	3,131,654	42.8%	7,333,800	18,727	100.3%
Other Revenues	13,556	14,298	105.5%	50,000	4,396	8.8%	10,000	(40,000)	20.0%
Operating Transfers In	22,212	11,106	50.0%	34,347	17,172	50.0%	34,347	-	100.0%
Total Revenues	\$ 7,747,163	\$ 2,938,228	37.9%	\$ 7,989,420	\$ 3,412,195	42.7%	\$ 7,846,877	\$ (142,543)	98.2%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 1,702,959	\$ 881,901	51.8%	\$ 1,956,558	\$ 871,274	44.5%	\$ 1,772,486	\$ 184,072	90.6%
Materials, Supplies & Maintenance	332,840	152,849	45.9%	348,642	131,358	37.7%	309,521	39,121	88.8%
Materials Reimbursements	-	(190)	0.0%	-	(929)	0.0%	(2,183)	2,183	0.0%
Professional/Contract Services	623,677	147,422	23.6%	509,250	135,725	26.7%	485,000	24,250	95.2%
Training, Travel & Membership Dues	10,447	374	3.6%	15,246	121	0.8%	14,250	996	93.5%
Depreciation and Amortization	1,127	-	0.0%	-	-	0.0%	-	-	0.0%
Utilities	68,917	33,617	48.8%	97,557	29,453	30.2%	92,841	4,716	95.2%
Interdepartmental Charges	765,634	364,316	47.6%	744,053	346,094	46.5%	713,672	30,381	95.9%
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	36,459	30,486	83.6%	20,000	10,863	54.3%	20,000	-	100.0%
Other Operating Transfers Out	3,172,145	2,849,265	89.8%	1,917,662	1,457,056	76.0%	1,917,662	-	100.0%
Total Expenses	\$ 6,716,411	\$ 4,460,040	66.4%	\$ 5,608,968	\$ 2,981,015	53.1%	\$ 5,323,249	\$ 285,719	94.9%

Revenues Less Expenditures	\$ 1,030,752	\$ (1,521,812)		\$ 2,380,452	\$ 431,180		\$ 2,523,628	\$ 143,176	
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The Sewer Fund-Operating Fund provides insight into the day-to-day operations of the City's sewer system. As of December 31, 2024, the fund has collected **\$3.4 million** in revenue or 42.7% of the FY24-25 budget, compared to **\$2.9 million** or 37.9% for the same period in FY23-24. The increase is primarily due to the annual rate adjustment approved by the City Council. Overall, staff expect the total projected revenue to be lower than budget by **\$143,000**.

On the expenditure side, the fund has spent **\$3.0 million** or 53.1% of the FY24-25 expenditure budget, as of December 31, 2024. This is a decrease from **\$4.5 million** or 66.4% of the budget during the same period in FY23-24, primarily due to a **\$1.4 million** reduction in transfers to the Vehicle Replacement and Capital Project Funds. Overall, the Sewer Fund-Operating Fund is projected to end the year with a **\$2.5 million** surplus.

The Sewer Fund has 1.0 FTE vacancies for Wastewater Technician, which is expected to remain unfilled through the end of the fiscal year. Based on currently approved recruitment requests, this department is projected to generate \$184,000 in budgetary savings.

Sewer Fund-Vehicle Replacement Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 63,615	\$ 45,028	70.8%	\$ 109,000	\$ 50,241	46.1%	\$ 83,830	\$ (25,170)	76.9%
Operating Transfers In	812,145	449,265	55.3%	517,662	112,279	21.7%	517,662	-	100.0%
Total Revenues	\$ 875,760	\$ 494,293	56.4%	\$ 626,662	\$ 162,520	25.9%	\$ 601,492	\$ (25,170)	96.0%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 175,100	\$ 44,813	25.6%	\$ 214,625	\$ 101,684	47.4%	\$ 221,954	\$ (7,329)	103.4%
Capital Acquisitions	2,518,276	-	0.0%	4,398,355	1,338,196	30.4%	4,398,355	-	100.0%
Asset Contra Account	(2,518,276)	-	0.0%	(4,398,355)	(1,338,196)	30.4%	(4,398,355)	-	100.0%
Total Expenses	\$ 175,100	\$ 44,813	25.6%	\$ 214,625	\$ 101,684	47.4%	\$ 221,954	\$ (7,329)	103.4%

Revenues Less Expenditures	\$ 700,660	\$ 449,480		\$ 412,037	\$ 60,836		\$ 379,538	\$ (32,499)	
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The Sewer Fund-Vehicle Replacement Fund receives contributions from the Sewer Fund-Operating Fund to purchase vehicles and to record monthly depreciation of current vehicles. Transfers made in FY24-25 will fund future vehicle replacement costs. As of December 31, 2024, the fund has generated **\$163,000** in revenue or **25.9%** of the FY24-25 budget. This compares to **\$494,000** or **56.4%** during the same period in FY23-24.

On the expenditure side, the fund incurred **\$102,000** in expenses or **47.4%** of the FY24-25 expenditure budget as of December 31, 2024. This represents an increase from **\$45,000** or **25.6%** of the budget for the same period in FY23-24, due to higher depreciation expenses related to newly acquired vehicles.

Overall, the fund is projected to end the year with a **\$380,000** surplus. This projection includes the purchase of two CNG Vactor Sewer Cleaner Trucks, one CNG Ramjet Jet Rodder Truck, two Ford F-350 Dump Trucks (approved by Council on December 20, 2022), and one Ford F-450 Crane Truck (approved by City Manager appropriation).

Transit Fund Mid-Year Results

The Transit Fund finances and manages the City’s fixed-route transit system and the Torrance Community Transit Program, ensuring efficient and reliable transportation services for the community.

Transit Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 1,029,127	\$ 672,720	65.4%	\$ 1,718,000	\$ 879,908	51.2%	\$ 1,556,330	\$ (161,670)	90.6%
Intergovernmental	31,869,767	19,678,385	61.7%	29,545,571	15,782,925	53.4%	27,461,000	(2,084,571)	92.9%
Charges for Services	1,326,028	469,683	35.4%	940,001	691,609	73.6%	1,519,330	579,329	161.6%
Other Revenues	30,000	8,957	29.9%	30,000	736	2.5%	1,100	(28,900)	3.7%
Operating Transfers In	3,000,000	1,509,000	50.3%	3,000,000	1,512,000	50.4%	3,000,000	-	100.0%
Total Revenues	\$ 37,254,922	\$ 22,338,745	60.0%	\$ 35,233,572	\$ 18,867,178	53.5%	\$ 33,537,760	\$ (1,695,812)	95.2%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Salaries and Employee Benefits	\$ 22,491,793	\$ 9,053,070	40.3%	\$ 23,152,327	\$ 10,239,751	44.2%	\$ 21,476,616	\$ 1,675,711	92.8%
Materials, Supplies & Maintenance	2,665,113	1,370,689	51.4%	3,593,905	1,436,728	40.0%	3,768,214	(174,309)	104.9%
Materials Reimbursements	(250,000)	(77,658)	31.1%	(250,000)	(41,513)	16.6%	(250,000)	-	100.0%
Parts, Fuel & Lubricants Purchases	1,384,991	714,631	51.6%	1,811,250	602,209	33.2%	1,725,000	86,250	95.2%
Parts, Fuel & Lubricants Contra	(1,384,991)	(714,631)	51.6%	(1,811,250)	(602,209)	33.2%	(1,725,000)	(86,250)	95.2%
Professional/Contract Services	2,356,063	718,770	30.5%	3,358,586	1,160,937	34.6%	3,505,444	(146,858)	104.4%
Training, Travel & Membership Dues	159,022	47,369	29.8%	125,037	50,684	40.5%	120,570	4,467	96.4%
Depreciation and Amortization	3,964,089	1,365,675	34.5%	3,238,219	1,241,744	38.3%	2,567,379	670,840	79.3%
Liabilities, Settlements & Insurance	217,639	102,330	47.0%	217,639	-	0.0%	217,639	-	100.0%
Utilities	144,845	60,062	41.5%	233,466	112,776	48.3%	233,453	13	100.0%
Interdepartmental Charges	6,666,292	3,050,075	45.8%	7,172,359	3,505,191	48.9%	6,816,586	355,773	95.0%
Capital Acquisitions	-	-	0.0%	50,000	30,144	60.3%	47,500	2,500	95.0%
Asset Contra Account	-	(71,859)	0.0%	(50,000)	-	0.0%	(50,000)	-	100.0%
Other Operating Transfers Out	76,578	38,286	50.0%	630,954	587,516	93.1%	630,954	-	100.0%
Total Expenses	\$ 38,491,434	\$ 15,656,809	40.7%	\$ 41,472,492	\$ 18,323,958	44.2%	\$ 39,084,355	\$ 2,388,137	94.2%

Revenues Less Expenditures	\$ (1,236,512)	\$ 6,681,936		\$ (6,238,920)	\$ 543,220		\$ (5,546,595)	\$ 692,325	
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As of December 31, 2024, the City has collected **\$18.9 million** in Transit Fund revenues, representing **53.5%** of the FY24-25 budget. This represents a decline from the **\$22.3 million** or **60.0%** collected during the same period in FY23-24. The decrease is mainly due to a reduction in Intergovernmental revenue, partially offset by increases in Charges for Services and Use of Money and Property. Year-to-date receipts in the Intergovernmental category have decreased by **\$3.9 million**, largely driven by lower receipts from LA Metro for Measure M and Measure R funding.

The Transit Department currently has **\$29.9 million** in unspent Federal Transit Administration grants dating back to 2009, along with an additional **\$74.2 million** in unspent grants from other sources.

On the expenditure side, the Transit Fund has incurred **\$18.3 million** in expenses or **44.2%** of the FY24-25 budget as of December 31, 2024. This is an increase from the **\$15.7 million** or **40.7%** spent during the same period in FY23-24, primarily due to higher expenses in the **Salaries and Employee**

Benefits and **Professional/Contract Services** due to the accelerated timing of major software subscriptions and dial-a-lift services.

The Transit Fund has 27.3 FTE vacancies, of which 6.5 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 \$1.7 million in budgetary savings. Overall, the Transit Fund is projected to end the year with a **\$5.5 million** deficit.

Water Fund Mid-Year Results

The Water Fund consists of multiple sub-funds, including the Water Fund-Operating Fund and the Water Fund-Vehicle Replacement Fund, which manage water fees to support the City’s water system and maintain Water Division vehicles within the Public Works Department. The City Council approved annual water rate increases over five years, with rates rising by 6.5% on January 1, 2025, and 2026, and by 6% on January 1, 2027, 2028, and 2029. The fund is also supported by user fees and operating transfers from the General Fund-Operating Fund to fund the senior discount program.

Water Fund Overall Revenues and Expenditures

	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Realized	Amended Budget	July-December Actuals	% of Budget Realized	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Total Revenues	\$ 54,827,481	\$ 22,732,767	41.5%	\$ 54,803,501	\$ 27,252,722	49.7%	\$ 64,112,907	\$ 9,309,406	117.0%
Total Expenses	56,508,067	31,109,959	55.1%	51,905,219	26,267,502	50.6%	53,669,071	(1,763,852)	103.4%
Rev. Less Exp.	\$ (1,680,586)	\$ (8,377,192)		\$ 2,898,282	\$ 985,220		\$ 10,443,836	\$ 7,545,554	

As outlined in the summary table, the Water Fund generated **\$27.3 million** in revenue as of December 31, 2024, representing **49.7%** of the FY24-25 revenue budget. In comparison, revenue for the same period in FY23-24 totaled **\$22.7 million** or **41.5%** of that year’s budget.

On the expenditure side, the Water Fund incurred **\$26.3 million** in expenses or **50.6%** of the FY24-25 expenditure budget as of December 31, 2024. For the same period in FY23-24, expenditures reached **\$31.1 million** or 55.1% of the budget. Overall, the fund is projected to close the fiscal year with a **\$10.4 million surplus**, which will be analyzed further in the following sections.

Water Fund-Operating Fund Revenues and Expenditures by Classification

Revenues	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	% of Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Use of Money and Property	\$ 1,287,643	\$ 635,434	49.3%	\$ 1,197,000	\$ 1,022,197	85.4%	\$ 1,810,410	\$ 613,410	151.2%
Charges for Services	53,070,586	21,821,348	41.1%	53,095,000	25,936,785	48.8%	61,742,570	8,647,570	116.3%
Other Revenues	-	68,141	0.0%	5,000	49,757	995.1%	50,000	45,000	1000.0%
Operating Transfers In	12,430	6,216	50.0%	18,284	9,144	50.0%	18,284	-	100.0%
Total Revenues	\$ 54,370,659	\$ 22,531,139	41.4%	\$ 54,315,284	\$ 27,017,883	49.7%	\$ 63,621,264	\$ 9,305,980	117.1%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	% of Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	Projected % of Budget
Salaries and Employee Bene	\$ 5,732,781	\$ 2,514,046	43.9%	\$ 5,949,210	\$ 2,776,330	46.7%	\$ 5,394,890	\$ 554,320	90.7%
Materials, Supplies & Mainte	1,973,066	879,357	44.6%	1,938,160	343,445	17.7%	1,932,779	5,381	99.7%
Materials Reimbursements	5,000	(21)	-0.4%	-	(241)	0.0%	(519)	519	0.0%
Parts, Fuel & Lubricants Purc	583,495	187,775	32.2%	612,670	150,768	24.6%	582,037	30,633	95.0%
Parts, Fuel & Lubricants Cont	(583,495)	(187,775)	32.2%	(612,670)	(150,768)	24.6%	(582,037)	(30,633)	95.0%
Stored Water Rights Inv. Pun	471,699	-	0.0%	-	-	0.0%	-	-	0.0%
Stored Water Rights Contra	(471,699)	-	0.0%	-	-	0.0%	-	-	0.0%
Professional/Contract Serv	1,676,431	369,472	22.0%	2,031,344	769,006	37.9%	1,988,898	42,446	97.9%
Water Supply Costs	33,350,000	15,915,255	47.7%	34,785,000	17,686,766	50.8%	37,113,000	(2,328,000)	106.7%
Training, Travel & Membersh	49,955	6,109	12.2%	52,453	3,109	5.9%	49,955	2,498	95.2%
Depreciation and Amortizati	15,000	5,447	36.3%	12,445	5,447	43.8%	12,445	-	100.0%
Liabilities, Settlements & Ins	91,479	16,008	17.5%	16,008	-	0.0%	16,008	-	100.0%
Utilities	164,950	71,208	43.2%	205,820	92,350	44.9%	205,465	355	99.8%
Interdepartmental Charges	2,858,400	1,332,303	46.6%	3,650,457	1,799,706	49.3%	3,704,060	(53,603)	101.5%
Debt Service	1,567,288	322,259	20.6%	644,517	322,258	50.0%	644,517	-	100.0%
Debt Service Reimbursemen	(1,279,515)	(288,669)	22.6%	(580,744)	(295,521)	50.9%	(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	12,598	8.4%	150,000	-	100.0%
Other Operating Transfers O	10,005,676	9,771,966	97.7%	2,906,903	2,683,467	92.3%	2,900,749	6,154	99.8%
Total Expenses	\$ 56,360,512	\$ 31,050,037	55.1%	\$ 51,761,573	\$ 26,198,720	50.6%	\$ 53,531,503	\$ (1,769,930)	103.4%

Revenues Less Expenditures	\$ (1,989,853)	\$ (8,518,898)		\$ 2,553,711	\$ 819,163		\$ 10,089,761	\$ 7,536,050	
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A closer look at the Water Fund-Operating Fund provides insight into its daily operations. As of December 31, 2024, the fund generated **\$27.0 million** in revenue, representing **49.7%** of the FY24-25 revenue budget. In comparison, revenue for the same period in FY23-24 totaled **\$22.5 million** or 41.4% of that year's budget. Within the **Charges for Services** category, revenues increased by **\$4.1 million** or 18.9% year-over-year. This is primarily due to higher potable and reclaimed water consumption at the Torrance Refinery, as well as increased consumption to all other customers. Potable water consumption at the Refinery rose by 31.4% coupled with a 2.1% higher average rate, while non-Refinery potable water consumption increased by 6.1% with a comparable average rate through December 31, 2024, when compared to prior year. Reclaimed water at the Refinery had a 10.5% rate increase, partially offset by declined consumption by 0.4%.

On the expenditure side, the fund recorded **\$26.2 million** in expenses or 50.6% of the FY24-25 expenditure budget as of December 31, 2024. This represents a decrease from the **\$31.1 million** or 55.1% spent during the same period in FY23-24, primarily due to a **\$7.1 million** reduction in **Operating Transfers Out**. The prior year included transfers to the Water Capital Fund project to implement automated meter reading. On the other hand, **Water Supply Costs** have increased compared to the prior year, primarily to supply the higher residential and commercial customer and Refinery's demand for potable water, as well as an increase of reclaimed water purchased from West

Basin Municipal Water District, which correlates with the increase in the sales of reclaimed water at the Refinery mentioned above.

The Water Fund has 4.0 FTE vacancies, for which all positions are expected to remain unfilled by the end of the fiscal year. Based on approved recruitment requests this department is projected to generate \$554,000 in budgetary savings. Overall, the Water Fund-Operating Fund is projected to operate at a **\$10.1 million** surplus, primarily 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 FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Received	Amended Budget	July-December Actuals	Budget Received	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Use of Money and Property	\$ 60,014	\$ 34,009	56.7%	\$ 84,000	\$ 52,716	62.8%	\$ 93,580	\$ 9,580	111.4%
Operating Transfers In	396,808	167,619	42.2%	404,217	182,123	45.1%	398,063	(6,154)	98.5%
Total Revenues	\$ 456,822	\$ 201,628	44.1%	\$ 488,217	\$ 234,839	48.1%	\$ 491,643	\$ 3,426	100.7%

Expenses	Prior Year FY23-24			Current Year FY24-25					
	Amended Budget	July-December Actuals	Budget Expended	Amended Budget	July-December Actuals	Budget Expended	Annual Projected Total	Projected Surplus/(Deficit)	% of Budget
Depreciation and Amortization	\$ 147,465	\$ 59,922	40.6%	\$ 143,646	\$ 68,782	47.9%	\$ 137,568	\$ 6,078	95.8%
Capital Acquisitions	934,867	-	0.0%	774,109	-	0.0%	774,109	-	100.0%
Asset Contra Account	(934,777)	-	0.0%	(774,109)	-	0.0%	(774,109)	-	100.0%
Total Expenses	\$ 147,555	\$ 59,922	40.6%	\$ 143,646	\$ 68,782	47.9%	\$ 137,568	\$ 6,078	95.8%

Revenues Less Expenditures	\$ 309,267	\$ 141,706		\$ 344,571	\$ 166,057		\$ 354,075	\$ 9,504	
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The Water Fund-Vehicle Replacement Fund receives contributions, primarily from the Water Fund-Operating Fund to finance vehicle purchases and record monthly asset depreciation. Transfers in FY24-25 are allocated for future vehicle acquisitions through replacement charges.

As of December 31, 2024, the fund generated **\$235,000** in revenue, representing 48.1% of the FY24-25 budget, compared to **\$202,000** or 44.1% of budget for the same period in FY23-24.

On the expenditure side, the fund recorded **\$69,000** in expenses or 47.9% of the FY24-25 budget as of December 31, 2024, compared to **\$60,000** or 40.6% of FY23-24 budget for the same period in FY23-24. Overall, revenues are projected to exceed expenditures by **\$354,000** at fiscal year-end. This projection includes the purchase of two (2) Ford F-350 trucks with Pacific Body Utility Bodies, approved by the Council on December 20, 2022.