



City of Torrance, California

Comprehensive Annual

Financial Report



Torrance City Hall



Twin Towers Flag - 43rd Armed Forces Day Parade

Fiscal Year Ended June 30, 2011 Department of Finance



Wilson Park Sports Center



City of Torrance Veterans Memorial



James R. Armstrong Theater

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

Prepared by
Department of Finance

Eric E. Tsao
Finance Director

CITY OF TORRANCE, CALIFORNIA

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CITY OF TORRANCE, CALIFORNIA

Comprehensive Annual Financial Report

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City OF Torrance



Torrance City Hall

COMPREHENSIVE ANNUAL

Financial

REPORT

Fiscal Year Ended June 30, 2011

❖ INTRODUCTORY SECTION ❖

December 12, 2011

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

Via: ~~LeRoy J. Jackson, City Manager~~ ,

In accordance with Section 1100 of the City Charter, the Finance Department hereby submits the Comprehensive Annual Financial Report for the City of Torrance for the fiscal year ended June 30, 2011. The report reflects the fiscal plan of the City to provide a quality level of service to the community while providing for limited incremental funding of approved reserves and meeting operating expenditures with operating revenues. The prudent fiscal management of the Mayor and City Council provides the citizens of Torrance with continued fiscal responsibility at the local level.

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

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

REPORTING ENTITY

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

THE CITY

The City of Torrance is Los Angeles County's sixth largest city, by population, was founded in 1912, incorporated in 1921, and became a charter city in 1947. The City has a population of 145,927 within a boundary of approximately 21 square miles. The City borders the beautiful Pacific Ocean and is an integral part of the larger regional area known as the South Bay. The City of Torrance provides a wide range of services. These services include police and fire protection; sanitation, sewer and water services; a library system; a cultural arts center and gallery; recreational services; a municipal airport and bus transit services; the construction and maintenance of streets and infrastructure; planning and zoning; and general administrative and support services.

SERVICE EFFORTS AND ACCOMPLISHMENTS

In fiscal year 2010-11, the City of Torrance continued to provide quality services and programs to its residents and citizens. In total \$317.0 million was budgeted to support the City's many services and programs.

Completed Projects:

Facilities Equipment Automation Projects (FEAPs): The following projects were completed this year:

Permit Center:

The Permit Center was opened to the public on May 2, 2011. The Permit Center consolidated several public counters for "permits" into one centralized area. Besides streamlining "permit" operations into a centralized area the project included the digitizing microfiche permit records and implementing "OnPoint" the online software

Airport:

Electrical upgrade to the airport hangars at Zamperini Field was completed this year.

Others:

- The reconstruction of the pond at Wilson Park was completed and opened for the enjoyment of the community. Digitization of Torrance Historical Newspapers was completed. The project included the digitization of historic newspapers and directories, a partnership among the City of Torrance, Torrance Historical Society and Friends of the Torrance Library.
- Completed construction and formally opened the City's thirty-third park, Seaside Heroes Park, on January 22, 2011. The park is located in south Torrance and is approximately 1.2 acres and is home to the Seaside Heroes Memorial Wall.

Culture and Recreation:

In the area of ***Culture and Recreation***, the following is a list of the City's accomplishments during the year:

Library:

- Remodeling of North Torrance Branch Library – The North Torrance Branch Library reopened in Fall 2010 which included a “Homework Center” funded by ExxonMobil.
- WALTERIA Branch Library added a site for the volunteer program “Homework Helpers” and was able to continue the online service “Live Homework Help” through the generous donation from Providence Little Company of Mary Medical Center in Torrance.
- Launched new technology endeavors including a touch screen directory at the Katy Geissert Civic Center Library and a mobile application for cell phones and email overdue notices for patrons.

Cultural:

- Hosted several special cultural events during the year such as the Torrance Art Museum-six art exhibitions from local artists through the year; the Excellence in Arts Awards-recognized individuals and groups for their significant achievements in the local arts community; and various plays and concerts such as the Concert in the Park, Symphony in the Park and Shakespeare in the Park that provided a wide array of free entertainment for residents of all ages.
- City began to design improvements to the Wilson Park Amphitheater whose goal is to better utilize the natural bowl adjacent to the pond for a wide range of theatrical activities. These improvements will allow a wider range of performing arts groups to utilize the space, providing fresh new opportunities for the public to enjoy.

Recreational:

- Organized and implemented the Torrance Youth Council Annual Scholarship Awards Dinner that recognized and awarded college scholarships to Torrance high school graduates.
- Hosted the City's Environmental Fair at the Madrona Marsh Center with 40 exhibits
- Hosted the Halloween Carnival at Wilson Park
- Co-sponsored the Annual Health and Resource Fair with the Salvation Army Torrance Corps.
- Coordinated with Parks and Recreation Commission the selection and distribution of \$20,000 in Non Profit Social Service Agency grants to organizations servicing Torrance residents.
- Awarded a \$714,220 grant by the California Department of State Parks under Proposition 84-Nature Education Facilities Program for the Madrona Marsh

Nature Center and Preserve. The project consists of four elements: renovating the classroom by adding a wall of windows that overlooks the native garden and installing HD cameras and sound equipment to bring the garden into the classroom; enclosing the central patio to create an “atrium,” creating a mural inside the Nature Center depicting the timeline from the pre-history into the modern era; and installing a viewing deck with informational exhibits at the pond in the Preserve.

Park Services:

- Completed the Turf Management Plan for sports turf. An in-depth report on the condition of the fields as well as a quantifiable methodology of analyzing the workload and types of turf activities needed to bring the fields up to a good standard will form the backbone of the Turf Management Plan for the Phase 1 parks: Torrance Park, Columbia Park, Wilson Park, El Nido Park, WALTERIA Park and McMaster Park.
- Supported numerous City sponsored events such as the Armed Forces Day Parade, the Torrance Theater Company productions Movies and Concerts in the Park and Halloween Carnival.

Economic Development Highlights:

Auto dealerships continue to play an integral role in Torrance. Hyundai came in Torrance this year and DCH Toyota is adding new facilities. It began construction of its building and when completed will be the only car dealership in the nation with Gold LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council. This is the first phase of their building expansion plans.

Multi-million dollar remodeling projects were also completed for Mercedes Benz, Infinity, and Ford dealerships on Pacific Coast Highway.

Centinela Feed and Pet Supplies, headquartered in Torrance, expanded to include manufacturing capability in the form of Lotus Pet Food, a subsidiary to their Pet Food retail chain and added about 20 more jobs.

Providence Little Company of Mary and Torrance Memorial Medical hospitals are going through major expansions.

Special Projects (Alternative Fuel Technology):

- Shell/Toyota hydrogen fueling station was opened this year.
- Landi Rezo, the Italian-based company that develops and converts fleets with alternative fuel using components also opened their US headquarters.

- General Motors opened their Advanced Technology Center to provide R&D for their electric vehicle.

The City also joined American Honda along with Stanford University and Google to help further Honda's Electric Vehicle pilot project.

FINANCIAL FORECAST AND FUTURE OUTLOOK

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

LONG-TERM PLANNING

Over the past ten years, General Fund revenues grew from \$112 million in fiscal year 1999-2000 to approximately \$149 million in fiscal year 2010-11. Over the ten year period, the General Fund revenues grew 3.5% annually. Revenues exceeded operating expenditures in the General Fund each year with the exception of the 2002-03 fiscal year and the recent recessionary years of 2008-09 and 2009-10. Operating expenditures grew from \$102 million in fiscal year 1999-2000 to \$146 million in fiscal year 2010-11.

The City utilizes both a two-year operating budget and a five-year capital budget. Both budgets are adopted and/or amended annually. The operating budget includes a five (5) year forecast for both revenues and expenditures for all major funds. The capital budget is a five-year rolling plan that is adjusted annually based on the financial viability to fund new infrastructure projects.

The revenue forecast for the next two years reflects a minimal growth. The forecast closely parallels the economic recovery of the local economy. The severe economic recession while technically over will continue to impact local revenues for several more years. Our forecast projects two years of slow to moderate growth in revenues.

INTERNAL CONTROLS

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that the above reference objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits

likely to be realized; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROLS

The City is required by charter to adopt an annual budget. The City's annual appropriated budget is established and controlled at the individual organization level (department). The budget is monitored at a more detailed level (program) that closely tracks cost at service levels. The departmental director is held accountable for meeting the objectives within each of his or her programs and in monitoring the use of budget allocations to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The City also maintains an encumbrance accounting system as one technique in accomplishing budgetary control. All operating appropriations lapse at year-end to the extent they have not been expended or encumbered. Capital project appropriations lapse when individual projects are closed.

INDEPENDENT AUDIT

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

AWARDS

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Torrance for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The City has received this award annually since 1987.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for consideration.

OTHERS

The City recommends that the Management Discussion and Analysis section be read to obtain an understanding of the City's financial condition as of June 30, 2011. This section also provides an overview of the City's financial activities at year end.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'E. Tsao', with a long horizontal flourish extending to the right.

Eric E. Tsao
Finance Director

CITY OF TORRANCE DIRECTORY OF CITY OFFICIALS

June 30, 2011

CITY COUNCIL

Frank Scotto, Mayor

Gene Barnett	Cliff Numark
Tom Brewer	Susan Rhilinger
Pat Furey	Bill Sutherland

CITY CLERK

Sue Herbers

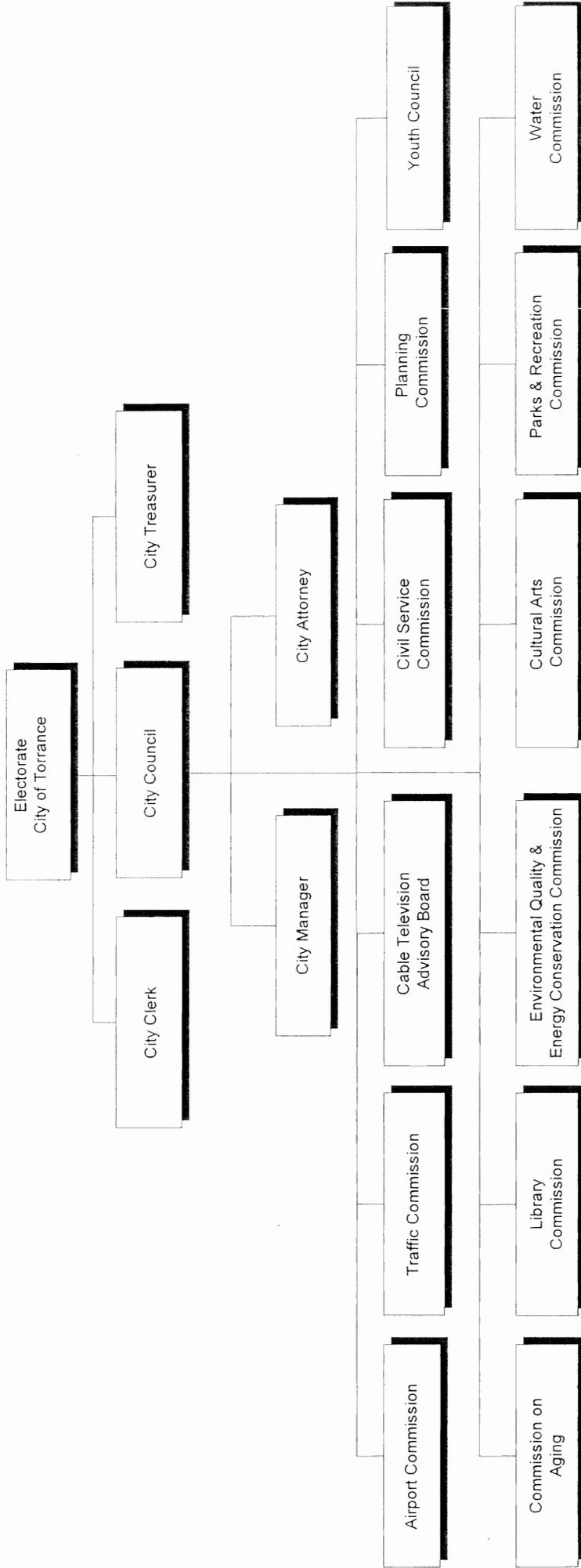
CITY TREASURER

Dana Cortez

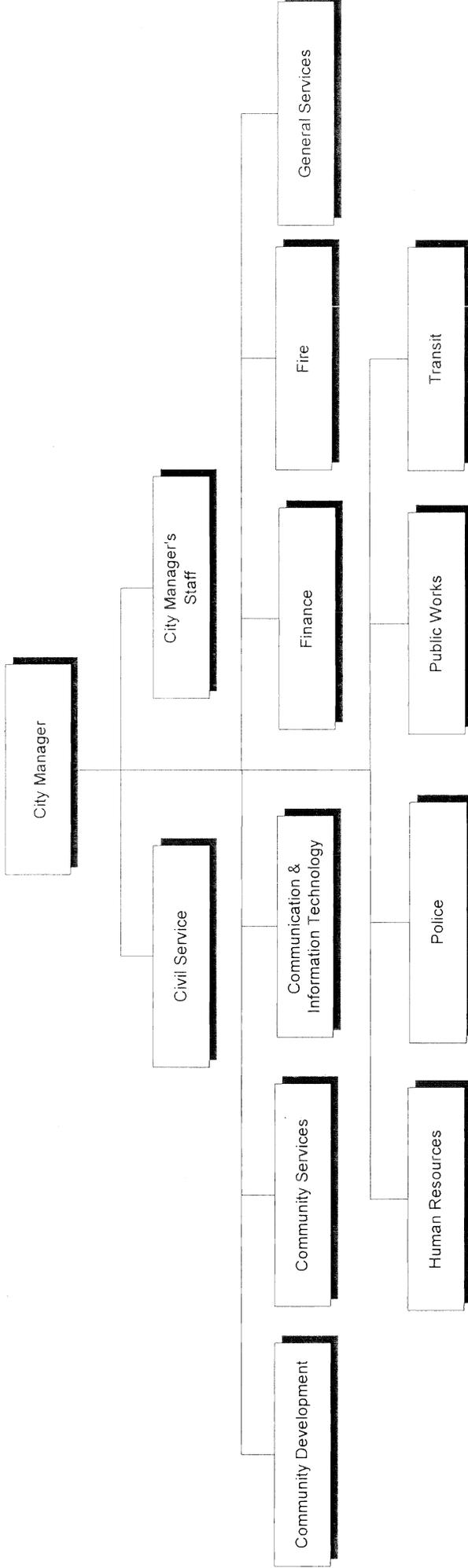
ADMINISTRATION

LeRoy J. Jackson, City Manager
Mary K. Giordano, Assistant City Manager
Eric E. Tsao, Finance Director
John L. Fellows III, City Attorney
Jeff Gibson, Community Development Director
John Jones, Community Services Director
William Racowski, Fire Chief
Sheryl Ballew, General Services Director
Richard Shigaki, Information Technology Director
John J. Neu, Police Chief
Robert J. Beste, Public Works Director
Kim Turner, Transit Director

ELECTED AND APPOINTED OFFICIALS



CITY DEPARTMENTS



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Torrance
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandson

President

Jeffrey R. Emswiler

Executive Director

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City
OF
Torrance



COMPREHENSIVE ANNUAL

Financial

R E P O R T

Fiscal Year Ended June 30, 2011

❖ **FINANCIAL SECTION** ❖



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The Honorable City Council
City of Torrance, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance, California ("City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Torrance. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, of the City of Torrance, and the respective budgetary comparison information for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 1 to the financial statements, the accompanying financial statements reflect certain changes in the reporting of fund types and fund balance classifications for governmental funds due to the implementation of GASB Statement No. 54.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section



Honorable City Council
City of Torrance
Page Two

and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 9, 2011

City OF Torrance



Council Chamber

Management
Discussion & Analysis

Management Discussion & Analysis

❖ DEPARTMENT OF FINANCE ❖

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Torrance's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. It is recommended this overview be read in conjunction with the City's transmittal letter and the accompanied financial statements in order to obtain a thorough understanding of the City's financial condition at June 30, 2011.

FINANCIAL HIGHLIGHTS

- The City's total assets (all funds) exceeded its liabilities at the close of fiscal year 2010-11 by \$424.3 million dollars (net assets). This is a 2.1 % or \$8.5 million dollars increase from last fiscal year net assets of \$415.8 million primarily due to increase in capital assets and cash due to increase in tax revenues during the year. As prescribed by generally accepted accounting standards, the net assets reported here does not include the City's unfunded actuarial pension liability, which is disclosed in the notes to the financial statements (see Note 8).
- During the year, the City's revenues (all funds) and net transfers exceeded its expenditures for governmental activities by \$6.6 million.
- In the City's business-type activities, expenditures exceeded revenues and transfers by \$1.6 million.
- The General Fund reported an excess of revenues over expenditures before transfers of \$2.8 million and a net transfers out of \$6.1 million resulting in a decrease to its fund balance of \$3.3 million during the year.
- The City kept General Fund expenditures within spending limits and actual General Fund expenditures on a budgetary basis were \$7.5 million less than budget. The General Fund revenues were \$4.3 million below budgetary basis which was attributable to lower than expected property taxes, utility users' taxes and investment earnings.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the financial activities of the City as a whole and presents a longer futuristic view of the City's finances. For government activities, fund financial statements tell how services were financed in the short-term as well as what remains for future spending. Fund financials also report the City's operations in greater detail compared to the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about

activities where the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. The Statement of Net Assets and Statement of Activities include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

The aforementioned statements report the City's net assets and changes in them. The City's net assets statement reflects the difference between assets and liabilities. A way to measure the City's financial health or financial position is to look at the difference between assets and liabilities. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional non-financial factors such as changes in the City's revenue receipt pattern need to be considered in assessing the overall health of the City.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- **Governmental activities**—All of City's basic services are considered to be governmental activities, including general government, public safety, public works, and culture and recreation. Property taxes, sales taxes, utility users' taxes, occupancy taxes and motor vehicle taxes finance most of these activities.
- **Business-type activities**—The City charges fees to customers to help it cover the costs of certain services it provides. The City's Airport, Transit, Water, Sewer, Emergency Medical Service, Sanitation, Parks and Recreation and Cultural Arts Center funds are included here.

The City has presented its financial statements under the new reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Government since fiscal year 2001-02. A comparative analysis of financial data from prior year is included in this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provides detailed information about the most significant funds and is not intended to report on the entire City as a whole. Some funds are required to be established by State law and by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds— Majority of the City's basic services are reported in governmental funds. Governmental funds account for the resources (revenues received) and the uses (services provided to residential and business community) of money that flows into and out of these funds and money left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services rendered. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. A description of the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is shown in the reconciliation at the bottom of the fund financial statements.
- Proprietary funds are funds that account for the City's operations that are financed and operated in a manner similar to a private business enterprise. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net assets and the Statement of Activities. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses internal service funds to report activities that provide supplies and services for other programs and activities within the City such as the Self Insurance Fund and Fleet Services Fund and it also accounts for inter-fund charges to the City's departments for post-employment benefits and compensated absences in the Post Employment/Compensated Absences Fund.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's net assets for fiscal year 2010-11 compared to 2009-10 are shown in Table 1:

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$179.2	\$171.0	\$40.1	\$36.9	\$219.3	\$207.9
Capital assets	301.2	291.5	130.0	129.9	431.2	421.4
Total assets	480.4	462.5	170.1	166.8	650.5	629.3
Long-term debt	(169.3)	(166.6)	(1.7)	(2.2)	(171.0)	(168.8)
Other liabilities	(44.2)	(35.5)	(11.0)	(9.2)	(55.2)	(44.7)
Total liabilities	(213.5)	(202.1)	(12.7)	(11.4)	(226.2)	(213.5)
Net assets						
Invested in capital assets, net of related debt	239.1	227.9	128.3	127.6	367.4	355.5
Restricted	46.7	68.0	.6	.5	47.3	68.5
Unrestricted	(18.9)	(35.5)	28.5	27.3	9.6	(8.2)
Total net assets	\$266.9	\$260.4	\$157.4	\$155.4	\$424.3	\$415.8

Net assets of the City's governmental activities amounted to \$266.9 million. Of the \$266.9 million, \$239.1 is invested in capital assets such as land, buildings, machinery, infrastructure, equipment and other improvements; \$46.7 million is restricted for streets & highways, infrastructure, capital projects, community development, public safety and to pay debt service; and (\$18.9) million is unrestricted. The net assets of the City's governmental activities increased by \$6.5 million (\$266.9 million compared to \$260.4 million in 2009-10). The increase of fund balance is primarily due to the increase in sales tax revenues and capital assets during the year.

Net assets of the City's business-type activities amounted to \$157.4 million. \$128.3 million is invested in capital assets, \$0.6 million is restricted to pay debt service and \$28.5 million is unrestricted. The net assets of the City's business-type activities increased by \$2.0 million (\$157.4 million compared to \$155.4 million in 2010-11). The primary reason for the increase in fund balance is due to increased water revenues, water fund capital assets and prior period adjustment.

Changes in net assets. The City's total revenues are \$271.9 million and total costs of all programs and services are \$266.9, which amounted to a change in net assets of \$5.0 million during the year (See Table 2).

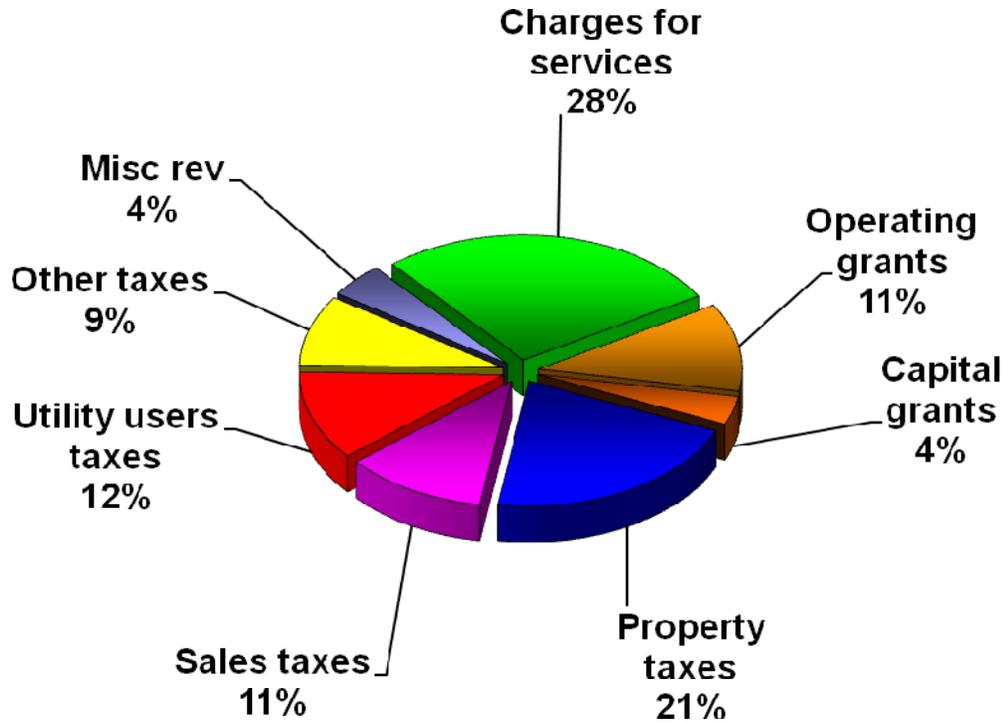
Table 2
Change in Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$10.8	\$10.3	\$63.9	\$60.4	\$74.7	\$70.7
Operating grants/contr	12.7	12.9	18.2	16.7	30.9	29.6
Capital grants/contr	9.7	10.9	0.3	7.1	10.0	18.0
General revenues:						
Property taxes	57.0	56.1	-	-	57.0	56.1
Sales taxes	30.6	26.7	-	-	30.6	26.7
Other taxes	54.9	53.2	-	-	54.9	53.2
Investment earnings	8.1	7.3	0.5	0.9	8.6	8.2
Motor vehicle tax (unrestricted)	0.7	0.4	-	-	0.7	0.4
Miscellaneous	4.5	6.3	-	-	4.5	6.3
Total revenues	189.0	184.1	82.9	85.1	271.9	269.2
Expenses						
General government	23.3	36.5	-	-	23.3	36.5
Public safety	93.2	93.9	-	-	93.2	93.9
Public works	29.1	25.4	-	-	29.1	25.4
Culture and recreation	13.9	15.2	-	-	13.9	15.2
Community development	10.6	12.6	-	-	10.6	12.6
Interest on long term debt	6.5	5.5	-	-	6.5	5.5
Airport	-	-	5.3	5.5	5.3	5.5
Transit	-	-	21.9	21.8	21.9	21.8
Water	-	-	29.3	26.8	29.3	26.8
Sewer	-	-	2.4	2.3	2.4	2.3
Sanitation	-	-	11.8	11.4	11.8	11.4
Cultural Arts	-	-	2.0	2.1	2.0	2.1
Parks and Recreation	-	-	7.9	8.1	7.9	8.1
Emergency Medical Services	-	-	9.7	9.5	9.7	9.5
Total expenses	176.6	189.1	90.3	87.5	266.9	276.6
Excess of revenues over exp before transfers	12.4	(5.0)	(7.4)	(2.4)	5.0	(7.4)
Transfers	(5.8)	(2.9)	5.8	2.9	-	-
Increase (decrease) in net assets	\$6.6	(\$7.9)	(\$1.6)	\$0.5	\$5.0	(\$7.4)
Net Assets-beginning	260.3	268.3	155.5	155.8	415.8	424.1
Prior period adjustment	-	-	3.5	(0.9)	3.5	(0.9)
Net Assets-ending	\$266.9	\$260.4	\$157.4	\$155.4	\$424.3	\$415.8

The City's total revenues of \$271.9 million were derived from the following: Twenty eight percent (28%) of the program revenues is derived from fees charged for services; twelve percent (12%) from utility users' tax; nine percent (9%) from other taxes such as construction tax, occupancy tax, business license tax and franchise tax; eleven percent (11%) from sales taxes; twenty one percent (21%) from property taxes; eleven percent (11%) from operating grants; four percent (4%) from capital grants; and four percent (4%) from other miscellaneous revenue fees (See Figure A-1).

The City's total revenues increased by \$2.7 million primarily due to the governmental type activities increased by \$4.9 million while business type activities decreased by \$2.2 million.

Figure A-1
Sources of Revenues for Fiscal Year 2011



The total costs of all programs and services are \$266.9 million. Thirty five percent (35%) of functional expenses are related to public safety; nine percent (9%) relates to general government; eleven percent (11%) to public works; five percent (5%) to culture and recreation; four percent (4%) to community development; two percent (2%) to interest on debt; and thirty four percent (34%) to business-type activities (See Figure A-2). The total cost of the City's programs and services decreased by \$9.7 million.

**Figure A-2
Functional Expenses for Fiscal Year 2011**

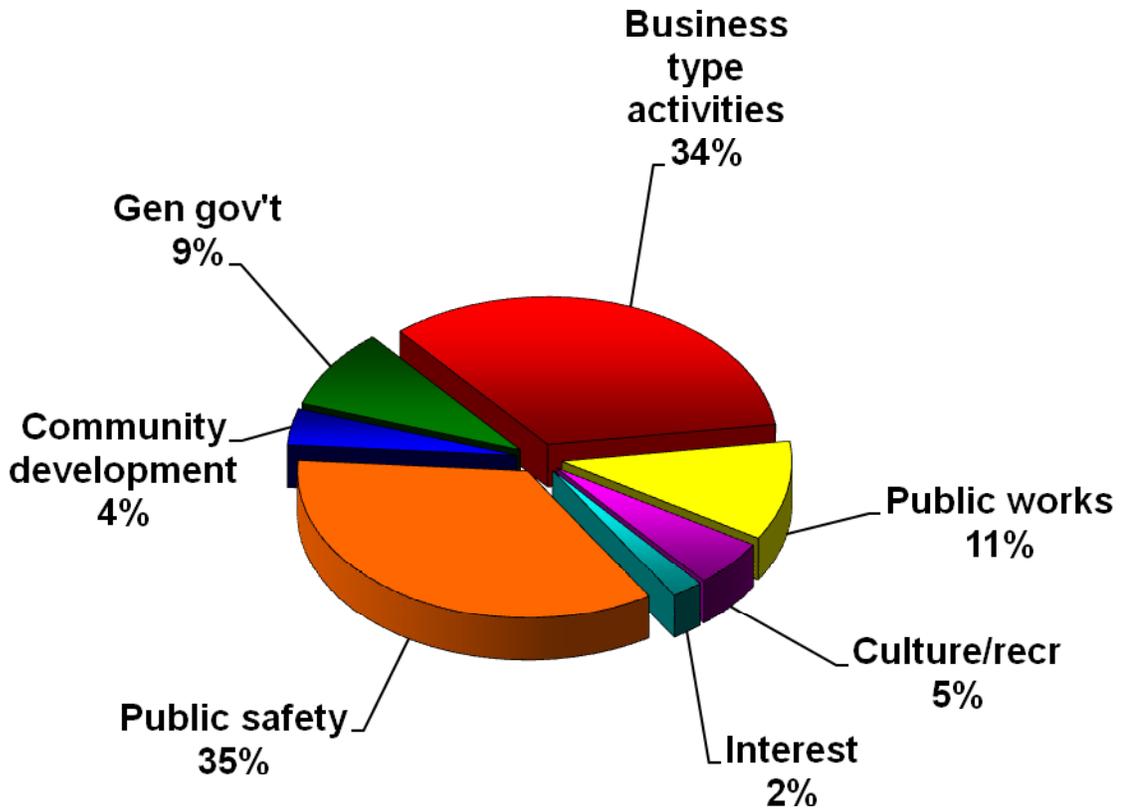


Table 2 and the narrative that follows consider the operations of the governmental and business-type activities separately.

Governmental Activities

The major revenues for the City's governmental activities were property taxes, construction taxes and permits, business licenses/permits, utility users' taxes, franchise fees, sales taxes and occupancy taxes.

Revenues for the City's governmental activities increased by 2.7 percent or \$4.9 million. This was primarily due to the increase in sales taxes and property taxes compared to last year.

The total expenses of the governmental activities decreased by 7 percent or \$12.5 million. The decrease was primarily due to the decrease in expenditures related to general government, public safety, culture and recreation and community development.

Table 3 presents the cost of each of the City's largest programs: public safety, public works, culture and recreation, general government, community development as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid).

The cost of all governmental activities this year was \$176.6 million. \$143.4 million of these activities were paid through City taxes, sales taxes, investment earnings and other miscellaneous fees; \$10.8 million was paid by those who directly benefited from the programs; and \$22.4 million was funded by other governments and organizations that subsidized certain programs with operating grants and contributions.

Table 3
Governmental Activities
(In Millions)

	Total cost of services		Net cost of services	
	2011	2010	2011	2010
General government	\$23.4	\$36.5	\$13.5	\$24.9
Public safety *	93.2	93.9	85.7	86.9
Public works	29.1	25.4	14.0	10.5
Culture and recreation	13.9	15.2	13.2	14.6
Community development	10.6	12.6	10.6	12.5
Others	6.4	5.5	6.4	5.5
Total	\$176.6	\$189.1	\$143.4	\$154.9

* This does not include the costs of Emergency Medical Services which is reported in the Proprietary Funds.

Business-type Activities

Revenues of the City's business-type activities amounts to \$82.9 million and expenses are \$90.3 million (Refer to Table 2). The revenues are derived from service fees, operating and capital grants and contributions. Revenues decreased by \$2.2 million (\$82.9 million compared to \$85.1 million in 2009-10). This is primarily due to the decrease in Transit's capital grants and contributions. The excess of expenses over revenues before transfers is \$7.4 million and with a net transfer in of \$5.8 million, the business-type activities had a decrease of \$1.6 million during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds

As the City completed the year, its governmental funds reported a combined fund balance of \$105.1 million.

Major funds reported are General Fund, Industrial Redevelopment Debt Service Fund and Capital Improvement Fund.

The decrease in General fund balance is \$3.3 million this year due to the lower than expected revenues such as property taxes, utility users' taxes and investment earnings. In addition, expenditures this fiscal year are more than last fiscal year due to higher leaseback payments to the Torrance Public Financing Authority relating to the 2009 Certificate of Participation (Land Acquisition Project) compared to last year.

The Industrial Redevelopment Debt Service Fund reported a decrease in fund balance of \$0.6 million. The decrease was primarily due to the decrease in property taxes during the year and increase in property tax administrative costs.

The Capital Improvement Fund reported a decrease of \$0.6 million in fund balance. The decrease was due primarily to the decrease in capital expenditures during the year.

Proprietary funds

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

The Transit Fund has a decrease in fund equity of \$17,006 this year. This was due to a decrease in capital grants received during the year.

The Water Fund increased its fund equity by \$0.9 million this year. This was caused by the increase in water sales during the year. The Water Fund had an adjustment to fund equity this year of \$2.3 million. This was due to an adjustment of construction in progress in the infrastructure capital assets report.

The Sewer Fund decreased its fund equity by \$0.7 million this year. This decrease is primarily due to lower operating sewer revenues received.

General Fund Budgetary Highlights

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

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

During the first quarter the following capital projects and program modifications were approved:

- Appropriation of \$85,000 to the Email Archival and Storage Project
- Appropriation of \$50,000 from the Cultural Arts Center fund balance for the facility repairs and equipment replacement at the Cultural Arts Center
- Increase of \$140,388 for the Community Services budget to fund the adult sports program league umpire/referee costs offset in full by additional fee revenues
- Approve the Library Division's consolidation final report

Mid-Year program modifications that were approved:

- Appropriation of \$135,000 from the Housing Authority's fund balance to cover administrative and housing assistance payments
- Appropriation of \$675,000 from the Self Insurance Reserve Fund to cover increase in workers' compensation claims that exceed four years due to life-time medical care costs.

Although the City amended its expenditure budget, actual expenditures were \$7.5 million below the final adopted budget amounts due to salary savings caused by vacancies in various departments and savings from materials, supplies and services during the year. However, the resources available for appropriation were \$5.5

million below the final adopted budgeted amount. The decrease in actual revenues over budget was due primarily to the decrease in revenues such as utility users' taxes and investment earnings.

The City's General Fund balance of \$51.7 million differs from the General Fund's budgetary fund balance of \$50.2 million reported in the budgetary comparison schedule. The difference in the two fund balances is because budgetary fund balance includes \$1.5 million of encumbrances reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$431.2 million (net of accumulated depreciation). The investment in capital assets includes land, right of way, buildings and improvements, equipment, construction in progress and infrastructure assets.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$64.3	\$64.3	\$6.9	\$6.9	\$71.2	\$71.2
Right of Way	19.3	19.3	-	-	19.3	19.3
Buildings and improvements	41.0	41.6	4.7	5.1	45.7	46.7
Equipment	15.0	16.5	11.1	12.1	26.1	28.6
Infrastructure	122.5	128.5	97.1	99.1	219.6	227.6
Construction in progress	39.1	21.3	10.2	6.7	49.3	28.0
Total	\$301.2	\$291.5	\$130.0	\$129.9	\$431.2	\$421.4

The total capital assets in the governmental activities increased by \$9.7 million (\$301.2 million compared to \$291.5 million in 2009-10) and the business activities increased by \$0.1 million (\$130.0 million to \$129.9 million in 2009-10). The capital assets are categorized by networks and subsystems in Note 3 of the notes to the basic financial statement. More detail information about the City's capital assets and its activities during the year is also shown in Note 3.

The City's fiscal year 2011-12 capital project budget will be brought to Council for approval in December 2011. This was deferred to allow staff to look at the expenditures and revenues as of year-end June 30, 2011, and to explore funding options and prioritize their projects.

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$94.2 million as shown in Table 5. More detailed information about the City's long-term liabilities is presented in Note 6 of the notes to the basic financial statements.

During fiscal year 2010-11, the total debt of the City decreased by \$3.5 million. The decrease is primarily due to the principal payment on the 2009 Land Acquisition Certificates of Participation. This year was the first year to pay principal on these certificates of participation.

The City of Torrance Public Financing Authority (Police and Fire) 1998 Refunding Certificates of Participation bonds, the 2004A and 2004B Refunding Certificates of Participation and the 2009 Certificates of Participation bonds received an "AA" rating from Standards & Poor's and an "Aa3" from Moody's. The Redevelopment Agency Industrial Bond Series A and Series C received bond ratings of "AAA" and "BBB" respectively from Standard and Poor's and both series received "Baa1" from Moody's. The Redevelopment Agency Downtown Bond received an "A-" rating from Standard and Poor's and an "Aa3" from Moody's.

Per City Charter Article 4 Section 412, the City shall not incur any bonded indebtedness for public improvements, which shall in the aggregate exceed 3.75% of the assessed value of all the real and personal property of the City. The current debt limitation for the City is \$851.4 million which is in excess of the City's outstanding debt.

**Table 5
Outstanding Debt
(In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds and notes (backed by specific tax and fee revenues)	\$92.5	\$95.5	\$1.7	\$2.2	\$94.2	\$97.7

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key Highlights of the 2010-11 Budget

The City Council adopted in June 2011, the first year (2011-12 fiscal year) of the 2011-13 Two Year Operating budget. The key highlights of the 2011-12 fiscal year budget are:

- The budget as adopted is balanced for the 2011-12 and 2012-13 fiscal years and forecasts a balanced budget throughout the five-year forecast period.
- The five-year projection reflects revenues growing at an average rate of 2.8% (1.7% in 2011-12; 2.3% in 2012-13; and approximately 3.3% for the remaining years of the forecast).
- The second year of the 2011-13 budget:
 - Continues funding for the police officer position funded by grant funds which expire during the 2011-12 fiscal year;
 - Restores Self-Insurance funding to the 2009-10 level of \$1.4 million;
 - Restores the \$1 million in funding on an actuarial basis for “post employment health benefits” from the current “pay as you go” basis;
 - Reduces the reliance on Tax Revenue Anticipation Notes (TRAN), a program that allows the City to save money by making pension payments early.

State Budget

- The 2011-12 State budget adopted July 1st closed a \$26.6 billion budget gap through \$15 billion in expenditure reductions, \$0.9 billion in targeted revenue increases, \$2.9 billion of other solutions, and \$8.3 billion in changes from the improvement in the State’s revenue outlook.
- The State budget includes a major realignment of public safety programs from the State to local governments. The State’s goal is to move program and fiscal responsibility to the level of government best equipped to provide the service.
- The State has specified a funding source in its budget; however, the City has a concern that many of these proposed shifts may not be fully funded. These proposed realignments put stress on the local cities’ resources. In addition, funding for State grants are always being discussed for reduction or elimination, which the City relies on for training and programs.
- The State’s budget provides that if State revenues are projected to fall short of expectation by more than \$1 billion, this would trigger an additional \$600 million in cuts to be implemented beginning in January 2012. If revenues are projected to fall short by more than \$2 billion, an additional \$1.9 billion in reductions would be implemented. The impact to the City is unknown at this time.

State Retirement (PERS) Rate Hike

- The California Public Retirement System (PERS) reported investment earnings of 20.7%, which is above their valuation assumption of 7.75%, for the fiscal year ended June 30, 2011. The year-end market value of the portfolio was \$237.5 million. This compares to 5.6% earnings for the entire fiscal year ended June 30, 2010.
- The increase is positive; however, these earnings have not been enough to offset under-performance in FY2009 and 2008 by -32.6% and -12.9%, respectively. The City’s PERS costs for 2011-12 increased by \$3 million over the prior year’s projected cost.

- Since the start of the new fiscal year on July 1, PERS has reported a decline in portfolio values to \$227.1 billion on August 27, 2011.
- As there is a lag between PERS investment performance and its effect on the City's PERS rates, the portfolio's performance at the end of this year will not impact the City's rates until 2014.

Budget Balancing

- Since the adoption of the 2009-10 fiscal year budget just two years ago, the City has made the necessary adjustments to rebalance the budget. The City has reduced the budget by 56.8 positions (full-time equivalents) and both labor and management agreed to phase in the transferring of the employee portion of pension costs, 9% for safety employees, and 7% for general employees, as turn-over occurs.
- While the budget as adopted is balanced, it contained difficult choices. These choices were necessary to balance the budget over the next two years, over the five-year projection and to provide the ability to fund changes over the long-term. As the economic recovery continues and revenues continue to grow, it is hoped that some of the program reductions that have occurred over the last two years can be gradually restored.
- The two-year budget eliminated a \$3.5 million General Fund revenue shortfall and is balanced through the end of the five year forecast, 2015-16.
- The revenues for the City's enterprise funds were not as dramatically affected by the recession, with the exception of Parks and Recreation Enterprise Fund, which requires adjustments of \$400,000 to balance.

Subsidy of Certain Programs

- The Cultural Arts Center Fund and the Parks and Recreation Enterprise Fund are partially funded by the General Fund, referred to as subsidy. The Cultural Arts Fund subsidy is \$713,000 and the Parks and Recreation Enterprise Fund subsidy is \$3.28 million, or about 33% and 39% of all costs, respectively.
- The Parks and Recreation Enterprise Fund is experiencing lower program and class participation than anticipated. Staff is currently in the process of developing a revised subsidy policy that will involve a review of program costs as well as fees. This subsidy proposal is expected to be implemented during 2011-12.

Department Revisions

- The budget has been rebalanced through department reductions and some use of one-time monies for the 2011-12 fiscal year as budget modifications approved in June 2010 continue to be implemented.
- Departments were asked again to look at their department personnel, materials and vacant positions. Fire and Police also submitted like scenarios. The City Manager has again worked with these two high-priority departments to achieve some reductions while attempting to minimize the impact to the

community. The revisions avoid layoffs and focus on functions and positions that are vacant.

- The adopted position changes throughout the City have an impact to the budget of approximately \$2.7 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City OF Torrance



City of Torrance Veteran's Memorial

Basic Financial Statements

City OF Torrance



Torrance Police Station

Government - Wide Financial Statements

❖ DEPARTMENT OF FINANCE ❖

CITY OF TORRANCE, CALIFORNIA

Statement of Net Assets

June 30, 2011

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets			
Pooled cash and investments (note 2)	\$ 148,965,466	\$ 27,046,728	\$ 176,012,194
Cash and cash equivalents with fiscal agents (note 2)	9,443,988	—	9,443,988
Accounts receivable	7,822,621	8,292,029	16,114,650
Accrued interest receivable	568,335	99,312	667,647
Due from other governments (note 14)	9,142,087	2,513,703	11,655,790
Notes receivable (note 4)	89,055	—	89,055
Inventories, at cost	1,174,823	1,572,113	2,746,936
Prepays and other assets	1,048,098	95	1,048,193
Restricted cash and investments (note 2)	924,563	554,333	1,478,896
Capital assets (note 3):			
Land	64,257,899	6,940,713	71,198,612
Right of way	19,344,662	—	19,344,662
Construction in progress	39,128,912	10,229,614	49,358,526
Infrastructure, net of accumulated depreciation	122,571,545	97,079,499	219,651,044
Building and improvements, net of accumulated depreciation	40,976,508	4,668,649	45,645,157
Equipment, net of accumulated depreciation	14,982,586	11,118,756	26,101,342
	<hr/>	<hr/>	
Total Assets	480,441,148	170,115,544	650,556,692
Liabilities			
Accounts payable	5,885,482	5,334,589	11,220,071
Accounts payable-contract retention	478,126	52,483	530,609
Accrued liabilities	2,551,974	2,502,824	5,054,798
Internal balances	862,217	(862,217)	—
Notes payable (note 5)	33,000,000	—	33,000,000
Unearned revenue (note 15)	—	3,962,959	3,962,959
Deposits and guarantees	267,661	—	267,661
Construction advances	—	14,570	14,570
Interest payable	1,064,641	26,766	1,091,407
Long term liabilities-portion due or payable within one year (notes 6, 7 and 13)	23,891,720	540,000	24,431,720
Long term liabilities-portion due or payable after one year (notes 6, 7 and 13)	145,455,864	1,190,000	146,645,864
	<hr/>	<hr/>	
Total Liabilities	213,457,685	12,761,974	226,219,659
Net Assets	266,983,463	157,353,570	424,337,033
Invested in capital assets, net of related debt	239,087,111	128,307,231	367,394,342
Restricted for:			
Streets & highways	18,189,350	—	18,189,350
Infrastructure	7,216,006	—	7,216,006
Capital projects	4,089,327	—	4,089,327
Community development	7,314,286	—	7,314,286
Public safety	5,509,388	—	5,509,388
Debt service	4,498,559	554,333	5,052,892
Unrestricted	(18,920,564)	28,492,006	9,571,442
	<hr/>	<hr/>	
Total Net Assets	\$ 266,983,463	\$ 157,353,570	\$ 424,337,033

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Activities and Changes in Net Assets
Year ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 23,358,049	\$ 2,941,201	\$ 6,926,236	\$ —
Public safety	93,169,839	6,688,327	801,002	—
Public works	29,070,159	535,224	4,926,366	9,655,573
Culture and recreation	13,936,438	680,525	47,519	—
Community development	10,610,078	—	—	—
Interest on long term debt	6,459,694	—	—	—
Total Governmental Activities	<u>176,604,257</u>	<u>10,845,277</u>	<u>12,701,123</u>	<u>9,655,573</u>
Business-Type Activities:				
Airport	5,334,076	10,895,866	—	—
Transit	21,898,585	3,395,056	18,004,954	276,869
Water	29,333,583	30,159,164	—	35,227
Sewer	2,365,336	1,578,507	—	—
Sanitation	11,830,287	10,865,326	92,974	—
Cultural arts	1,977,064	994,950	109,440	—
Parks and recreation	7,924,369	4,157,309	—	—
Emergency medical service	9,683,145	1,896,290	—	—
Total Business-Type Activities	<u>90,346,445</u>	<u>63,942,468</u>	<u>18,207,368</u>	<u>312,096</u>
Total Primary Government	<u>\$ 266,950,702</u>	<u>\$ 74,787,745</u>	<u>\$ 30,908,491</u>	<u>\$ 9,967,669</u>

General Revenues:

Taxes:

Property taxes, net

Sales taxes

Utility users taxes

Occupancy taxes

Business license taxes

Construction, real property, cogeneration, permits and misc. taxes

Investment earnings

Motor vehicle tax (unrestricted)

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets-beginning

Prior Period Adjustment (note 17)

Net Assets-ending

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (13,490,612)	\$ —	\$ (13,490,612)
(85,680,510)	—	(85,680,510)
(13,952,996)	—	(13,952,996)
(13,208,394)	—	(13,208,394)
(10,610,078)	—	(10,610,078)
(6,459,694)	—	(6,459,694)
(143,402,284)	—	(143,402,284)
—	5,561,790	5,561,790
—	(221,706)	(221,706)
—	860,808	860,808
—	(786,829)	(786,829)
—	(871,987)	(871,987)
—	(872,674)	(872,674)
—	(3,767,060)	(3,767,060)
—	(7,786,855)	(7,786,855)
—	(7,884,513)	(7,884,513)
(143,402,284)	(7,884,513)	(151,286,797)
56,977,841	—	56,977,841
30,627,204	—	30,627,204
31,357,562	—	31,357,562
6,958,891	—	6,958,891
7,540,927	—	7,540,927
9,057,871	—	9,057,871
8,149,180	486,430	8,635,610
684,566	—	684,566
4,490,362	—	4,490,362
(5,801,035)	5,801,035	—
150,043,369	6,287,465	156,330,834
6,641,085	(1,597,048)	5,044,037
260,346,124	155,451,514	415,797,638
(3,746)	3,499,104	3,495,358
\$ 266,983,463	\$ 157,353,570	\$ 424,337,033

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City OF Torrance



Madrona Marsh

Governmental Fund Financial Statements

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CITY OF TORRANCE, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2011

	General Fund	Industrial Redevelopment Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments (note 2)	\$ 58,260,422	\$ —	\$ 21,790,430	\$ 38,442,622	\$ 118,493,474
Cash and cash equivalents with fiscal agents (note 2)	—	2,341,422	—	7,102,566	9,443,988
Accounts receivable	6,740,258	—	—	1,068,800	7,809,058
Accrued interest receivable	431,279	—	—	88,004	519,283
Due from other funds (note 11)	2,245,797	—	—	—	2,245,797
Due from other governments (note 14)	6,120,539	737,709	—	2,283,839	9,142,087
Interfund advances receivable (note 11)	15,516,788	—	—	2,473,725	17,990,513
Notes receivable (note 4)	—	—	—	89,055	89,055
Prepays	337,552	—	—	—	337,552
Restricted cash and investments (note 2)	—	—	—	924,563	924,563
Total Assets	\$ 89,652,635	\$ 3,079,131	\$ 21,790,430	\$ 52,473,174	\$ 166,995,370
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 2,143,239	\$ —	\$ —	\$ 2,721,914	\$ 4,865,153
Accounts payable-contract retention	—	—	112,243	365,883	478,126
Accrued liabilities	2,153,018	—	—	—	2,153,018
Due to other funds (note 11)	—	1,526,144	—	8,411	1,534,555
Interfund advances payable (note 11)	600,000	16,845,416	—	2,118,557	19,563,973
Notes payable (note 5)	33,000,000	—	—	—	33,000,000
Deposits and guarantees	19,077	—	248,584	—	267,661
Total Liabilities	37,915,334	18,371,560	360,827	5,214,765	61,862,486
Fund Balances (deficit):					
Nonspendable:					
Advances	15,516,788	—	—	—	15,516,788
Prepays	337,552	—	—	—	337,552
Restricted for:					
Public works	—	—	—	20,180,779	20,180,779
Culture and recreation	772,425	—	—	4,689,327	5,461,752
Community development	—	—	—	1,815,804	1,815,804
Public safety	—	—	—	4,818,069	4,818,069
Capital projects	—	—	—	11,255,871	11,255,871
Debt service	—	—	—	6,371,139	6,371,139
Assigned to:					
Culture and recreation	2,851,538	—	—	—	2,851,538
Public safety	691,319	—	—	—	691,319
Special project reserves	9,602,211	—	—	—	9,602,211
Capital projects	7,809,103	—	21,429,603	—	29,238,706
Unassigned	14,156,365	(15,292,429)	—	(1,872,580)	(3,008,644)
Total Fund Balances (deficit)	51,737,301	(15,292,429)	21,429,603	47,258,409	105,132,884
Total Liabilities and Fund Balances	\$ 89,652,635	\$ 3,079,131	\$ 21,790,430	\$ 52,473,174	\$ 166,995,370

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011

Total fund balances for governmental funds		\$ 105,132,884
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Land	\$ 64,257,899	
Right of Way	19,344,662	
Construction in Progress	39,128,912	
Infrastructure net of \$139,281,911 accumulated depreciation	122,571,545	
Buildings and fixtures, net of \$40,987,827 accumulated depreciation	40,976,508	
Machinery and equipment, net of \$28,138,389 accumulated depreciation	<u>14,982,586</u>	
		301,262,112
Long-Term liabilities, including bonds payable are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet		
Compensated absences (excluding funded portion of liability)	(16,645,271)	
City of Torrance Improvements Corporation refunding certificates of participation	(62,175,000)	
Torrance Redevelopment Agency bonds payable	(30,323,616)	
Advances due to developers	(1,775,336)	
Advances due to County	<u>(20,250,074)</u>	
		(131,169,297)
Accrued Interest payable on long-term debt does not require current financial resources. therefore interest payable is not reported as a liability in the Governmental Fund Balance Sheet.		
Accrued interest payable on bonded debt	<u>(1,064,641)</u>	
		(1,064,641)
Internal service funds are used by management to charge the cost of fleet management and self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		<u>(7,177,595)</u>
Net Assets of Governmental Activities		<u><u>\$ 266,983,463</u></u>

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Governmental Funds
Year ended June 30, 2011

	General Fund	Industrial Redevelopment Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 130,522,827	\$ 8,181,784	\$ —	\$ 4,624,953	\$ 143,329,564
Licenses, fees and permits	1,639,218	—	—	—	1,639,218
Fines, forfeitures and penalties	1,084,493	—	—	755,740	1,840,233
Use of money and property	5,853,273	16,306	—	4,999,023	10,868,602
Intergovernmental	1,020,138	—	—	20,906,132	21,926,270
Charges for current services	7,174,101	—	—	—	7,174,101
Other revenues	1,595,982	48,728	286,063	698,905	2,629,678
Total revenues	<u>148,890,032</u>	<u>8,246,818</u>	<u>286,063</u>	<u>31,984,753</u>	<u>189,407,666</u>
Expenditures:					
Current expenditures:					
General government	22,361,415	—	—	996,759	23,358,174
Nondepartmental	8,121,363	—	—	—	8,121,363
Public safety	90,971,257	—	—	—	90,971,257
Public works	10,570,914	—	—	11,897,714	22,468,628
Community development	—	—	—	7,284,974	7,284,974
Culture and recreation	13,965,663	—	—	30,672	13,996,335
Capital outlays	96,457	—	2,236,470	3,869,677	6,202,604
Debt service:					
Principal retirement (note 7)	—	1,075,000	—	1,945,225	3,020,225
Interest and fiscal charges	—	1,491,078	—	5,320,994	6,812,072
Other	—	1,836,885	—	1,524,801	3,361,686
Total expenditures	<u>146,087,069</u>	<u>4,402,963</u>	<u>2,236,470</u>	<u>32,870,816</u>	<u>185,597,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,802,963</u>	<u>3,843,855</u>	<u>(1,950,407)</u>	<u>(886,063)</u>	<u>3,810,348</u>
Other financing sources (uses):					
Transfers in (note 12)	11,451,187	—	1,884,261	3,466,647	16,802,095
Transfers out (note 12)	(17,540,135)	(4,407,385)	(530,136)	(1,940,885)	(24,418,541)
Issuance of debt-advance from County (note 7)	—	—	—	1,575,169	1,575,169
Total other financing sources (uses)	<u>(6,088,948)</u>	<u>(4,407,385)</u>	<u>1,354,125</u>	<u>3,100,931</u>	<u>(6,041,277)</u>
Net change in fund balances	(3,285,985)	(563,530)	(596,282)	2,214,868	(2,230,929)
Fund balances (deficits), July 1, 2010	51,212,447	(14,728,899)	22,025,885	48,854,380	107,363,813
Prior period adjustment (note 17)	3,810,839	—	—	(3,810,839)	—
Fund balances (deficits), June 30, 2011	<u>\$ 51,737,301</u>	<u>\$ (15,292,429)</u>	<u>\$ 21,429,603</u>	<u>\$ 47,258,409</u>	<u>\$ 105,132,884</u>

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities and Changes in Net Assets
 For the Year Ended June 30, 2011

Net change in fund balances-total governmental funds \$ (2,230,929)

The change in net assets reported for governmental activities in the statement of activities is different because:

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

Depreciation expense (excluding internal service funds)	\$ (9,534,704)	
Asset additions funded by Governmental Funds	<u>20,067,534</u>	10,532,830

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

Bond principal payment (Downtown)	210,000	
Bond principal payment (Industrial)	1,075,000	
Bond principal payment (Skypark)	295,229	
Bond principal payment (Torrance Public Financing Authority Refunding Certificates of Participation)	<u>1,440,000</u>	3,020,229

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

Accrued interest payable on bonded debt	39,817	
Advances from County	(1,575,169)	
Advances from Developers	<u>(48,728)</u>	(1,584,080)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences (excluding internal service funds)		695,788
---	--	---------

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

(3,792,753)

Change in net assets of governmental activities

\$ 6,641,085

See accompanying notes to the basic financials statements.

CITY OF TORRANCE, CALIFORNIA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Year ended June 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis (See Note A)	Variance with Final Budget positive (negative)
	Original	Final		
Budgetary fund balance, July 1, 2010	\$ 55,011,773	\$ 55,011,773	\$ 55,011,773	\$ —
Resources (inflows):				
Taxes:				
Property taxes:				
Current secured taxes	26,488,000	24,975,000	24,984,119	9,119
Current unsecured taxes	1,144,613	1,159,400	1,154,209	(5,191)
Prior years' secured taxes	125,000	125,000	115,012	(9,988)
Prior years' unsecured taxes	140,600	140,600	125,788	(14,812)
Property/sales flip taxes	7,795,600	8,584,000	8,600,381	16,381
VLF swap and repayment taxes	11,626,875	11,070,000	11,074,900	4,900
Penalties and interest	300,000	325,000	320,796	(4,204)
Supplemental prior year secured taxes	52,146	50,000	21,826	(28,174)
Supplemental current secured	730,000	480,000	267,847	(212,153)
Redemption	1,000,000	1,100,000	1,091,905	(8,095)
Aircraft assessment tax	175,000	175,000	178,647	3,647
	<u>49,577,834</u>	<u>48,184,000</u>	<u>47,935,430</u>	<u>(248,570)</u>
Taxes other than property:				
Sales and use tax	26,410,566	26,000,000	28,965,148	2,965,148
Prop 172 sales tax	1,364,928	1,350,000	1,201,164	(148,836)
Business license tax	7,961,859	7,400,000	7,540,927	140,927
Business permit tax	527,360	500,000	484,068	(15,932)
Utility users' tax	36,040,187	35,240,000	31,357,562	(3,882,438)
Construction tax	625,130	800,000	693,972	(106,028)
Real property transfer tax	604,000	600,000	468,710	(131,290)
Franchise tax – all other	4,507,094	3,785,000	3,289,370	(495,630)
Occupancy tax	8,529,290	7,400,000	6,958,891	(441,109)
Oil severance tax	10,000	10,000	7,375	(2,625)
Cogeneration tax	600,000	1,760,000	1,552,381	(207,619)
Alarm permit fees	80,000	80,000	67,829	(12,171)
	<u>87,260,414</u>	<u>84,925,000</u>	<u>82,587,397</u>	<u>(2,337,603)</u>
Total taxes	<u>136,838,248</u>	<u>133,109,000</u>	<u>130,522,827</u>	<u>(2,586,173)</u>
Licenses, fees and permits:				
Fire permits	126,300	126,300	116,693	(9,607)
Construction/excavation permits	30,000	30,000	46,947	16,947
Grading permits	77,000	60,523	33,295	(27,228)
Combined building – resident permits	106,620	1,000	—	(1,000)
Building permits	940,261	840,261	799,487	(40,774)
Plumbing permits	156,710	156,710	52,553	(104,157)
Electrical permits	247,710	147,710	71,143	(76,567)
Mechanical permits	87,616	87,616	38,354	(49,262)
Special energy inspection fees	316,000	330,000	239,054	(90,946)
Sign permits and filing fees	40,540	40,540	51,595	11,055
Other licenses and permits	417	417	612	195
NPDES building permit fees	138,896	138,896	157,208	18,312
Building TEQECC filing fees	30,744	30,744	17,933	(12,811)
Oversized Vehicle Permit Fees	60,000	23,283	14,344	(8,939)
	<u>2,358,814</u>	<u>2,014,000</u>	<u>1,639,218</u>	<u>(374,782)</u>

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

(continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis (See Note A)	Variance with Final Budget positive (negative)
	Original	Final		
Fines, forfeitures and penalties:				
Parking citations	\$ 866,184	\$ 600,000	\$ 312,390	\$ (287,610)
Traffic fines	587,726	575,000	440,384	(134,616)
General fines	529,000	300,000	331,719	31,719
Total fines, forfeitures and penalties	1,982,910	1,475,000	1,084,493	(390,507)
Revenue from use of money and property:				
Investment earnings	3,526,727	2,081,570	1,104,147	(977,423)
Rents and concessions	979,778	1,322,513	1,310,431	(12,082)
Franchise fees	3,423,713	3,115,000	3,095,512	(19,488)
Public education government fees	277,452	277,452	338,557	61,105
Royalties	3,000	3,000	4,626	1,626
Total revenue from use of money and property	8,210,670	6,799,535	5,853,273	(946,262)
Revenue from other intergovernmental agencies:				
State motor vehicle licenses	590,893	580,000	684,566	104,566
State homeowners' property tax relief	250,000	250,000	236,485	(13,515)
Other state grants	—	150,000	99,087	(50,913)
Total revenue from other intergovernmental agencies	840,893	980,000	1,020,138	40,138
Charges for current services:				
TUSD collection fees	53,583	53,583	12,234	(41,349)
Planning and zoning fees	554,940	250,000	286,588	36,588
Traffic signal maintenance	136,000	136,000	144,795	8,795
Environmental review and appeal fees	20,355	20,355	—	(20,355)
Vacation processing fees	1,300	—	1,989	1,989
Large family daycare unit	—	—	483	483
State encroach collection fees	1,093	2,393	2,138	(255)
Grading	40,357	40,357	23,138	(17,219)
Plan check fees – building	1,014,263	704,987	553,578	(151,409)
Plan check fees – engineering	71,823	15,000	8,859	(6,141)
Oil-related inspection fees	14,910	1,910	1,663	(247)
Appeal fees	1,500	1,500	1,620	120
Other inspection fees	348,014	318,056	204,414	(113,642)
Engineering mapping fees	5,305	10,000	8,483	(1,517)
Engineering inspection fees	55,465	235,000	140,350	(94,650)

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

(continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis (See Note A)	Variance with Final Budget positive (negative)
	Original	Final		
Charges for current services, Continued:				
Parkway tree planting charges	\$ 100	\$ 100	\$ 145	\$ 45
General government service charges	7,200	7,200	2,732	(4,468)
Microfilming fees	92,759	92,759	152,645	59,886
Police charges – copies and photos	23,687	23,687	8,783	(14,904)
Police charges – fingerprinting and other	712,975	656,313	503,289	(153,024)
Fire department fees	864,202	1,002,202	752,552	(249,650)
Fire department fees – hazardous materials fees	620,350	727,798	1,163,062	435,264
Parks and recreational fees	272,523	371,000	406,848	35,848
Miscellaneous	14,400	14,400	21,416	7,016
Library revenues	195,600	184,600	154,297	(30,303)
In lieu charges to Enterprise Funds:				
Airport Fund	1,850,000	1,900,000	1,900,000	—
Water Fund	700,000	700,000	718,000	18,000
	<u>7,672,704</u>	<u>7,469,200</u>	<u>7,174,101</u>	<u>(295,099)</u>
Total charges for current services				
Other revenues:				
Donations – private sources	10,500	85,965	73,074	(12,891)
Miscellaneous	201,012	796,431	991,938	195,507
Premium Tax Revenue Anticipation Notes	—	530,970	530,970	—
	<u>211,512</u>	<u>1,413,366</u>	<u>1,595,982</u>	<u>182,616</u>
Total other revenues				
Transfers in	13,007,277	11,415,526	11,451,187	35,661
Amounts available for appropriation	<u>226,134,801</u>	<u>219,687,400</u>	<u>215,352,992</u>	<u>(4,334,408)</u>
Charges to appropriations (outflows)				
General government:				
City council	442,686	442,789	395,128	47,661
Commissions and committees:				
Parks and recreation	36,539	37,481	32,837	4,644
Planning	36,845	38,345	37,006	1,339
Environmental quality	13,500	13,500	11,012	2,488
Cultural arts	13,652	13,652	13,467	185
Traffic	8,510	8,510	6,278	2,232
Youth council	9,748	14,748	11,332	3,416
Civil service	259,674	259,884	197,555	62,329
Commission on aging	8,852	8,852	5,935	2,917
Library	10,023	10,023	9,210	813
Disaster council	2,594	2,594	260	2,334
City manager	4,065,341	4,402,265	4,233,832	168,433
City attorney	2,329,900	2,111,693	1,948,061	163,632
City clerk	865,590	879,998	869,828	10,170
City treasurer	850,933	850,771	716,380	134,391
Finance	3,950,226	3,823,874	3,609,184	214,690
Human resources	2,498,031	2,560,298	2,354,193	206,105
Civil service	204,423	208,023	180,038	27,985
Community development	4,382,830	4,471,870	4,445,063	26,807
Communications & Info Tech	5,353,767	5,433,246	4,579,723	853,523
General services	3,954,658	3,988,617	3,658,602	330,015
Less indirect cost allocation, other funds	<u>(5,036,212)</u>	<u>(5,036,212)</u>	<u>(4,562,099)</u>	<u>(474,113)</u>
Total general government	<u>24,262,110</u>	<u>24,544,821</u>	<u>22,752,825</u>	<u>1,791,996</u>

See accompanying notes to the basic financial statements

(continued)

CITY OF TORRANCE, CALIFORNIA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis (See Note A)</u>	<u>Variance with Final Budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Nondepartmental:				
Insurance, net	\$ 25,000	\$ 34,618	\$ 23,309	\$ 11,309
Community promotion	157,622	178,622	173,944	4,678
Hazardous waste	—	—	—	—
Employee benefits (net after charges to departments)	3,351,153	2,924,838	839,608	2,085,230
Other	2,264,040	3,253,367	3,012,205	241,162
Leaseback payments	4,095,670	4,095,670	4,081,915	13,755
Total nondepartmental	<u>9,893,485</u>	<u>10,487,115</u>	<u>8,130,981</u>	<u>2,356,134</u>
Public safety:				
Police	63,755,962	62,701,139	61,914,981	786,158
Fire	25,911,400	26,078,549	26,012,431	66,118
Building and safety	3,291,946	3,245,422	3,234,071	11,351
Total public safety	<u>92,959,308</u>	<u>92,025,110</u>	<u>91,161,483</u>	<u>863,627</u>
Public works	<u>12,000,367</u>	<u>12,832,789</u>	<u>11,364,806</u>	<u>1,467,983</u>
Culture and recreation	<u>14,339,250</u>	<u>14,282,907</u>	<u>14,060,438</u>	<u>222,469</u>
Capital outlays	<u>60,000</u>	<u>57,363</u>	<u>96,457</u>	<u>(39,094)</u>
Transfers out	<u>20,434,161</u>	<u>18,379,318</u>	<u>17,540,135</u>	<u>839,183</u>
Total Charges to appropriations	<u>173,948,681</u>	<u>172,609,423</u>	<u>165,107,125</u>	<u>7,502,298</u>
 Budgetary Fund Balance, July 1, 2011	 \$ <u>52,186,120</u>	 \$ <u>47,077,977</u>	 \$ <u>50,245,867</u>	 \$ <u>3,167,890</u>

See accompanying notes to the basic financial statements

CITY OF TORRANCE, CALIFORNIA

Budgetary Comparison Statement

Budget-to-GAAP Reconciliation

General Fund

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

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	215,352,992
Differences - budget to GAAP		
The fund balance at the beginning of the year is not a current year revenue for financial reporting purposes		(55,011,773)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.		<u>(11,451,187)</u>
Total Revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$	<u><u>148,890,032</u></u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$	165,107,125
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(1,479,921)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		<u>(17,540,135)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$	<u><u>146,087,069</u></u>

City OF Torrance



Zamperini Field - Torrance Municipal Airport

Proprietary Fund
Financial Statements

Proprietary Fund Financial Statements

❖ DEPARTMENT OF FINANCE ❖

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CITY OF TORRANCE, CALIFORNIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

Assets	Business Type					Governmental
	Proprietary Funds					Activity
	Transit System Fund	Water Fund	Sewer Fund	Nonmajor Proprietary Funds	Total	Internal Service Funds
Current assets:						
Pooled cash and investments (note 2)	\$ 5,554,550	\$ 4,626,179	\$ 10,633,098	\$ 6,232,901	\$ 27,046,728	\$ 30,471,992
Restricted cash and investments (note 2)	—	554,333	—	—	554,333	—
Accounts receivable	77,529	5,603,933	245,752	2,364,815	8,292,029	13,564
Accrued interest receivable	22,227	16,797	41,236	19,052	99,312	49,052
Inventory	1,096,388	475,725	—	—	1,572,113	1,174,823
Due from other governments (note 14)	2,349,347	—	—	164,356	2,513,703	—
Prepays	—	95	—	—	95	710,546
Total current assets	<u>9,100,041</u>	<u>11,277,062</u>	<u>10,920,086</u>	<u>8,781,124</u>	<u>40,078,313</u>	<u>32,419,977</u>
Noncurrent assets:						
Interfund advances receivable (note 11)	—	1,154,432	419,028	—	1,573,460	—
Capital assets, net (note 3)	11,964,676	66,736,447	43,416,952	7,919,156	130,037,231	8,983,380
Total noncurrent assets	<u>11,964,676</u>	<u>67,890,879</u>	<u>43,835,980</u>	<u>7,919,156</u>	<u>131,610,691</u>	<u>8,983,380</u>
Total Assets	<u>21,064,717</u>	<u>79,167,941</u>	<u>54,756,066</u>	<u>16,700,280</u>	<u>171,689,004</u>	<u>41,403,357</u>
Liabilities						
Current liabilities (payable from current assets):						
Accounts payable	459,981	3,916,684	29,213	928,711	5,334,589	1,020,329
Contract retainage payable	—	52,483	—	—	52,483	—
Due to other funds (note 11)	—	—	—	711,243	711,243	—
Accrued liabilities	1,316,842	347,455	—	838,527	2,502,824	4,585,496
Current bonds payable - interest	—	26,766	—	—	26,766	—
Current bonds payable - principal (notes 6 and 7)	—	540,000	—	—	540,000	—
Construction advances	—	14,570	—	—	14,570	—
Unearned revenues (note 15)	3,108,971	—	—	853,988	3,962,959	—
Accrued liabilities for self-insurance claims - current (note 13)	—	—	—	—	—	9,648,916
Total current liabilities	<u>4,885,794</u>	<u>4,897,958</u>	<u>29,213</u>	<u>3,332,469</u>	<u>13,145,434</u>	<u>15,254,741</u>
Noncurrent liabilities						
Long-term obligations (notes 6 and 7)	—	1,190,000	—	—	1,190,000	—
Accrued Liability for self-insurance claims long-term (note 13)	—	—	—	—	—	16,754,831
Accrued Liability for net postemployment benefits - long-term (note 9)	—	—	—	—	—	7,588,000
Total noncurrent liabilities	<u>—</u>	<u>1,190,000</u>	<u>—</u>	<u>—</u>	<u>1,190,000</u>	<u>24,342,831</u>
Total Liabilities	<u>4,885,794</u>	<u>6,087,958</u>	<u>29,213</u>	<u>3,332,469</u>	<u>14,335,434</u>	<u>39,597,572</u>
Net Assets						
Invested in capital assets, net of related debt	11,964,676	65,006,447	43,416,952	7,919,156	128,307,231	8,983,380
Restricted - debt service	—	554,333	—	—	554,333	—
Unrestricted	4,214,247	7,519,203	11,309,901	5,448,655	28,492,006	(7,177,595)
Total Net Assets	<u>\$ 16,178,923</u>	<u>\$ 73,079,983</u>	<u>\$ 54,726,853</u>	<u>\$ 13,367,811</u>	<u>\$ 157,353,570</u>	<u>\$ 1,805,785</u>

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business Type					Governmental
	Proprietary Funds					Activity
	Transit System Fund	Water Fund	Sewer Fund	Nonmajor Proprietary Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 3,245,542	\$ 29,037,031	\$ 1,578,507	\$ 28,788,083	\$ 62,649,163	\$ 8,148,114
Other	218,893	1,122,133	2,419	21,908	1,365,353	—
Total operating revenues	<u>3,464,435</u>	<u>30,159,164</u>	<u>1,580,926</u>	<u>28,809,991</u>	<u>64,014,516</u>	<u>8,148,114</u>
Operating expenses:						
Salaries and employee benefits	12,032,672	4,551,033	877,364	22,237,350	39,698,419	5,831,813
Services and supplies	2,695,380	1,512,186	52,648	5,245,251	9,505,465	704,898
Other professional services	1,886,941	718,648	112,305	4,150,916	6,868,810	—
Depreciation /amortization	2,358,235	1,355,003	977,870	325,818	5,016,926	1,901,711
Insurance and claims	365,241	78,735	—	122,293	566,269	5,638,633
City charges	2,505,270	1,904,272	221,440	4,422,511	9,053,493	—
Cost of water	—	18,671,109	—	—	18,671,109	—
Other	54,846	442,353	123,709	119,252	740,160	9,332
Total operating expenses	<u>21,898,585</u>	<u>29,233,339</u>	<u>2,365,336</u>	<u>36,623,391</u>	<u>90,120,651</u>	<u>14,086,387</u>
Operating income (loss)	<u>(18,434,150)</u>	<u>925,825</u>	<u>(784,410)</u>	<u>(7,813,400)</u>	<u>(26,106,135)</u>	<u>(5,938,273)</u>
Nonoperating revenues (expenses):						
Investment earnings	74,052	100,880	147,305	92,145	414,382	279,414
Gain (loss) on sale of capital assets	—	—	—	—	—	52,582
Assistance from other governments	18,004,954	—	—	—	18,004,954	—
Interest expense	—	(100,244)	—	(125,550)	(225,794)	—
Grants	—	—	—	202,414	202,414	—
Other, net	—	—	—	—	—	(1,886)
Total nonoperating revenues(expenses) net	<u>18,079,006</u>	<u>636</u>	<u>147,305</u>	<u>169,009</u>	<u>18,395,956</u>	<u>330,110</u>
Income (loss) before contributions and operating transfers	<u>(355,144)</u>	<u>926,461</u>	<u>(637,105)</u>	<u>(7,644,391)</u>	<u>(7,710,179)</u>	<u>(5,608,163)</u>
Capital grants	276,869	35,227	—	—	312,096	—
Transfers in (note 12)	104,000	—	—	12,509,661	12,613,661	1,834,313
Transfers out (note 12)	(42,731)	(30,398)	(75,000)	(6,664,497)	(6,812,626)	(18,903)
Change in net assets	<u>(17,006)</u>	<u>931,290</u>	<u>(712,105)</u>	<u>(1,799,227)</u>	<u>(1,597,048)</u>	<u>(3,792,753)</u>
Total net asset - July 1, 2010	16,195,929	69,804,276	54,190,052	15,261,257	155,451,514	5,598,538
Prior period adjustment (note 17)	—	2,344,417	1,248,906	(94,219)	3,499,104	—
Total net assets - June 30, 2011	<u>\$ 16,178,923</u>	<u>\$ 73,079,983</u>	<u>\$ 54,726,853</u>	<u>\$ 13,367,811</u>	<u>\$ 157,353,570</u>	<u>\$ 1,805,785</u>

See accompanying notes to the basic financial statements.

CITY OF TORRANCE, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2011

	Business Type					Governmental
	Proprietary Funds					Activity
	Transit System Fund	Water Fund	Sewer Fund	Nonmajor Proprietary Funds	Total	Internal Service Funds
Cash flow from operating activities:						
Receipts from customers	\$ 3,245,542	\$ 27,767,145	\$ 1,581,764	\$ 28,534,525	\$ 61,128,976	\$ 8,136,528
Cash payments to suppliers for goods and services	(8,146,074)	(23,235,398)	(481,611)	(13,849,363)	(45,712,446)	(4,347,397)
Cash payments to employees for services	(12,044,915)	(4,491,155)	(877,364)	(22,181,500)	(39,594,934)	(3,723,543)
Internal activity payments from/to funds	—	—	—	393,385	393,385	—
Cash received from donations	—	—	—	9,194	9,194	—
Other receipts	218,893	1,122,133	—	2,079	1,343,105	1,245,819
Net cash provided by (used in) operating activities	(16,726,554)	1,162,725	222,789	(7,091,680)	(22,432,720)	1,311,407
Cash flows from noncapital financing activities:						
Cash received noncapital from grants and subsidies	21,152,113	—	—	202,414	21,354,527	—
Cash received from other funds	—	—	—	11,926,661	11,926,661	1,849,313
Cash paid to other funds	(42,731)	(30,398)	(75,000)	(6,081,497)	(6,229,626)	(33,903)
Internal activity-payments from other funds	—	—	—	—	—	1,000,000
Net cash provided by (used in) noncapital financing activities	21,109,382	(30,398)	(75,000)	6,047,578	27,051,562	2,815,410
Cash flows from capital financing activities:						
Cash received from capital grants and subsidies	276,869	35,227	—	—	312,096	—
Payments for capital additions	(334,531)	(654,698)	(448,724)	(406,761)	(1,844,714)	(1,267,162)
Proceeds from the sale of capital assets	—	—	—	—	—	52,582
Payments for long-term obligations - principal & interest	—	—	—	(125,550)	(125,550)	—
Payments for long-term bonds - principal & interest	—	(623,828)	—	—	(623,828)	—
Net cash provided by (used in) capital financing activities	(57,662)	(1,243,299)	(448,724)	(532,311)	(2,281,996)	(1,214,580)
Cash flows from investing activities:						
Cash received from interest on investments	63,376	127,077	198,471	119,575	508,499	342,407
Net increase (decrease) in cash, restricted cash and cash equivalents	4,388,542	16,105	(102,464)	(1,456,838)	2,845,345	3,254,644
Cash, restricted cash and cash equivalents, July 1, 2010	1,166,008	5,164,407	10,735,562	7,689,739	24,755,716	27,217,348
Cash, restricted cash and cash equivalents, June 30, 2011	\$ 5,554,550	\$ 5,180,512	\$ 10,633,098	\$ 6,232,901	\$ 27,601,061	\$ 30,471,992
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(18,434,150)	925,825	(784,410)	(7,813,400)	(26,106,135)	(5,938,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,358,235	1,355,003	977,870	325,818	5,016,926	1,901,711
Change in assets and liabilities:						
Accounts receivable	(77,314)	(1,269,886)	838	(400,586)	(1,746,948)	(11,586)
Due from other government	—	—	—	73,311	73,311	—
Prepays and other assets	11,300	1,457	—	5,304	18,061	246,885
Inventories	(114,111)	(58,196)	—	—	(172,307)	(100,373)
Accounts payable	(651,179)	151,583	28,491	185,345	(285,760)	381,355
Due to other funds	—	—	—	393,385	393,385	—
Accrued insurance/claims	—	—	—	—	—	1,493,556
Accrued salaries and benefits	(12,457)	59,879	—	(3,326)	44,096	3,378,132
Other accrued liabilities	193,122	—	—	79,388	272,510	(40,000)
Deposits and guarantees	—	(2,940)	—	21,432	18,492	—
Unearned revenues	—	—	—	41,649	41,649	—
Net cash provided by (used in) operating activities	\$ (16,726,554)	\$ 1,162,725	\$ 222,789	\$ (7,091,680)	\$ (22,432,720)	\$ 1,311,407

Noncash, investing, capital, and financing activities:

During fiscal year 2010-11, there were no significant noncash investing, capital, or financing activities.

See accompanying notes to the basic financial statements.

City OF Torrance



Japanese Garden

Fiduciary Fund
Financial Statements

Fiduciary Fund Financial Statements

❖ DEPARTMENT OF FINANCE ❖

CITY OF TORRANCE, CALIFORNIA

Statement of Fiduciary Fund Assets and Liabilities - Agency Funds

June 30, 2011

	Total Agency Funds
Assets	
Pooled cash and investments (note 2)	\$ 2,819,352
Restricted cash (note 2)	289,490
Accrued interest receivable	4,801
Due from other governments (note 12)	<u>6,214</u>
Total assets	<u>\$ 3,119,857</u>
Liabilities	
Deposits payable	<u>\$ 3,119,857</u>
Total Liabilities	<u>\$ 3,119,857</u>

See accompanying notes to basic financial statements.

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City OF Torrance



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Notes to Financial Statements

Notes to
Financial Statements

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

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

Reporting Entity

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

The Redevelopment Agency of the City of Torrance (the Agency), a separate governmental entity, was established on November 4, 1964 pursuant to the Health and Safety Code of the State of California. The purpose of the Agency is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members, in separate session, serve as the governing board of the Agency, and all accounting and administrative functions are performed by the City. The financial activity of the Agency has been blended into the City's financial statements within the Governmental Activities in the financial statements.

The Torrance Public Financing Authority (the Authority) was created in 1997 to assist the City of Torrance in constructing certain fire and police protection, maintenance and entertainment facilities within the City. The City has entered into non-cancelable long-term leases with the Authority, which provide for lease payments in amounts sufficient to meet the annual debt service requirements on the bonds and certificates of participation issued by the Authority. The leases are financing arrangements that transfer the ownership of the facilities back to the City at the end of the lease. The financial activity of the Authority has been blended into the City's financial statements within the Governmental Activities in the financial statements.

Separate financial statements for the Redevelopment Agency and the Torrance Public Financing Authority can be obtained from the City's Finance Director.

Government-Wide and Fund Financial Statements

The Government-wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities,

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities and Changes in Net Assets demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual City-wide cost allocation plan. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues. In the Statement of Activities and Changes in Net Assets, internal service fund transactions have been eliminated; however, those transactions between the governmental and business type activities have not been eliminated.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose the City considers property taxes collected after year end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenues susceptible to accrual include sales tax, state gasoline taxes, utility users tax, investment income and certain other intergovernmental revenues. A 45-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long term debt, which is recognized when due.

The City reports the following major Governmental Funds:

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

The *Industrial Redevelopment Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs for the City's Industrial Redevelopment project area.

The *Capital Improvement Fund* is used to account for the acquisition, construction and improvement of capital facilities financed by grants and transfers from the General Fund.

The City reports the following major Proprietary Funds:

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

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

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

Additionally, the City reports the following fund types:

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

The *Agency Funds* are used to account for the resources held by the City in a fiduciary capacity. The City's fiduciary funds include agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on an accrual basis of accounting. The City uses fiduciary (agency) funds to account for employee unspent pre-tax benefits collected from the participating employees in the Flexible Benefits Fund, safekeeping and disbursement of the private property collected and held in the custody of the police department in the Property Room Evidence Fund, environmental deposits from developers/contractors to account for the cost analysis and evaluation of air pollutants in the Environmental Trust fund, the Municipal Area Express fund used to account for Federal, County and local revenues to finance a special commuter bus service in the South Bay area, and the special deposits fund for private donations, deposits and other disbursements held on behalf of various depositors for disbursements on projects of the general government.

The proprietary funds are presented on an "economic resources" measurement focus and the full-accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities and Changes in Net Assets presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

In accordance with GASB Statement No. 20, for Proprietary Fund accounting, the City applies all applicable GASB pronouncements, as well as the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor authoritative Boards, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Accounting for Encumbrances

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

Cash and Investments

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

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

Restricted Cash and Investments

Cash and investments restricted as to their use either by bond resolution or by the funding agency to a specific purpose are classified as restricted cash and investments.

Inventories and Prepaids

Inventories of supplies as determined by perpetual records are accounted for using the consumption method and are stated at cost applied on a first-in, first-out basis. The Water Enterprise Fund, Transit Enterprise Fund and Fleet Services Fund base stock inventories are reported as assets and are equally offset by fund balance/retained earnings reserves thereby indicating that the inventory does not constitute an “available spendable resource” even though it is a component of net assets.

Prepaids are items that were paid in the current fiscal year but pertain to the next fiscal year activities. The Governmental Fund uses the consumption method in accounting for prepaids.

Capital Assets

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

Buildings – 40 years

Improvements – 40 years

Equipment – 5 to 7 years

Infrastructure – 25 to 80 years

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

Property Tax Calendar

In 1978, a state constitutional amendment (Proposition 13) provided that the property tax rate is generally limited to 1% of market value, levied only by the county and shared with all other jurisdictions. The County of Los Angeles collects the taxes and distributes such revenues to taxing jurisdictions on the basis of the taxing jurisdictions’ assessed valuations subject to adjustments for voter-approved debt. Property taxes levied on March 1, are due on November 1 and March 1 and

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

become delinquent on December 10 and April 10 for the first and second installments, respectively. The lien date is January 1. City property tax revenues are recognized when levied to the extent that they result in current receivables collectible within 60 days.

Pension Plan

All permanent City employees are members of the State of California Public Employees' Retirement System (PERS). The City funds substantially all pension costs as determined annually by PERS actuarial evaluation (see note 8).

All permanent non-safety employees are also covered under the Federal Insurance Contributions Act (FICA).

Vacation and Sick Leave

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

Claims and Judgments

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

Fund Equity

During the year ending June 30, 2011, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". As a result, the accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance.

Due to the implementation of GASB No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below.

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

Nonspendable Fund Balance

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

CITY OF TORRANCE, CALIFORNIA

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Year ended June 30, 2011

Spendable Fund Balance

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

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a resolution, an ordinance, or a minutes action to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated by City Council.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

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

Budgetary Principles

The City uses the modified accrual plus encumbrances as its budgetary basis of accounting. The City is required by its Charter to adopt an annual budget for the General Fund; annual budgets are not required for Special Revenue and Capital Project Funds because effective budgetary control is achieved through alternative means, such as project-by-project analysis and provisions of the bond indentures. From the effective date of the General Fund budget, the amounts stated therein, as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget by a majority vote during the fiscal year. The City Manager may make such changes within the budget totals and allocations of any department during the fiscal year as he deems reasonably necessary in order to meet the City's needs or goals, however, the City Manager may not increase appropriations allocated in the budget for any department without an amendment to the budget approved by the City Council. All operating appropriations lapse at the end of the fiscal year to the extent they have not been expended or

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

encumbered. Capital project appropriations lapse when individual projects are completed or canceled.

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

(2) Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$176,012,194
Cash and investments held by bond trustee	9,443,988
Restricted cash and investments	1,478,896
Fiduciary funds:	
Cash and investments	2,819,352
Restricted cash and investments	<u>289,490</u>
Total cash and investments	<u>\$190,043,920</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 21,396
Deposits with financial institutions	7,974,096
Investments	<u>182,048,428</u>
Total cash and investments	<u>\$190,043,920</u>

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

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	Yes	5 years	10%	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	75%	30%
Banker's Acceptances	Yes	180 days	20%	5%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	20%	None
Repurchase Agreements	Yes	30 days	10%	None
Reverse Repurchase Agreements	No	N/A	N/A	None
Medium-Term Notes	Yes	5 years	20%	None
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	None	None
Mortgage Pass-Through Securities	No	N/A	N/A	None
County Pooled Investment Funds	No	N/A	N/A	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$50 mil per agency	None
JPA Pools (other investment pools)	No	N/A	N/A	None

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

Investments Authorized by Debt Agreements

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

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
U.S. treasury notes	\$ -	-	-	-	-
Local municipal bonds	488,616	-	488,616	-	-
Federal agency securities	99,873,775	4,000,027	6,500,000	89,373,748	-
Corporate medium term notes	20,236,037	-	9,098,442	11,137,595	-
Certificate of deposit	2,450,000	490,000	1,960,000	-	-
State investment pool	<u>50,000,000</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	173,048,428	54,490,027	18,047,058	100,511,343	-
<u>Held by bond trustee:</u>					
Money market funds	9,000,000	9,000,000	-	-	-
Investment contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$182,048,428</u>	<u>63,490,027</u>	<u>18,047,058</u>	<u>100,511,343</u>	<u>-</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Disclosures Relating to Credit Risk

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

Investment Type		Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
U.S. treasury notes	\$ -	N/A	-	-	-	-	-
Local municipal bonds	488,616		-	-	-	-	488,616
Federal agency securities	99,873,775	N/A	-	88,874,473	10,999,302	-	-
Corporate medium term notes	20,236,037	A	-	1,981,368	17,175,999	1,078,670	-
Certificate of deposit	2,450,000	N/A	-	-	-	-	2,450,000
Money market funds	-	N/A	-	-	-	-	-
Mortgage-backed securities	-	AA	-	-	-	-	-
State investment pool	<u>50,000,000</u>	N/A	-	-	-	-	<u>50,000,000</u>
SUBTOTAL	173,048,428		-	90,855,841	28,175,301	1,078,670	52,938,616
Held by bond trustee:							
Money market funds	9,000,000	A	-	-	9,000,000	-	-
Investment contracts	<u>-</u>	N/A	-	-	-	-	-
TOTAL	<u>\$ 182,048,428</u>		<u>-</u>	<u>90,855,841</u>	<u>37,175,301</u>	<u>1,078,670</u>	<u>52,938,616</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Agency	Federal agency securities	\$ 29,652,511
Federal Home Loan Bank	Federal agency securities	22,082,462
Federal National Mortgage Assoc.	Federal agency securities	20,592,253

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City of Torrance investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2011, \$0.00 of the City of Torrance deposits with financial institutions in excess of federal depository insurance limits were secured by pledged securities in an undivided collateral pool held in the name of Bank of America under trust with Bank of New York Trust. As of June 30, 2011, City of Torrance held no investments by the same broker-dealer (counterparty) that was used by the City of Torrance to buy the securities.

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

Investment in State Investment Pool

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(3) Capital Assets

Infrastructure Assets at June 30, 2011 (in thousands):

Description	Cost	Accumulated Depreciation	Net Cost
Road system	\$ 240,005	\$ (132,337)	\$ 107,668
Storm drain system	21,848	(6,944)	14,904
Sewer lines	69,708	(30,494)	39,214
Water system	90,720	(32,855)	57,865
	<u>\$ 422,281</u>	<u>\$ (202,630)</u>	<u>\$ 219,651</u>

Capital Asset activity for the year ended June 30, 2011 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 64,325	\$ -	\$ (67)	\$ 64,258
Right of Way	19,344	-	-	19,344
Construction in progress	21,278	19,897	(2,046)	39,129
Total capital assets not being depreciated	<u>104,947</u>	<u>19,897</u>	<u>(2,113)</u>	<u>122,731</u>
Capital assets being depreciated:				
Land improvements and buildings	80,661	1,303	-	81,964
Machinery and equipment	41,304	2,193	(376)	43,121
Infrastructure *	261,854	-	-	261,854
Total capital assets being depreciated	<u>383,819</u>	<u>3,496</u>	<u>(376)</u>	<u>386,939</u>
Less accumulated depreciation for:				
Land improvements and buildings	(39,053)	(1,934)	-	(40,987)
Machinery and equipment	(24,849)	(3,602)	312	(28,139)
Infrastructure	(133,383)	(5,899)	-	(139,282)
Total accumulated depreciation	<u>(197,285)</u>	<u>(11,435)</u>	<u>312</u>	<u>(208,408)</u>
Total capital assets, being depreciated, net	<u>186,534</u>	<u>(7,939)</u>	<u>(64)</u>	<u>178,531</u>
Governmental activities capital assets, net	<u>\$ 291,481</u>	<u>\$ 11,958</u>	<u>\$ (2,177)</u>	<u>\$ 301,262</u>

* Infrastructure beginning balance has been restated. See footnote 17.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not being depreciated:				
Land	\$ 6,941	\$ -	\$ -	\$ 6,941
Construction in progress *	10,185	991	(945)	10,231
Total capital assets not being depreciated	<u>17,126</u>	<u>991</u>	<u>(945)</u>	<u>17,172</u>
Capital assets being depreciated:				
Infrastructure	160,213	215	-	160,428
Land improvements and buildings	15,758	263	-	16,021
Machinery and equipment	36,448	413	-	36,861
Furniture and fixtures	374	757	-	1,131
Total capital assets being depreciated	<u>212,793</u>	<u>1,648</u>	<u>-</u>	<u>214,441</u>
Less accumulated depreciation for:				
Infrastructure	(61,087)	(2,262)	-	(63,349)
Land improvements and buildings	(10,250)	(383)	-	(10,633)
Machinery and equipment	(24,856)	(2,365)	-	(27,221)
Furniture and fixtures	(365)	(7)	-	(372)
Total accumulated depreciation	<u>(96,558)</u>	<u>(5,017)</u>	<u>-</u>	<u>(101,575)</u>
Total capital assets, being depreciated, net	<u>116,235</u>	<u>(3,369)</u>	<u>-</u>	<u>112,866</u>
Business-type activities capital assets, net	<u>\$ 133,361</u>	<u>\$ (2,378)</u>	<u>\$ (945)</u>	<u>\$ 130,038</u>

* Construction in Progress beginning balance has been restated. See footnote 17.

The capital assets for the Fleet Services Fund have been consolidated into the governmental activities, and are included in the machinery and equipment category: asset additions amounted to \$1,214,057 and asset deductions amounted to \$375,904.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

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

Governmental Activities:	
General government	\$ 4,304
Public safety	553
Public works	6,010
Culture and recreation	568
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 11,435</u>
Business-type activities:	
Water	\$ 1,355
Sewer	978
Sanitation	23
Cultural Arts Center	19
Emergency Medical Services	12
Parks & Recreation	1
Airport	270
Transit	2,359
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 5,017</u>

Included in the depreciation charge to general government is the amount of depreciation for Fleet Services, an internal service fund. This amount includes depreciation expense of \$1,901,711 and retirements of \$311,904 or net addition to accumulated depreciation in the amount of \$1,589,807.

(4) Notes Receivable

a) Rehabilitation Housing

This represents a number of small loans given to eligible participants in the City's Federal Housing Rehabilitation program. These loans, usually less than \$10,000, are no-interest loans that will be repaid when the property is sold. The balance of these loans as of June 30, 2011 is \$89,055.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(5) Short-term Debt – Tax and Revenue Anticipation Notes

The City of Torrance issues tax revenue anticipation notes (TRAN) in advance of property tax collections, depositing the proceeds in the General Fund. These notes were issued to provide monies to meet the City's anticipated cash flow needs prior to the receipt of property taxes collected by the City later in the year. These notes are necessary for the City's prepayment of its contribution to PERS at the beginning of the fiscal year rather than in installments throughout the year.

The TRAN was for \$33,000,000 and was purchased with a net original issue premium of \$530,970 and an underwriter discount of \$6,600. The City repaid the TRAN within the same fiscal year therefore preventing debt from being carried forward.

Short-term debt activity for the year ended June 30, 2011:

	<u>Beginning fiscal year balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending fiscal year balance</u>
Tax and revenue anticipation notes	\$ 23,000,000	33,000,000	(23,000,000)	\$ 33,000,000

(6) Long-term Debt

a) Redevelopment Agency Bonds

2001 Tax Allocation Refunding Bonds – Skypark Project

On December 31, 2001 the Agency issued the Skypark 2001 Tax Allocation Refunding Bonds in the aggregate principal amount of \$2,470,143 with an average interest rate of 8% per annum. The proceeds of the Refunding Bonds were used to redeem the 1987 Tax Allocation Bonds in full, at a price equal to the principal amount plus accrued interest to the date of redemption, without premium, in accordance with Section 11 of the 1987 Bond Resolution and the conditional notice of redemption sent to the Owners of the 1987 Bonds on December 1, 2001. The bonds will mature on July 1, 2012, with annual principal payments ranging from \$158,000 to \$319,000. Interest is payable on July 1 and January 1 of each year at the rate of 8%. The principal and interest are to be repaid directly from tax increments accruing to the Agency.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

1998 Series A Tax Allocation Refunding Bonds – Downtown Project

On July 15, 1998, the Agency issued \$8,500,000 Tax Allocation Refunding Bonds. Proceeds of the Bonds were used to refund the Agency’s outstanding Downtown Redevelopment Project Tax Allocation Refunding Bonds, Series 1992, to repay the entire obligation represented by the Gascon Mar Loan, to fund a reserve for the Bonds and to pay the costs of issuing the Bonds. Commencing September 1, 1999, \$2,415,000 of the 1998 Bonds mature serially through 2012 with annual principal payments ranging from \$115,000 to \$230,000. Starting from September 1, 2013 and continuing through 2028, the principal on the term bonds totaling \$6,085,000 is payable annually in amounts ranging from \$245,000 to \$555,000. Interest is payable on March 1 and September 1 of each year with rates ranging from 4.10% to 5.30% for serial bonds and 5.55% to 5.60% for term bonds. Principal and interest are to be repaid directly from the tax increments accruing to the Agency.

1998 Series A and B Tax Allocation Refunding Bonds, 1999 Series C Tax Allocation Refunding Bonds – Industrial Project

On July 1, 1998, the Agency issued \$18,385,000 Tax Allocation Senior Lien Refunding Bonds, 1998 Series A and \$12,770,000 Tax Allocation Subordinate Lien Refunding Bonds, 1998 Series B. On June 15, 1999, the Agency issued \$18,500,000 Tax Allocation Senior Lien Forward Refunding Bonds, 1999 Series C. Proceeds of the Series A Bonds and the Series B Bonds were used to refund the Agency’s outstanding Industrial Redevelopment Project Tax Allocation Refunding Bonds, Series 1989, to repay the Torrance Center II obligation represented by the Gascon Mar Loan, to fund a reserve for the Bonds and to pay the costs of issuing the Bonds. The Series C Bonds were used to redeem and refund the 1998 Series A Bonds, to fund a reserve account and to pay the costs of issuing the Series C Bonds.

Annual debt service requirements to maturity for all tax allocation redevelopment bonds to be paid from the Redevelopment Agency Debt Service Funds are as follows (in thousands):

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$1,700	\$1,647	\$3,347
2013	1,659	1,543	3,202
2014	1,600	1,451	3,051
2015	1,130	1,375	2,505
2016	1,195	1,311	2,506
2017-2021	7,020	5,464	12,484
2022-2026	9,190	3,229	12,419
2027-2029	6,830	583	7,413
Total	<u>\$30,324</u>	<u>\$16,603</u>	<u>\$46,927</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

b) Water Fund Revenue Bonds

In December 2004, the City of Torrance issued \$5,050,000 in Water Revenue Refunding Bonds, Series A, to provide funds for the redemption of its \$8,065,000 1994 Water Revenue Refunding Bonds and for the construction of various water projects and related facilities for the City's water system.

The refunding bonds bear interest rates ranging from 3.0% to 5.0%. Interest is payable semiannually on March 1 and September 1. Among the provisions of the bond resolutions, the Water Fund covenants require that fees and charges for water services must be sufficient to yield net revenues equal to at least 125% of debt service for each fiscal year. At June 30, 2011, the \$1,730,000 face amount of the refunding bonds was outstanding, of which \$540,000 has been classified as a current liability in the accompanying proprietary fund financial statements.

Annual debt service requirements to maturity for Water Fund refunding bonds are as follows (in thousands):

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$ 540	\$ 80	\$ 620
2013	570	53	623
2014	620	25	645
Total	<u>\$ 1,730</u>	<u>\$ 158</u>	<u>\$ 1,888</u>

c) Certificates of Participation

1998 Refunding Certificates of Participation

In 1991, the City of Torrance issued \$5,950,000 of certificates of participation (1991 Police COP's) to refinance certain lease revenue bonds issued by the Torrance Civic Center Authority to construct the City's police facilities and an adjacent parking area. The outstanding 1991 Police COP's had an average interest rate of 6.75% and a final maturity date of July 1, 2012. The City also issued \$3,520,000 of certificates of participation for improvements to a fire station in 1991 (1991 Fire COP's) with an outstanding balance that had an average rate of 6.29%. In December 1998, the Authority issued \$10,300,000 of refunding certificates of participation to refund the 1991 Police COP's and 1991 Fire COP's for substantial interest rate savings. In addition, given the low interest rates at the time and significant value of the pledged asset (the Police Building valued at \$16,230,000), the City raised additional funds for capital projects by extending the term of the lease payments to a 30-year certificate of participation with an average interest rate of 5.07%. The City generated approximately \$2,900,000 for

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

capital projects. As a result, the 1991 Police and Fire COP's were considered defeased, and the related liability was removed from the books. The refunding bond generated a net economic gain of approximately \$2,568,000, which represents a 4.79% present value savings.

The refunding certificates of participation for \$10,300,000 are dated December 1, 1998. The principal matures December 1 of each year through 2028 at variable amounts ranging from \$160,000 to \$590,000. Interest is payable semiannually on June 1 and December 1, with interest ranging from 4.0% to 4.75% and \$6,540,000 remains outstanding as of June 30, 2011. Certificates maturing on or before December 1, 2007 were subject to optional prepayment in whole or in part, on any business day on or after December 1, 2006 at the stated prepayment price.

Annual debt service requirements to maturity for certificates of participation to be paid from the City's Debt Service Funds with General Fund revenues are as follows (in thousands):

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$240	\$303	\$543
2013	255	292	547
2014	260	281	541
2015	275	268	543
2016	285	255	540
2017-2021	1,650	1,052	2,702
2022-2026	2,075	612	2,687
2027-2029	1,500	109	1,609
Total	<u>\$6,540</u>	<u>\$3,172</u>	<u>\$9,712</u>

2004 A and B Refunding Certificates of Participation

In 2004, the Torrance Public Financing Authority issued \$43,130,000 of refunding certificates of participation, series A and series B to refinance the 1995 certificates of participation issued by the Torrance Improvement Corporation to construct certain maintenance and entertainment facilities within the City. Debt proceeds and the 1995 certificates of participation reserves of \$3,470,479 were deposited in an irrevocable trust with an escrow agent to redeem the 1995 certificates of participation on April 1, 2005. As a result, the 1995 certificates of participation are considered defeased, and the related liability has been removed from the books. The City generated approximately \$13,130,719 for capital projects. The total net cash flow required to service the 1995 certificates of participation as of October 13, 2005 would have been \$35,065,262 while the amount required for the 2004 series A and B debt was \$56,014,615. The refunding bond generated a net economic loss of approximately \$1,440,487. The refunding

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

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resulted in a net accounting loss of \$340,053 which was expensed in fiscal year ending June 30, 2005 instead of amortizing over the life of the bonds due to the amount being immaterial.

2004 A Refunding Certificates of Participation

The refunding certificates of participation for series A in the amount of \$19,215,000 are dated October 13, 2004. The principal matures June 1 of each year through 2034 at variable amounts ranging from \$315,000 to \$1,005,000. Interest is payable semiannually on June 1 and December 1, with interest rates ranging from 2% to 5% and \$13,150,000 remains outstanding as of June 30, 2011. Certificates maturing on or before June 1, 2015 are subject to optional prepayment, in whole or in part, on any business day on or after June 1, 2014 at the stated prepayment price.

Annual debt service requirements are as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$ 925	\$ 615	\$ 1,540
2013	955	586	1,541
2014	990	554	1,544
2015	315	505	820
2016	330	494	824
2017 to 2021	1,900	2,228	4,128
2022 to 2026	2,410	1,704	4,114
2027 to 2031	3,080	1,038	4,118
2032 to 2034	2,245	228	2,473
	<u>\$ 13,150</u>	<u>\$ 7,952</u>	<u>\$ 21,102</u>

2004 B Refunding Certificates of Participation

The refunding certificates of participation for series B in the amount of \$23,915,000 are dated January 5, 2005. The principal matures June 1 commencing in 2015 and is due June 1 each year after until 2034 at variable amounts ranging from \$720,000 to \$1,855,000. Interest is payable semiannually on June 1 and December 1, with interest rates ranging from 5.0% to 5.25% and \$23,915,000 remains outstanding as of June 30, 2011. Certificates are subject to an optional prepayment, in whole or in part, on any business day on or after June 1, 2014 at the stated prepayment price.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Annual debt service requirements are as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$ -	\$ 1,233	\$ 1,233
2013	-	1,233	1,233
2014	-	1,233	1,233
2015	720	1,233	1,953
2016	755	1,197	1,952
2017 to 2021	4,370	5,380	9,750
2022 to 2026	5,585	4,170	9,755
2027 to 2031	7,195	2,560	9,755
2032 to 2034	5,290	565	5,855
	<u>\$ 23,915</u>	<u>\$ 18,804</u>	<u>\$ 42,719</u>

2009 Land Acquisition Project

In 2009, the Torrance Public Financing Authority issued certificates of participation dated December 1, 2009 in the amount of \$18,880,000. A portion of the proceeds of the Certificates will be used to finance the acquisition price of \$17,650,000 for approximately 15 acres of real property located at 465 Crenshaw Boulevard in the City. The City expects to use the property for a regional transit center and other City uses.

The principal matures September 1 commencing in 2010 and is due September 1 each year after until 2039 at variable amounts ranging from \$310,000 to \$1,220,000. Interest is payable on March 1 and September 1 with interest rates ranging from 2% to 4.5% commencing March 1, 2010 and \$18,570,000 remains outstanding as of June 30, 2011.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Annual debt service requirements are as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Year ending June 30:			
2012	\$ 315	\$ 940	\$ 1,255
2013	325	931	1,256
2014	335	921	1,256
2015	345	910	1,255
2016	360	896	1,256
2017 to 2021	2,035	4,245	6,280
2022 to 2026	2,585	3,695	6,280
2027 to 2031	3,360	2,918	6,278
2032 to 2036	4,405	1,871	6,276
2037 to 2040	4,505	513	5,018
	<u>\$ 18,570</u>	<u>\$ 17,840</u>	<u>\$ 36,410</u>

d) Advances and Notes Payable

At June 30, 2011, the City and its Redevelopment Agency had advances and notes payable in the following amounts:

Redevelopment Agency – Advances from developers: On June 9, 1987, the Redevelopment Agency and Honda entered into a First Implementation Agreement that amended the Participation Agreement to provide for an additional advance in the amount of \$3,000,000. This is to be repaid from available tax increments generated by Honda after providing for debt service on the outstanding Industrial Tax Allocation Bonds. The note shall be due and payable in full on July 19, 2012 with an interest rate adjusted semiannually using the average California Municipal Bond Index, source Merrill Lynch (or in the absence of a rate for similar bonds then for other District General Obligation Bonds) for the last 14 calendar days preceding the adjustment date. At June 30, 2011, the principal balance outstanding is \$910,788 and the accrued interest is \$864,548.

Redevelopment Agency – Advance from Los Angeles County: The maximum annual debt service on Agency indebtedness may not exceed \$1,550,000. Such advances are to be repaid in the fiscal year immediately following the year in which the Agency’s annual tax increment allocation exceeds the annual debt service requirement. This advance bears simple interest at the rate of 7.0% per year. At June 30, 2011 the principal balance outstanding is \$12,733,970 and accrued interest is \$7,516,104.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

e) Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purpose for which the proceeds of the related debt issuances were utilized is disclosed in the debt descriptions of the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated on the table below. These percentages also approximate the relationship of debt service to pledged revenues for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses where applicable)	Annual Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Tax Increment (Skypark)	\$ 620,313	\$ 352,144	57%
Tax Increment (Downtown)	1,902,370	579,222	30%
Tax Increment (Industrial)	5,982,355	2,391,381	40%
Water Revenues	2,719,272	615,244	23%

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(7) Changes in Long-Term Obligations

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2011 (in thousands):

Governmental Activities:	Balance June 30, 2010	Incurred or Issued	Satisfied or Matured	Balance June 30, 2011	Amounts due within One Year	Amounts Due in more than One Year
Compensated absences payable	\$ 20,279	11,667	11,114	\$ 20,832	11,063	9,769
Net postemployment benefits payable	5,502	2,086	-	7,588	-	7,588
Claims & judgments	24,910	3,084	1,590	26,404	9,649	16,755
Advances and notes payable						
American Honda Motor Co.	1,726	49	-	1,775	-	1,775
County of Los Angeles	18,675	1,575	-	20,250	-	20,250
Tax Allocation Bonds:						
Skypark project refunding	784	-	295	489	320	169
Downtown project refunding	6,745	-	210	6,535	220	6,315
Industrial project refunding	24,375	-	1,075	23,300	1,160	22,140
Certificates of Participation:						
1998 Police and Fire refunding certificates	6,770	-	230	6,540	240	6,300
2004 A refunding certificates	14,050	-	900	13,150	925	12,225
2004 B refunding certificates	23,915	-	-	23,915	-	23,915
2009 land acquisition certificates	18,880	-	310	18,570	315	18,255
Total Governmental Activities	<u>\$ 166,611</u>	<u>18,461</u>	<u>15,724</u>	<u>\$ 169,348</u>	<u>23,892</u>	<u>145,456</u>
Business-Type Activities:						
Revenue Bonds - Water Fund	\$ 2,245	-	515	\$ 1,730	540	1,190
Total Business-Type Activities	<u>\$ 2,245</u>	<u>-</u>	<u>515</u>	<u>\$ 1,730</u>	<u>540</u>	<u>1,190</u>

Compensated Absences

The City's policy regarding compensated absences is described in Note 1. The funded portion of this debt, totaling \$4,186,540, is recorded in the Internal Service Funds. The unfunded portion, amounting to \$16,645,271 is recorded in the governmental activities and is expected to be paid from future resources. In prior years, compensated absences have been liquidated primarily by the general fund.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Net Postemployment Benefits

The long-term liability for net postemployment benefits is recorded in the Internal Service Funds. Further details of the net postemployment benefits liability can be found in Note 9. The long-term liability for net postemployment benefits has been included in the governmental activities in the Government-wide Statement of Net Assets.

Claims and Judgments

The long-term liability for self-insurance claims and judgments is recorded in the Self-Insurance Fund of the Internal Service Funds and the liability is liquidated in that fund. Since the internal service funds primarily serve the governmental funds, the long-term liability for claims and judgments has been included in the governmental activities in the Government-wide Statement of Net Assets.

(8) Employee Benefits

Defined Benefit Pension Plan

Plan Description

The City of Torrance's Defined Benefit Pension Plan (Plan) provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Headquarters Office – 400 Q Street, Sacramento, CA 95811.

All full-time and part-time benefited City employees are eligible to participate in CalPERS. Benefits vest after five years of service. City employees who retire at or after age 50 with 5 years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to the following: Police - 3% of their average salary during their last year of employment who retire at or after age 50; Fire - 3% of their average salary during their last year of employment who retire at or after age 50; and Miscellaneous - 2% of their average salary during their last year of employment who retire at or after age 55. This percentage increases incrementally after each year of credited service up to 30 years for safety employees and no limit on years of service for miscellaneous employees. The system also provides for death and disability benefits. The retirement benefit for each above group is calculated by multiplying the number of

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

years of service times the above stated percentages with a maximum cap for safety at 90% of salary and no cap for miscellaneous employees. These benefit provisions and all other requirements are established by statute and City ordinance.

Funding Policy

Safety and miscellaneous plan members are required to contribute 9% and 7%, respectively, of their annual covered salary, which the City assumes on behalf of substantially all of their employees hired prior to fiscal year 2010-2011. At various dates in fiscal year 2010-2011, employee group agreements were changed and employees hired after these dates are required to pay their contribution themselves. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2011 was 10.468% for miscellaneous employees, 33.917% for fire employees and 37.926% for police employees. The contribution requirements for Plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation. For the year ended June 30, 2011 the City's APC and its actual contributions were \$30,245,722. The City contributed \$22,011,379 on behalf of their employees. Employees directly contributed \$8,234,343. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2010 to June 30, 2011. The ARC for the year ended June 30, 2011 was determined as part of the June 30, 2008 actuarial valuation using the entry-age-normal-actuarial-cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and from 3.55% to 13.15% for safety members; (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two- to five-year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The schedule of funding progress that follows shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress also presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Trend Information for the Plan

Fiscal year ended June 30	Annual pension cost (APC) Miscellaneous	Annual pension cost (APC) Safety	Annual pension cost (APC) Total	Percentage of APC contributed	Net pension obligations
2009	\$10,898,092	\$18,615,520	\$29,513,612	100%	—
2010	10,817,264	19,463,464	30,280,728	100%	—
2011	10,651,054	19,594,668	30,245,722	100%	—

Required Supplementary Information-Pension Funding Information

**Funded Status of the Plan
(Dollars in millions)**

Valuation date (June 30)	Entry age normal accrued liability	Actuarial value of assets	Unfunded/ (overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a % of payroll
Misc:						
2008	\$ 387.6	\$ 367.5	\$ 20.2	94.8%	\$ 59.3	34.0%
2009	420.6	382.7	37.9	91.0	61.6	61.4
2010	437.5	399.0	38.5	91.2	61.8	62.3
Safety:						
2008	\$ 577.1	\$ 457.4	\$ 119.6	79.3%	\$ 39.5	303.0%
2009	623.5	470.8	152.7	75.5	41.6	367.0
2010	649.1	485.5	163.6	74.8	42.3	386.7
Total:						
2008	\$ 964.7	\$ 824.9	\$ 139.8	85.5%	\$ 98.8	141.5%
2009	1,044.1	853.5	190.6	81.7	103.2	184.6
2010	1,086.6	884.5	202.1	81.4	104.1	194.2

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(9) Other Post Employment Benefits

Funding Policy

Below are the 2010/11 ARC (Annual Required Contribution), AOC (Annual Other Post Employment Benefit OPEB Cost), and the estimated June 30, 2011 NOO (Net OPEB Obligation).

A trust fund has not been established for this plan and the plan does not issue separate financial statements.

Eligibility

Employees are generally eligible for postemployment benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a CalPERS pension benefit. As of June 30, 2009, there were 1,270 active participants potentially eligible for the benefit and 1,087 total service and disability retirees currently receiving benefits.

Annual Required Contribution (ARC)

The Annual Required Contribution is the sum of the Normal Cost plus a 30-year level percent of pay amortization of the Unfunded Actuarial Accrued Liability (UAAL) or less an amortization of excess assets determined as of the end of the fiscal year.

The 2009/10 Annual Required Contribution determined by this valuation includes the Normal Cost plus a combined 28-year amortization as a level of percent of pay and determined as of the end of the fiscal year (Amounts in \$000's):

▪ Normal	\$1,737
▪ UAAL Amortization	2,534
▪ Total	<u>\$4,271</u>
▪ Payroll	98,599
▪ ARC%	
• Normal Costs	1.8%
• UAAL Amort	2.6%
• Total	4.3%

Annual OPEB Cost (AOC)

The Annual OPEB Cost is the expense recognized on the City's income statement for providing post-retirement healthcare benefits. The AOC will equal the ARC, adjusted for prior differences between the ARC and actual contributions.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

The AOC is equal to the ARC, except when the City has a Net OPEB Obligation (NOO) at the beginning of the year. When that happens, the AOC will equal the ARC adjusted for expected interest on the NOO and reduced by an amortization of the NOO. The end of year AOC for fiscal year 2010/11 is determined as follows:

▪ ARC	\$4,271
▪ Interest on NOO	145
▪ Amortization of NOO	<u>(253)</u>
▪ Total AOC	\$4,163
▪ AOC as % of Payroll	4.23%

Net OPEB Obligation (NOO)

The NOO is the historical difference between the ARC and actual contributions. If an agency has always contributed the ARC, then the NOO equals zero. However, contributions have not been “made” for purposes of GASB 45 unless they have been segregated in an irrevocable trust for the sole purpose of paying plan benefits. To date the City has not funded contributed any amounts into an irrevocable trust. Pursuant to established City practice and employee MOUs, the postemployment benefits are funded on a “pay as you go” basis. For fiscal year 2011, 49.9% of the ARC was contributed in the form of benefit payments made.

Based on the AOC developed above, the estimated June 30, 2011 NOO is (Amounts in \$000’s):

Annual required contribution	\$4,271
Interest on net OPEB obligation	145
Adjustment to annual required obligation	<u>(253)</u>
Annual OPEB cost (expense)	\$4,163
Contributions made (including benefit paid)	<u>(2,077)</u>
Increase in net OPEB obligation	\$2,086
Net OPEB obligation-beginning of year	<u>5,502</u>
Net OPEB obligation-end of year	<u>\$7,588</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year and the preceding year were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$4,163	50.0%	\$5,502
6/30/11	\$4,163	50.0%	\$7,588

Actuarial Methods

<u>Method</u>	<u>June 30, 2009 Valuation</u>
▪ Plan Assets	- None
▪ Cost Method	- Entry Age Normal Level of Pay
▪ Amortization Period	- 30 years/20 years sensitivity
▪ Amortization Method	- Level percent of payroll
▪ Funding Policy	- Pay-As-You-Go
▪ Future New Entrants	- None-Closed group
▪ Unfunded Liability Amortization	- 30 year fixed (closed) period for initial 1/1/08 UAAL (28 years remaining on 6/30/09) 20 year fixed (closed) for plan charges 15 year fixed (closed) period for experience gains/losses, contributions gains/losses, method changes, and assumption changes Maximum 30-year combined period

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Actuarial Assumptions

<p>Valuation Date</p> <ul style="list-style-type: none"> • June 30, 2009 												
<p>Discount Rate</p> <ul style="list-style-type: none"> • 4.25% (assets invested in General Fund, not pre-funded) • 7.75%,(sensitivity, pre-funded) 												
<p>Inflation</p> <ul style="list-style-type: none"> • 3.0% per annum 												
<p>Aggregate Payroll Increase</p> <ul style="list-style-type: none"> • 3.25% per annum 												
<p>Cap Increases</p> <ul style="list-style-type: none"> • 0% for all groups except Police yearly stipend <table border="0"> <thead> <tr> <th align="center"><u>Year</u></th> <th align="center"><u>Increase</u></th> </tr> </thead> <tbody> <tr> <td align="center">1-5</td> <td align="center">1.8%</td> </tr> <tr> <td align="center">6-10</td> <td align="center">1.8%</td> </tr> <tr> <td align="center">11-15</td> <td align="center">1.9%</td> </tr> <tr> <td align="center">16-20</td> <td align="center">3.2%</td> </tr> <tr> <td align="center">21+</td> <td align="center">3.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Increase</u>	1-5	1.8%	6-10	1.8%	11-15	1.9%	16-20	3.2%	21+	3.25%
<u>Year</u>	<u>Increase</u>											
1-5	1.8%											
6-10	1.8%											
11-15	1.9%											
16-20	3.2%											
21+	3.25%											
<p>Mortality, Withdrawal, and Disability</p> <ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study 												
<p>Retirement</p> <ul style="list-style-type: none"> • Calpers 1997-2007 Experience Study • Miscellaneous <ul style="list-style-type: none"> Level 2% @ 55 Hire Age 31.6 ERA 59.2 • Safety <ul style="list-style-type: none"> Level 3% @ 50 HA (F) 26.9 HA (P) 26.7 ERA (F) 54.54 ERA (P) 54.0 												

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Medical Trend				
<u>Year</u>	<u>Non-Medicare</u>		<u>Medicare</u>	
	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	<u>PPO</u>
2009		Actual	Premiums	
2010		Actual	Premiums	
2011		Actual	Premiums	
2012	7.8%	8.3%		8.0% 8.5%
2013	7.1%	7.5%		7.3% 7.7%
2014	6.5%	6.8%		6.6% 6.9%
2015	5.8%	6.0%		5.9% 6.1%
2016	5.2%	5.3%		5.2% 5.3%
2017+	4.5%	4.5%		4.5% 4.5%

Participation at retirement		
	<u>Currently Covered</u>	<u>Currently Waived</u>
Misc	50%	40%
Fire	90%	72%
Police		
Svc <15	50%	40%
Svc ≥158	90%	72%

Marital Status

- Actives
 - Not currently Covered-80% married
 - Currently covered-current marital status
- Retirees-current marital status

Waived retiree re-election

- Post 65-0%
- Pre-65-10% at at 65

Future New Entrants

- None-Closed group

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

**Actuarial Obligations
4.25% Discount Rate
06/30/2009
(Amounts in \$000's)**

▪ Present Value of Benefits	
• Actives	\$42,739
• Retirees	34,285
• Total	<u>77,024</u>
▪ Actuarial Accrued Liability	
• Actives	23,931
• Retirees	34,285
• Total	<u>58,216</u>
▪ Normal Cost	1,737
▪ Pay-as-you-go-Cost	2,077

Funded Status and Funding Progress. The funded status of the plan as of the date of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$77,024
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$77,024</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$98,599
UAAL as a percentage of covered payroll	78.1%

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

SCHEDULE OF FUNDING PROGRESS

Required Supplementary Information

The funding progress of the plan as of the date of June 30, 2009 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
06/30/09	\$0	\$77,024	\$77,024	0%	\$98,599	78.1%

(10) Deferred Compensation Plan

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

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

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

The following is a summary of the increases and decreases of Plan net assets available for participants and beneficiaries for the year ended June 30, 2011:

Balance, July 1, 2010	\$ 120,676,181
Deferrals of compensation	9,514,198
Net investment earnings (loss)	17,459,400
Payment to Plan participants	<u>(8,463,444)</u>
Plan net assets available for participants and beneficiaries, June 30, 2011	\$ <u>139,186,335</u>

(11) Other Required Individual Fund Disclosures

Interfund Transactions – Due to/Due from other funds

Interfund receivable and payable balances at June 30, 2011 were as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Industrial Redevelopment Debt Service Fund	\$1,526
	Nonmajor Proprietary Funds	711
	Nonmajor Governmental Funds	<u>9</u>
		<u>\$2,246</u>

These receivables represent short-term loans to cover negative cash balances in various funds.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Interfund Transactions - Advances

The balances of advances between funds at June 30, 2011 were as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Industrial Redevelopment Debt Service Fund	\$15,272
	Nonmajor Governmental Funds	245
		<u>15,517</u>
Water Proprietary Fund	Industrial Redevelopment Debt Service Fund	1,154
Sewer Proprietary Funds	Industrial Redevelopment Debt Service Fund	419
Nonmajor Governmental Funds	General Fund	600
	Nonmajor Governmental Funds	1,874
		<u>2,474</u>
		<u><u>\$19,564</u></u>

The advances to the Industrial Redevelopment Debt Service Fund represent loans to fund infrastructure improvements. The General Fund advance to Nonmajor Governmental Funds represents advances to the Downtown Redevelopment Debt Service Fund.

The advance from the Parks and Recreation Facilities Fund (a non-major governmental fund) to the General Fund represents a loan for property acquisition. The advance to the Skypark Redevelopment Debt Service Fund from the Low-Moderate Housing Fund which are both non-major governmental funds represents a loan to fund the SERAF obligation for FY10-11. These borrowed funds must be fully repaid by June 30, 2015.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(12) Transfers In and Out

The balances of transfers between funds at June 30, 2011 were as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Capital Improvements Fund	\$ 1,884
	Nonmajor Proprietary Funds	12,435
	Internal Service Funds	1,731
	Nonmajor Governmental Funds	<u>1,490</u>
		17,540
Capital Improvements Fund	General Fund	475
	Internal Service Funds	<u>55</u>
		530
Industrial Redevelopment Debt Service Fund	General Fund	3,211
	Nonmajor Governmental Funds	<u>1,196</u>
		4,407
Water Proprietary Fund	General Fund	30
Sewer Proprietary Fund	Nonmajor Proprietary Funds	75
Transit Proprietary Fund	General Fund	43
Internal Service Funds	General Fund	19
Nonmajor Proprietary Funds	General Fund	6,591
	Internal Service Fund	48
	Nonmajor Governmental Funds	<u>26</u>
		6,665
Nonmajor Governmental Funds	General Fund	1,082
	Transit Proprietary Fund	104
	Nonmajor Governmental Funds	<u>755</u>
		1,941
Total		\$ <u><u>31,250</u></u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

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

- Transfers to the Self Insurance Fund (an internal service fund) represent contributions to fund self-insured claims and settlements;
- Transfers to the Fleet Services Fund (an internal service fund) represent contributions for fleet acquisitions;
- Transfers to the General Fund from the Industrial Redevelopment Fund represent sales tax revenues from the redevelopment project areas;
- Transfers to the Street Lighting Assessment Fund (a nonmajor governmental fund), the Cultural Arts Fund, the Emergency Medical Service Fund and the Parks & Recreation Funds (each a nonmajor proprietary fund) represent additional subsidies for those funds' regular operations;
- Transfers to the Capital Improvements Funds represent contributions to fund various capital projects;
- Transfers to the General Fund from the Municipal Airport Fund (a nonmajor proprietary fund) represent transfers to fund operations and equipment replacement.

(13) Risk Management

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

Liability: The City insures automobile and general liability risks to \$5,000,000 per occurrence. There is excess liability coverage of \$20,000,000 for amounts above the \$5,000,000 self-insured retention.

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

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

Property: The City purchases all risk property insurance, subject to exclusions, covering City buildings, contents, higher cost vehicles, and machines subject to deductibles of \$1,000 to \$100,000 per occurrence depending upon the type of loss.

Crime: The City purchases crime (bond type) insurance up to \$10,000,000 per occurrence for the loss of money and securities caused by employees and or others.

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

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Settlements have not exceeded coverage for each of the past three fiscal years.

As of June 30, 2011, \$21,601,994 and \$4,801,753 have been accrued for workers' compensation and general liability claims, respectively. These accruals represent estimates of amounts to be ultimately paid for reported claims and incurred but unreported claims based upon past experience, modified for current trends and other information.

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

<u>Fiscal years</u>	<u>Beginning fiscal year liability balance</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>Ending fiscal year balance</u>
2009-10	\$ 24,910	4,537	(4,537)	\$24,910
2009-10	\$ 24,910	4,591	(3,097)	\$26,404

(14) Due from Other Governments

Amounts due from other governments consisted of the following at June 30, 2010 (in thousands):

	<u>State of California</u>	<u>Federal Agencies</u>	<u>County of Los Angeles</u>	<u>Other Local Governments</u>	<u>Total</u>
Governmental Funds:					
General Fund	\$4,631	—	1,490	—	\$6,121
Special Revenue Funds:					
Air Quality Improvement Fund	36	—	—	—	36
Asset Forfeiture Fund	—	—	10	—	10
Rental Assistance Program Fund	—	107	13	—	120
Grants & Donation Fund	—	1,209	85	—	1,294
Street Lighting District Fund	—	—	42	—	42
DNA Sampling Fund	—	—	4	—	4
Debt Service Fund:					
Skypark Redevelopment	—	—	1	—	1
Downtown Redevelopment	—	—	777	—	777
Industrial Redevelopment	113	—	625	—	738
Enterprise Funds:					
Transit System	—	1,874	446	29	2,349
Parks and Recreation	—	—	125	—	125
Sanitation	39	—	—	—	39
Subtotal	<u>4,819</u>	<u>3,190</u>	<u>3,618</u>	<u>29</u>	<u>11,656</u>
Fiduciary Fund:					
Municipal Area Express	—	—	6	—	6
Total	<u>\$4,819</u>	<u>3,190</u>	<u>3,624</u>	<u>29</u>	<u>\$11,662</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

(15) Unearned Revenue

The table below shows activity for the City's unearned revenue accounts as of June 30, 2011. The unearned revenue in the Transit Fund represents amounts that will be recognized when eligible purchases occur. The Airport rents received in June for July will be recognized in July. In May and June of 2011, the Parks & Recreation Enterprise Fund collected revenues for summer classes which begin in July. These revenues will be recognized in July.

Unearned Revenue Activity for Fiscal Year Ended June 30, 2011
(in thousands)

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
Transit Security Reserve	\$ 401	6	-	\$ 407
Transit Prop 1B	572	2,548	1,061	2,059
Transit Prop C (MOSIP)	578	65	-	643
Airport Rents received for July	231	131	231	131
Parks & Recreation Enterprise Fund revenues received in May and June for July classes	581	723	581	723
Total business-type activities	<u>2,363</u>	<u>3,473</u>	<u>1,873</u>	<u>3,963</u>
General Fund	53	-	53	-
Total governmental activities	<u>53</u>	<u>-</u>	<u>53</u>	<u>-</u>
	\$ <u>2,416</u>	\$ <u>3,473</u>	\$ <u>1,926</u>	\$ <u>3,963</u>

(16) Deficit Fund Equity (Accumulated Deficit)

The Self-Insurance Internal Service Fund reflected an accumulated deficit of \$18,124,963 at June 30, 2011. Such deficit is attributed to recording increases in the reserve for general liability claims resulting from settlements of claims in excess of established reserves and from increasing reserves for pending cases. In fiscal year-ended 2001, an adjustment of \$9,005,667 was made for Self-Insurance Fund Workers Compensation and Liability Claims. In fiscal year-ended 2008, a similar adjustment of \$2,032,846 was made. These adjustments were based on actuarial study reports as of fiscal year ended June 30, 2001 and June 30, 2008 respectively. It is anticipated that the deficit will be reduced over future years through increases in annual charges made through the budgeting process, as they become necessary. Excess charges will be distributed to all funds proportionately depending on their proportionate benefit of the Self-Insurance Fund, which resulted in the accumulated deficit balance.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

The Postemployment/Compensated Absences Fund has an accumulated deficit of \$3,456,781 as of June 30, 2011. This deficit will be reduced by future transfers from the General Fund to fund the accrued liability for net postemployment benefits.

Parks and Recreation has an accumulated deficit of \$1,139,358 as of June 30, 2011. The deficit will be reduced with a larger subsidy in fiscal year ending June 30, 2012.

The Industrial Redevelopment Debt Service Fund has an accumulated deficit of \$15,292,429 as of June 30, 2011, which represents the inclusion of advances due to other funds. This deficit will be reduced by future tax increment payments after annual bond payments have been made.

The Skypark Redevelopment Debt Service Fund has a deficit of \$1,872,580 as of June 30, 2011 as a result of the Agency's payments of SERAF (Supplemental Educational Revenue Augmentation Fund) amounting to \$2,123,409 in 2010 and \$437,172 in 2011 as mandated by the State of California per AB1389. A portion of the payment was funded by an advance from the Low Moderate Housing Fund which is payable in five years.

(17) Prior Period Adjustment

During the year ended June 30, 2011, the City restated the beginning net assets of the Water Fund. This was done to restate the capital assets as of June 30, 2010 to move amounts recorded as expenses to Construction in Progress in the amount of \$2,344,417.

Net assets for Water Fund, beginning, as previously reported:	\$ 69,804,276
Adjustment to capital assets for Construction in Progress	<u>2,344,417</u>
Net assets for Water Fund, beginning, as adjusted	<u>\$ 72,148,693</u>

During the year ended June 30, 2011, the City restated the beginning net assets of the Sewer Fund. This was done to restate the capital assets as of June 30, 2010 to move amounts recorded as expenses to Construction in Progress in the amount of \$1,248,906.

Net assets for Sewer Fund, beginning, as previously reported:	\$ 54,190,052
Adjustment to capital assets for Construction in Progress	<u>1,248,906</u>
Net assets for Sewer Fund, beginning, as adjusted	<u>\$ 55,438,958</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

During the year ended June 30, 2011, the City restated the beginning net assets of the Airport Fund. This was done to restate the capital assets as of June 30, 2010 to eliminate amounts recorded as Construction in Progress which were also included in capital assets reported in previous years.

Net assets for Airport Fund, beginning, as previously reported:	\$ 12,672,574
Adjustment to capital assets for Construction in Progress	<u>(94,219)</u>
Net assets for Airport Fund, beginning, as adjusted	<u>\$ 12,578,355</u>

During the year ended June 30, 2011, the City restated the beginning net assets of the General Fund and the Meadow Park Redevelopment Capital Project Fund. This was done to restate the cash, interest receivable and fund balance as of June 30, 2010 to move amounts to the City's General Fund totaling \$11,513.

	Meadow Park Redevelopment Capital Project Fund	General Fund
Fund balance, beginning, as previously reported:	\$ 11,513	\$ 51,212,447
Adjustment to net assets for transfer	<u>(11,513)</u>	<u>11,513</u>
Fund balance, beginning, as adjusted	<u>\$ -</u>	<u>\$ 51,223,960</u>

During the year ended June 30, 2011, the City implemented GASB Statement No. 54. Beginning fund balance of the General Fund has been restated to reflect the inclusion of the El Camino Training Fund and the Cable/PEG/Public Access Fund that no longer qualify to be presented in the financial statements as special revenue funds of the City due to the new criteria for special revenue fund reporting, as set forth in GASB Statement No. 54.

Fund balance for the General Fund, beginning (adjusted for Meadow Park Fund – see above)	\$ 51,223,960
Restatement to include El Camino Training Fund	664,794
Restatement to include Cable/PEG/Public Access Fund	<u>3,134,532</u>
Fund balance for the General Fund, beginning, as restated	<u>\$ 55,023,286</u>

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

During the year ended June 30, 2011, the City restated the beginning net assets of the Governmental Activities. This was done to reduce the gross assets for curbs and gutters, a class of infrastructure assets, as of June 30, 2010 to agree with the detailed fixed asset listing.

Net assets for Governmental Activities, beginning, as previously reported:	\$ 260,346,124
Adjustment to capital assets for Infrastructure	<u>(3,746)</u>
Net assets for Governmental Activities, beginning, as adjusted	<u>\$ 260,342,378</u>

(18) Commitments and Contingencies

The City has various outstanding contracts and purchase orders for services, supplies, materials and capital projects that have not been completed as of fiscal year-end. These commitments total \$14,677,767 at June 30, 2011.

The City has been named as a defendant in certain other claims and litigation matters. In the opinion of City management, the outcome of such litigation is not expected to result in a material adverse effect on the financial condition of the City beyond that accrued for in the City's Self-Insurance Fund.

In November 1996, the voters approved the "Right to Vote on Taxes Act" (Proposition 218) which limits the City's ability to levy general taxes and benefit assessments without voter/property owner approval and restricts the City's ability to change property-related fees.

(19) Fund Balance Policies of the General Fund

Included in the unassigned fund balance of the General Fund is an economic anomaly reserve (\$10,121,349) and a program contingency reserve (\$657,692). The funding goal of the economic anomaly reserve is 10% of the combined net adopted 2011-12 appropriation level for the General Fund, Parks and Recreation Fund, Cultural Arts Center Fund, Animal Control Fund, and the Emergency Medical Services Fund. The program contingency reserve does not have a funding goal.

Included in assigned fund balance of the General Fund is \$9,602,211 of special project reserves.

(20) Recent Changes in Legislation Affecting California Redevelopment Agencies

In June 2011, the Governor of the State of California signed legislation to provide for the eventual dissolution of redevelopment agencies. This legislation provides for the continued operation of the agency if certain payments are made to the State of California. Those agencies that elect not to make such payments, will not be permitted to initiate new projects, obligations or activities after July 1, 2011. Such agencies will only be permitted to pay existing obligations as defined by this legislation. This legislation is the subject of certain lawsuits that challenge its constitutionality.

CITY OF TORRANCE, CALIFORNIA

Notes to the Basic Financial Statements

Year ended June 30, 2011

Also unknown is the final disposition of any assets transferred between redevelopment agencies and cities that occurred after January 1, 2011.

The Agency plans to comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event this legislation is upheld as constitutional. The initial payment by the City is estimated to be \$ million with one half due on January 15, 2012 and the other half due May 15, 2012. For 2012-13, \$ million is expected to be paid under this program. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the State.

City OF Torrance



44th Armed Forces Day Parade

Combining Financial Statements and Schedules

❖ DEPARTMENT OF FINANCE ❖

City OF Torrance



Stanley Remelmeyer Cable Building

Non-Major Governmental Funds

CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet

Nonmajor Governmental Funds

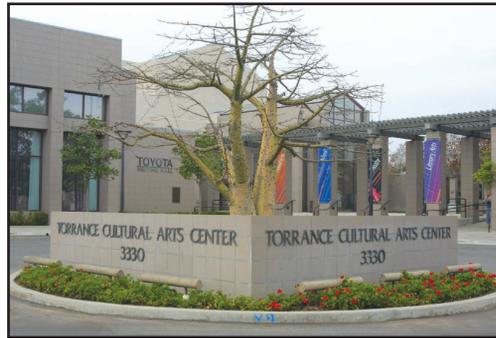
June 30, 2011

Assets	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 30,331,733	\$ 7,509,654	\$ 601,235	\$ 38,442,622
Cash and cash equivalents with fiscal agents	—	1,861,882	5,240,684	7,102,566
Accounts receivable	1,068,800	—	—	1,068,800
Accrued interest receivable	60,300	27,704	—	88,004
Due from other governments	1,505,724	—	778,115	2,283,839
Interfund advances receivable	600,000	1,873,725	—	2,473,725
Notes receivable	89,055	—	—	89,055
Restricted cash and investments	924,563	—	—	924,563
Total Assets	\$ 34,580,175	\$ 11,272,965	\$ 6,620,034	\$ 52,473,174
 Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 2,710,313	\$ 8,683	\$ 2,918	\$ 2,721,914
Accounts payable-contract retention	365,883	—	—	365,883
Due to other funds	—	8,411	—	8,411
Interfund advances payable	—	—	2,118,557	2,118,557
Total Liabilities	3,076,196	17,094	2,121,475	5,214,765
Fund Balance:				
Restricted for:				
Public works	20,180,779	—	—	20,180,779
Culture and recreation	4,689,327	—	—	4,689,327
Community development	1,815,804	—	—	1,815,804
Public safety	4,818,069	—	—	4,818,069
Capital projects	—	11,255,871	—	11,255,871
Debt service	—	—	6,371,139	6,371,139
Unassigned	—	—	(1,872,580)	(1,872,580)
Total Fund Balances	31,503,979	11,255,871	4,498,559	47,258,409
Total Liabilities and Fund Balances	\$ 34,580,175	\$ 11,272,965	\$ 6,620,034	\$ 52,473,174

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Fund</u>
Revenues:				
Taxes	\$ 2,102,270	\$ —	\$ 2,522,683	\$ 4,624,953
Fines, forfeitures and penalties	755,740	—	—	755,740
Use of money and property	382,983	18,135	4,597,905	4,999,023
Intergovernmental	20,906,132	—	—	20,906,132
Other revenues	298,170	400,735	—	698,905
Total revenues	<u>24,445,295</u>	<u>418,870</u>	<u>7,120,588</u>	<u>31,984,753</u>
Expenditures:				
General government	950,989	—	45,770	996,759
Public works	11,897,714	—	—	11,897,714
Culture and recreation	30,672	—	—	30,672
Community development	6,731,372	553,602	—	7,284,974
Capital outlay	3,766,336	103,341	—	3,869,677
Debt service:				
Principal retirement	—	—	1,945,225	1,945,225
Interest and fiscal charges	—	—	5,320,994	5,320,994
Other	—	—	1,524,801	1,524,801
Total expenditures	<u>23,377,083</u>	<u>656,943</u>	<u>8,836,790</u>	<u>32,870,816</u>
Excess (deficiency) of revenues over expenditures	<u>1,068,212</u>	<u>(238,073)</u>	<u>(1,716,202)</u>	<u>(886,063)</u>
Other financing sources (uses):				
Transfers in	1,713,560	1,753,087	—	3,466,647
Transfers out	(1,340,537)	(43,731)	(556,617)	(1,940,885)
Issuance of debt-advance from County	—	—	1,575,169	1,575,169
Total other financing sources (uses)	<u>373,023</u>	<u>1,709,356</u>	<u>1,018,552</u>	<u>3,100,931</u>
Net change in fund balances	1,441,235	1,471,283	(697,650)	2,214,868
Fund balances, July 1, 2010	33,862,070	9,796,101	5,196,209	48,854,380
Prior period adjustment	<u>(3,799,326)</u>	<u>(11,513)</u>	<u>—</u>	<u>(3,810,839)</u>
Fund balances, June 30, 2011	<u>\$ 31,503,979</u>	<u>\$ 11,255,871</u>	<u>\$ 4,498,559</u>	<u>\$ 47,258,409</u>

City OF Torrance



Torrance Cultural Arts Center

Non-Major Special Revenue Funds

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

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

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

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

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

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

The PARKS REHABILITATION AND OPEN SPACE FUND is used to account for the resources generated by a fee imposed on new dwelling construction and certain remodeling of dwellings.

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

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

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

The ANIMAL CONTROL FUND is used to account for animal licenses, permits and operations of the Animal Control Program.

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

The UNDERGROUND STORAGE TANK FUND is used to account for receipt of funds from settlement or any other civil or criminal penalties paid to the Fire Dept. and may only be used to regulate underground storage tanks.

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

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

The AQMD FUND is used to account for City compliance with air quality management regulations.

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

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

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

The FEDERAL HOUSING AND COMMUNITY DEVELOPMENT FUND is used to account for the activities of the Federal Housing and Community Development Block Grant.

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

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

The TRAFFIC CONGESTION RELIEF FUND is used to account for monies received for the purpose of providing roadway, pavement maintenance, rehabilitation and reconstruction.

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

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CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2011

Assets	Parks and Recreation Facilities Fund	Rental Assistance Program Fund	Seismic Education Fund	Street Lighting Assessment Fund	Drainage Improvement Fund
Pooled cash and investments	\$ 892,186	\$ —	\$ 58,148	\$ 130,581	\$ 19,444
Accounts receivable	—	565,628	—	—	—
Accrued interest receivable	3,346	—	218	—	—
Interfund advances receivable	600,000	—	—	—	—
Due from other governments	—	120,325	—	41,812	—
Restricted cash and investments	—	322,396	—	—	—
Notes receivable	—	—	—	—	—
Total assets	<u>\$ 1,495,532</u>	<u>\$ 1,008,349</u>	<u>\$ 58,366</u>	<u>\$ 172,393</u>	<u>\$ 19,444</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,250	\$ 349	\$ 23,952	\$ 145,332	\$ —
Accounts payable – contract retention	—	—	—	—	—
Total liabilities	<u>3,250</u>	<u>349</u>	<u>23,952</u>	<u>145,332</u>	<u>—</u>
Fund balances:					
Restricted for:					
Public works	—	—	34,414	27,061	19,444
Culture and recreation	1,492,282	—	—	—	—
Community development	—	1,008,000	—	—	—
Public safety	—	—	—	—	—
Total fund balances	<u>1,492,282</u>	<u>1,008,000</u>	<u>34,414</u>	<u>27,061</u>	<u>19,444</u>
Total liabilities and fund balances	<u>\$ 1,495,532</u>	<u>\$ 1,008,349</u>	<u>\$ 58,366</u>	<u>\$ 172,393</u>	<u>\$ 19,444</u>

Parks, Rehabilitation and Open Space Fund	Proposition C Fund	Measure R Local Return Fund	Vanpool Rideshare Fund	Animal Control Fund	Development Impact Fund	Underground Storage Tank Fund	Geologic Hazard Abatement Fund
\$ 3,186,814	\$ 5,431,590	\$ 2,231,002	\$ —	\$ —	\$ 846,072	\$ 3,000	\$ 14,317
—	—	—	369	68,386	—	—	—
11,953	14,792	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 3,198,767</u>	<u>\$ 5,446,382</u>	<u>\$ 2,231,002</u>	<u>\$ 369</u>	<u>\$ 68,386</u>	<u>\$ 846,072</u>	<u>\$ 3,000</u>	<u>\$ 14,317</u>
\$ 1,722	\$ 155,216	\$ —	\$ 369	\$ 32,383	\$ 439,901	\$ —	\$ —
—	83,343	—	—	—	78,363	—	—
<u>1,722</u>	<u>238,559</u>	<u>—</u>	<u>369</u>	<u>32,383</u>	<u>518,264</u>	<u>—</u>	<u>—</u>
—	5,207,823	2,231,002	—	—	327,808	3,000	14,317
3,197,045	—	—	—	—	—	—	—
—	—	—	—	36,003	—	—	—
<u>3,197,045</u>	<u>5,207,823</u>	<u>2,231,002</u>	<u>—</u>	<u>36,003</u>	<u>327,808</u>	<u>3,000</u>	<u>14,317</u>
<u>\$ 3,198,767</u>	<u>\$ 5,446,382</u>	<u>\$ 2,231,002</u>	<u>\$ 369</u>	<u>\$ 68,386</u>	<u>\$ 846,072</u>	<u>\$ 3,000</u>	<u>\$ 14,317</u>

(continued)

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

Assets	State Gas Tax Street Improvement Fund	Air Quality Management District Fund	Meadow Park Parking Lot District Fund	Police Inmate Welfare Fund	Grants and Donations Fund	Federal Housing and Community Development Fund
Pooled cash and investments	\$ 9,123,933	\$ 129,742	\$ 30,248	\$ 50,600	\$ 1,800,587	\$ 686,334
Accounts receivable	434,417	—	—	—	—	—
Accrued interest receivable	29,708	—	—	190	93	—
Interfund advances receivable	—	—	—	—	—	—
Due from other governments	—	36,311	—	—	1,293,647	—
Restricted cash and investments	—	—	—	—	—	2,167
Notes receivable	—	—	—	—	—	89,055
Total assets	\$ 9,588,058	\$ 166,053	\$ 30,248	\$ 50,790	\$ 3,094,327	\$ 777,556
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 85,821	\$ 2,777	\$ —	\$ —	\$ 1,471,384	\$ —
Accounts payable – contract retention	—	—	—	—	193,773	—
Total liabilities	85,821	2,777	—	—	1,665,157	—
Fund balances:						
Restricted for:						
Public works	9,502,237	163,276	—	—	1,429,170	—
Culture and recreation	—	—	—	—	—	—
Community development	—	—	30,248	—	—	777,556
Public safety	—	—	—	50,790	—	—
Total fund balances	9,502,237	163,276	30,248	50,790	1,429,170	777,556
Total liabilities and fund balances	\$ 9,588,058	\$ 166,053	\$ 30,248	\$ 50,790	\$ 3,094,327	\$ 777,556

Asset Forfeiture Fund	Proposition 1B Fund	AB2928 Traffic Congestion Relief Fund	DNA Sampling Fund	Total Nonmajor Special Revenue Fund
\$ 4,055,857	\$ 789,516	\$ 789,632	\$ 62,130	\$ 30,331,733
—	—	—	—	1,068,800
—	—	—	—	60,300
—	—	—	—	600,000
9,759	—	—	3,870	1,505,724
600,000	—	—	—	924,563
—	—	—	—	89,055
<u>\$ 4,665,616</u>	<u>\$ 789,516</u>	<u>\$ 789,632</u>	<u>\$ 66,000</u>	<u>\$ 34,580,175</u>
\$ 340	\$ 13,663	\$ 333,854	\$ —	\$ 2,710,313
—	—	10,404	—	365,883
<u>340</u>	<u>13,663</u>	<u>344,258</u>	<u>—</u>	<u>3,076,196</u>
—	775,853	445,374	—	20,180,779
—	—	—	—	4,689,327
—	—	—	—	1,815,804
4,665,276	—	—	66,000	4,818,069
<u>4,665,276</u>	<u>775,853</u>	<u>445,374</u>	<u>66,000</u>	<u>31,503,979</u>
<u>\$ 4,665,616</u>	<u>\$ 789,516</u>	<u>\$ 789,632</u>	<u>\$ 66,000</u>	<u>\$ 34,580,175</u>

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Special Revenue Funds
Year ended June 30, 2011

	Parks and Recreation Facilities Fund	Rental Assistance Program Fund	Seismic Education Fund	Street Lighting Assessment Fund	Drainage Improvement Fund
Revenues:					
Taxes	\$ 10,450	\$ —	\$ —	\$ 1,282,552	\$ —
Fines, forfeitures and penalties	—	—	—	—	—
Use of money and property	12,120	12,755	739	—	—
Intergovernmental	—	6,579,398	—	—	—
Other	—	35,064	1,815	—	(87)
Total revenues	<u>22,570</u>	<u>6,627,217</u>	<u>2,554</u>	<u>1,282,552</u>	<u>(87)</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public works	—	—	—	2,628,942	—
Culture and recreation	7,000	—	—	—	—
Community development	—	6,568,858	—	—	—
Capital outlay	—	—	—	—	—
Total expenditures	<u>7,000</u>	<u>6,568,858</u>	<u>—</u>	<u>2,628,942</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	15,570	58,359	2,554	(1,346,390)	(87)
Other financing sources (uses):					
Transfers in	—	—	—	1,346,390	—
Transfers out	—	—	—	—	—
Net change in fund balance	<u>15,570</u>	<u>58,359</u>	<u>2,554</u>	<u>—</u>	<u>(87)</u>
Fund balances, July 1, 2010	<u>1,476,712</u>	<u>949,641</u>	<u>31,860</u>	<u>27,061</u>	<u>19,531</u>
Fund balances, June 30, 2011	<u>\$ 1,492,282</u>	<u>\$ 1,008,000</u>	<u>\$ 34,414</u>	<u>\$ 27,061</u>	<u>\$ 19,444</u>

Parks, Rehabilitation and Open Space Fund	Proposition C Fund	Measure R Local Return Fund	Vanpool Rideshare Fund	Animal Control Fund	Development Impact Fund	Underground Storage Tank Fund	Geologic Hazard Abatement Fund
\$ —	\$ —	\$ —	\$ —	\$ 227,053	\$ 582,215	\$ —	\$ —
109,380	—	—	—	—	—	—	—
43,192	74,873	27,190	—	—	—	—	—
—	1,673,900	1,250,363	41,139	—	—	—	—
—	—	—	57,167	10,039	—	—	—
<u>152,572</u>	<u>1,748,773</u>	<u>1,277,553</u>	<u>98,306</u>	<u>237,092</u>	<u>582,215</u>	<u>—</u>	<u>—</u>
—	—	—	201,081	405,402	254,407	—	—
—	2,456,312	—	—	—	—	—	—
23,672	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>23,672</u>	<u>2,456,312</u>	<u>—</u>	<u>201,081</u>	<u>405,402</u>	<u>254,407</u>	<u>—</u>	<u>—</u>
128,900	(707,539)	1,277,553	(102,775)	(168,310)	327,808	—	—
—	58,136	—	102,775	169,359	—	—	—
—	(264,911)	—	—	—	—	—	—
<u>128,900</u>	<u>(914,314)</u>	<u>1,277,553</u>	<u>—</u>	<u>1,049</u>	<u>327,808</u>	<u>—</u>	<u>—</u>
3,068,145	6,122,137	953,449	—	34,954	—	3,000	14,317
<u>\$ 3,197,045</u>	<u>\$ 5,207,823</u>	<u>\$ 2,231,002</u>	<u>\$ —</u>	<u>\$ 36,003</u>	<u>\$ 327,808</u>	<u>\$ 3,000</u>	<u>\$ 14,317</u>

(continued)

CITY OF TORRANCE, CALIFORNIA
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances (Deficits)
 Nonmajor Special Revenue Funds
 (continued)

	State Gas Tax Street Improvement Fund	Air Quality Management District Fund	Meadow Park Parking Lot District Fund	Police Inmate Welfare Fund	Grants and Donations Fund	Federal Housing and Community Development Fund
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fines, forfeitures and penalties	—	—	—	—	—	—
Use of money and property	106,154	2,132	—	676	11,727	—
Intergovernmental	3,676,003	164,780	—	—	7,520,549	—
Other	—	—	—	1,531	175,061	—
Total revenues	3,782,157	166,912	—	2,207	7,707,337	—
Expenditures:						
Current:						
General government	—	—	17,340	3,293	—	—
Public works	—	—	—	—	6,812,460	—
Culture and recreation	—	—	—	—	—	—
Community development	—	162,514	—	—	—	—
Capital outlay	726,857	—	—	—	49,959	—
Total expenditures	726,857	162,514	17,340	3,293	6,862,419	—
Excess (deficiency) of revenues over expenditures	3,055,300	4,398	(17,340)	(1,086)	844,918	—
Other financing sources (uses):						
Transfers in	—	—	—	—	—	36,900
Transfers out	(1,040,000)	—	—	—	(35,626)	—
Net change in fund balance	2,015,300	4,398	(17,340)	(1,086)	809,292	36,900
Fund balances, July 1, 2010 as restated	7,486,937	158,878	47,588	51,876	619,878	740,656
Fund balances, June 30, 2011	<u>\$ 9,502,237</u>	<u>\$ 163,276</u>	<u>\$ 30,248</u>	<u>\$ 50,790</u>	<u>\$ 1,429,170</u>	<u>\$ 777,556</u>

Asset Forfeiture Fund	Proposition 1B Fund	AB2928 Traffic Congestion Relief Fund	DNA Sampling Fund	Total Nonmajor Special Revenue Fund
\$ —	\$ —	\$ —	\$ —	2,102,270
646,360	—	—	—	755,740
55,858	13,697	21,870	—	382,983
—	—	—	—	20,906,132
—	—	—	17,580	298,170
<u>702,218</u>	<u>13,697</u>	<u>21,870</u>	<u>17,580</u>	<u>24,445,295</u>
69,466	—	—	—	950,989
—	—	—	—	11,897,714
—	—	—	—	30,672
—	—	—	—	6,731,372
30,886	2,028,847	929,787	—	3,766,336
<u>100,352</u>	<u>2,028,847</u>	<u>929,787</u>	<u>—</u>	<u>23,377,083</u>
601,866	(2,015,150)	(907,917)	17,580	1,068,212
—	—	—	—	1,713,560
—	—	—	—	(1,340,537)
<u>601,866</u>	<u>(2,015,150)</u>	<u>(907,917)</u>	<u>17,580</u>	<u>1,441,235</u>
4,063,410	2,791,003	1,353,291	48,420	30,062,744
<u>\$ 4,665,276</u>	<u>\$ 775,853</u>	<u>\$ 445,374</u>	<u>\$ 66,000</u>	<u>31,503,979</u>

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City OF Torrance



Torrance Beach

Non-Major Capital Project Funds

Non-Major
Capital Project Funds

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

The TORRANCE PUBLIC FINANCING FUND is used to account for construction of certain fire and police protection facilities and finance the construction of street improvements, storm drain and building improvements and other capital projects within the City.

The REDEVELOPMENT AGENCY FUNDS are used to account for the acquisition, relocation, demolition and sale of land for those portions of the City of Torrance which have been earmarked for redevelopment. The projects are financed primarily with property tax increment revenues. Each project is accounted for in a separate fund as follows:

Meadow Park Project Fund—this fund is used to account for activities related to redevelopment of approximately 56 acres of land designated for light industrial and commercial use.

Skypark Project Fund—this fund is used to account for activities related to redevelopment of approximately 30 acres designated for various business, industry, restaurants and offices.

Downtown Torrance Redevelopment Project Fund—this fund is used to account for activities related to redevelopment in the downtown area.

Industrial Redevelopment Project Fund—this fund is used to account for activities related to redevelopment of approximately 300 acres on the eastern boundary of the City.

Low/Moderate Income Housing Fund—this fund is used to account for the 20% of tax increments and proceeds of tax allocation bonds set aside for use in low/moderate income housing programs.

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CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet

Nonmajor Capital Project Funds

June 30, 2011

Assets		Torrance Public Financing Fund
Pooled cash and investments		\$ —
Cash and cash equivalents with fiscal agents		1,861,882
Accrued interest receivable		—
Due from other funds		—
	Total assets	\$ <u>1,861,882</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable		\$ —
Due to other funds		8,411
	Total liabilities	<u>8,411</u>
Fund balances:		
Restricted for:		
Capital projects		<u>1,853,471</u>
	Total fund balances	<u>1,853,471</u>
	Total liabilities and fund balances	\$ <u>1,861,882</u>

Redevelopment Agency of the City of Torrance

Meadow Park Project Fund	Skypark Project Fund	Downtown Torrance Redevelopment Project Fund	Industrial Redevelopment Project Fund	Low/Moderate Income Housing Fund	Total Nonmajor Capital Project Funds
\$ —	\$ 6,785	\$ 251,563	\$ 78,208	\$ 7,173,098	\$ 7,509,654
—	—	—	—	—	1,861,882
—	—	1,270	—	26,434	27,704
—	—	—	—	1,873,725	1,873,725
<u>\$ —</u>	<u>\$ 6,785</u>	<u>\$ 252,833</u>	<u>\$ 78,208</u>	<u>\$ 9,073,257</u>	<u>\$ 11,272,965</u>
\$ —	\$ —	\$ 5,713	\$ —	\$ 2,970	\$ 8,683
—	—	—	—	—	8,411
—	—	5,713	—	2,970	17,094
—	6,785	247,120	78,208	9,070,287	11,255,871
—	6,785	247,120	78,208	9,070,287	11,255,871
<u>\$ —</u>	<u>\$ 6,785</u>	<u>\$ 252,833</u>	<u>\$ 78,208</u>	<u>\$ 9,073,257</u>	<u>\$ 11,272,965</u>

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Capital Project Funds
Year ended June 30, 2011

	<u>Torrance Public Financing Fund</u>
Revenues:	
Use of money and property	\$ 15,469
Other	<u>—</u>
Total revenues	<u>15,469</u>
Expenditures	
Capital outlay	103,341
Community development	<u>—</u>
Total expenditures	<u>103,341</u>
Excess (deficiency) of revenues over expenditures	(87,872)
Other financing sources (uses):	
Transfers in	—
Transfers out	<u>—</u>
Total other financing sources (uses), net	<u>—</u>
Net change in fund balance	(87,872)
Fund balances, July 1, 2010	1,941,343
Prior period adjustment (note 17)	<u>—</u>
Fund balances, June 30, 2011	<u><u>\$ 1,853,471</u></u>

Redevelopment Agency of the City of Torrance

Meadow Park Project Fund	Skypark Project Fund	Downtown Torrance Redevelopment Project Fund	Industrial Redevelopment Project Fund	Low/Moderate Income Housing Fund	Total Nonmajor Capital Project Funds
\$ —	\$ —	\$ 2,666	\$ —	\$ —	\$ 18,135
—	—	326,861	—	73,874	400,735
—	—	329,527	—	73,874	418,870
—	—	—	—	—	103,341
—	—	228,345	—	325,257	553,602
—	—	228,345	—	325,257	656,943
—	—	101,182	—	(251,383)	(238,073)
—	—	52,080	—	1,701,007	1,753,087
—	—	(22,638)	—	(21,093)	(43,731)
—	—	29,442	—	1,679,914	1,709,356
—	—	130,624	—	1,428,531	1,471,283
11,513 (11,513)	6,785 —	116,496 —	78,208 —	7,641,756 —	9,796,101 (11,513)
<u>\$ —</u>	<u>\$ 6,785</u>	<u>\$ 247,120</u>	<u>\$ 78,208</u>	<u>\$ 9,070,287</u>	<u>\$ 11,255,871</u>

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City OF Torrance



Wilson Park

Non-Major Debt Service Funds

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

The TORRANCE PUBLIC FINANCING FUND is used to account for debt service related to certificates of participation issued to provide capital for the construction of certain fire and police protection facilities and finance the construction of street improvements, storm drain and building improvements and other capital projects within the City.

The REDEVELOPMENT AGENCY of the City of Torrance has projects which require debt service funds as follows:

Skypark Fund — to account for the debt service related to a tax allocation bond issue.

The Downtown Torrance Redevelopment Fund — to account for the debt service related to a tax allocation bond issue.

Non-Major
Debt Service Funds

CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2011

	Redevelopment Agency of the City of Torrance			Total Nonmajor Debt Service Funds
	Torrance Public Financing Fund	Skypark Fund	Downtown Torrance Redevelopment Fund	
Assets				
Pooled cash and investments	\$ —	\$ 370	\$ 600,865	\$ 601,235
Cash and cash equivalents with fiscal agents	4,650,951	—	589,733	5,240,684
Due from other governments	—	775	777,340	778,115
Total assets	<u>\$ 4,650,951</u>	<u>\$ 1,145</u>	<u>\$ 1,967,938</u>	<u>\$ 6,620,034</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	\$ —	\$ 2,918	\$ 2,918
Interfund advances payable	—	1,873,725	244,832	2,118,557
Total liabilities	<u>—</u>	<u>1,873,725</u>	<u>247,750</u>	<u>2,121,475</u>
Fund balances:				
Restricted – debt service	4,650,951	—	1,720,188	6,371,139
Unassigned	—	(1,872,580)	—	(1,872,580)
Total fund balances	<u>4,650,951</u>	<u>(1,872,580)</u>	<u>1,720,188</u>	<u>4,498,559</u>
Total liabilities and fund balances	<u>\$ 4,650,951</u>	<u>\$ 1,145</u>	<u>\$ 1,967,938</u>	<u>\$ 6,620,034</u>

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended June 30, 2011

	Torrance Public Financing Fund	Redevelopment Agency of the City of Torrance		Total Nonmajor Debt Service Funds
		Skypark Fund	Downtown Torrance Redevelopment Fund	
Revenues:				
Property taxes	\$ —	\$ 620,313	\$ 1,902,370	\$ 2,522,683
Use of money and property	4,577,115	—	20,790	4,597,905
Total revenues	4,577,115	620,313	1,923,160	7,120,588
Expenditures:				
General government	—	11,950	33,820	45,770
Debt Service:				
Principal retirement	1,440,000	295,225	210,000	1,945,225
Interest and fiscal charges	3,136,229	56,919	2,127,846	5,320,994
Other	—	437,172	1,087,629	1,524,801
Total expenditures	4,576,229	801,266	3,459,295	8,836,790
Excess (deficiency) of revenues over expenditures	886	(180,953)	(1,536,135)	(1,716,202)
Other financing sources (uses):				
Transfers out	—	(124,063)	(432,554)	(556,617)
Issuance of debt-advance from County	—	—	1,575,169	1,575,169
Total other financing sources (uses)	—	(124,063)	1,142,615	1,018,552
Net change in fund balance	886	(305,016)	(393,520)	(697,650)
Fund balances, July 1, 2010	4,650,065	(1,567,564)	2,113,708	5,196,209
Fund balances, June 30, 2011	\$ 4,650,951	\$ (1,872,580)	\$ 1,720,188	\$ 4,498,559

City OF *Torrance*



James Armstrong Theatre

Non-Major Proprietary Funds

❖ DEPARTMENT OF FINANCE ❖

Non-Major
Proprietary Funds

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CITY OF TORRANCE, CALIFORNIA
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2011

Assets	Emergency Medical Services Fund	Sanitation Fund	Municipal Airport Fund	Parks and Recreation Fund	Cultural Arts Center Fund	Total Nonmajor Proprietary Funds
Current assets:						
Pooled cash and investments	\$ —	\$ 891,934	\$ 5,040,737	\$ 2,073	\$ 298,157	\$ 6,232,901
Accounts receivable	263,055	1,751,335	253,882	66,836	29,707	2,364,815
Accrued interest receivable	—	—	19,052	—	—	19,052
Due from other governments	—	39,330	—	125,026	—	164,356
Total current assets	<u>263,055</u>	<u>2,682,599</u>	<u>5,313,671</u>	<u>193,935</u>	<u>327,864</u>	<u>8,781,124</u>
Noncurrent assets:						
Capital assets, net	59,896	19,674	7,300,867	17,747	520,972	7,919,156
Total noncurrent assets	<u>59,896</u>	<u>19,674</u>	<u>7,300,867</u>	<u>17,747</u>	<u>520,972</u>	<u>7,919,156</u>
Total Assets	<u>322,951</u>	<u>2,702,273</u>	<u>12,614,538</u>	<u>211,682</u>	<u>848,836</u>	<u>16,700,280</u>
Liabilities						
Current liabilities (payable from current assets):						
Accounts payable	10,343	449,161	135,684	110,841	222,682	928,711
Accrued liabilities	47	623,302	111,113	20,212	83,853	838,527
Current liabilities (payable from restricted assets):						
Due to other funds	214,261	—	—	496,982	—	711,243
Unearned revenues	—	—	130,983	723,005	—	853,988
Total current liabilities	<u>224,651</u>	<u>1,072,463</u>	<u>377,780</u>	<u>1,351,040</u>	<u>306,535</u>	<u>3,332,469</u>
Total Liabilities	<u>\$ 224,651</u>	<u>\$ 1,072,463</u>	<u>\$ 377,780</u>	<u>\$ 1,351,040</u>	<u>\$ 306,535</u>	<u>\$ 3,332,469</u>
Net Assets:						
Invested in capital assets, net of related debt	59,896	19,674	7,300,867	17,747	520,972	7,919,156
Unrestricted	<u>38,404</u>	<u>1,610,136</u>	<u>4,935,891</u>	<u>(1,157,105)</u>	<u>21,329</u>	<u>5,448,655</u>
Total Net Assets (Deficits)	<u>\$ 98,300</u>	<u>\$ 1,629,810</u>	<u>\$ 12,236,758</u>	<u>\$ (1,139,358)</u>	<u>\$ 542,301</u>	<u>\$ 13,367,811</u>

CITY OF TORRANCE, CALIFORNIA
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits)
 Nonmajor Proprietary Funds
 Year ended June 30, 2011

	Emergency Medical Services Fund	Sanitation Fund	Municipal Airport Fund	Parks and Recreation Fund	Cultural Arts Center Fund	Total Nonmajor Proprietary Funds
Operating revenues:						
Charges for services	\$ 1,885,905	\$ 10,865,326	\$ 10,895,866	\$ 4,146,036	\$ 994,950	\$ 28,788,083
Other	10,385	250	—	11,273	—	21,908
Total operating revenues	<u>1,896,290</u>	<u>10,865,576</u>	<u>10,895,866</u>	<u>4,157,309</u>	<u>994,950</u>	<u>28,809,991</u>
Operating expenses:						
Salaries and employee benefits	9,330,956	4,670,393	1,583,428	5,146,478	1,506,095	22,237,350
Services and supplies	286,081	3,520,925	315,606	1,048,556	74,083	5,245,251
Other professional services	21,293	2,546,477	344,538	975,083	263,525	4,150,916
Depreciation and amortization	12,235	23,235	270,217	1,498	18,633	325,818
Insurance and claims	—	91,503	21,274	9,516	—	122,293
City charges	—	938,784	2,649,052	727,001	107,674	4,422,511
Other	32,580	38,970	24,411	16,237	7,054	119,252
Total operating expenses	<u>9,683,145</u>	<u>11,830,287</u>	<u>5,208,526</u>	<u>7,924,369</u>	<u>1,977,064</u>	<u>36,623,391</u>
Operating income (loss)	<u>(7,786,855)</u>	<u>(964,711)</u>	<u>5,687,340</u>	<u>(3,767,060)</u>	<u>(982,114)</u>	<u>(7,813,400)</u>
Nonoperating revenues (expenses):						
Investment earnings	—	26,408	65,737	—	—	92,145
Grants	—	92,974	—	—	109,440	202,414
Interest expense	—	—	(125,550)	—	—	(125,550)
Total nonoperating revenues, net	<u>—</u>	<u>119,382</u>	<u>(59,813)</u>	<u>—</u>	<u>109,440</u>	<u>169,009</u>
Income (loss) before transfers	<u>(7,786,855)</u>	<u>(845,329)</u>	<u>5,627,527</u>	<u>(3,767,060)</u>	<u>(872,674)</u>	<u>(7,644,391)</u>
Transfers in	8,369,855	75,000	—	3,290,007	774,799	12,509,661
Transfers out	(583,000)	(50,825)	(5,969,124)	(51,686)	(9,862)	(6,664,497)
Change in net assets	<u>—</u>	<u>(821,154)</u>	<u>(341,597)</u>	<u>(528,739)</u>	<u>(107,737)</u>	<u>(1,799,227)</u>
Total net assets (deficits) - July 1, 2010	98,300	2,450,964	12,672,574	(610,619)	650,038	15,261,257
Prior period adjustment	<u>—</u>	<u>—</u>	<u>(94,219)</u>	<u>—</u>	<u>—</u>	<u>(94,219)</u>
Total net assets (deficits) - June 30, 2011	<u>\$ 98,300</u>	<u>\$ 1,629,810</u>	<u>\$ 12,236,758</u>	<u>\$ (1,139,358)</u>	<u>\$ 542,301</u>	<u>\$ 13,367,811</u>

CITY OF TORRANCE, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

Year ended June 30, 2011

	Emergency Medical Services Fund	Sanitation Fund	Municipal Airport Fund	Parks and Recreation Fund	Cultural Arts Center Fund	Total Nonmajor Proprietary Funds
Cash flows from operating activities:						
Receipts from customers	\$ 1,832,259	\$ 10,547,224	\$ 10,807,699	\$ 4,321,186	\$ 1,026,157	\$ 28,534,525
Cash payments to suppliers for goods and services	(335,153)	(7,024,205)	(3,278,947)	(2,768,619)	(442,439)	(13,849,363)
Cash payments to employees for services	(9,330,956)	(4,611,217)	(1,574,084)	(5,146,478)	(1,518,765)	(22,181,500)
Internal activity-payments from (to) other funds	46,995	—	—	346,390	—	393,385
Cash received from donations	—	—	—	9,194	—	9,194
Other receipts	—	—	—	2,079	—	2,079
Net cash provided by (used in) operating activities	<u>(7,786,855)</u>	<u>(1,088,198)</u>	<u>5,954,668</u>	<u>(3,236,248)</u>	<u>(935,047)</u>	<u>(7,091,680)</u>
Cash flows from noncapital financing activities:						
Cash received from grants and subsidies	—	92,974	—	—	109,440	202,414
Cash received from other funds	7,786,855	75,000	—	3,290,007	774,799	11,926,661
Cash paid to other funds	—	(50,825)	(5,969,124)	(51,686)	(9,862)	(6,081,497)
Net cash provided by (used in) noncapital financing activities	<u>7,786,855</u>	<u>117,149</u>	<u>(5,969,124)</u>	<u>3,238,321</u>	<u>874,377</u>	<u>6,047,578</u>
Cash flows from capital financing activities:						
Payments for long-term obligations - principal & interest	—	—	(125,550)	—	—	(125,550)
Payments for capital additions	—	—	(328,252)	—	(78,509)	(406,761)
Net cash provided by (used in) capital financing activities	<u>—</u>	<u>—</u>	<u>(453,802)</u>	<u>—</u>	<u>(78,509)</u>	<u>(532,311)</u>
Cash flows from investing activities:						
Cash received from interest on investments	—	26,408	93,167	—	—	119,575
Net increase (decrease) in cash, restricted cash and cash equivalents	<u>—</u>	<u>(944,641)</u>	<u>(375,091)</u>	<u>2,073</u>	<u>(139,179)</u>	<u>(1,456,838)</u>
Cash, restricted cash and cash equivalents, July 1, 2010	<u>—</u>	<u>1,836,575</u>	<u>5,415,828</u>	<u>—</u>	<u>437,336</u>	<u>7,689,739</u>
Cash, restricted cash and cash equivalents, June 30, 2011	<u>\$ —</u>	<u>\$ 891,934</u>	<u>\$ 5,040,737</u>	<u>\$ 2,073</u>	<u>\$ 298,157</u>	<u>\$ 6,232,901</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (7,786,855)	(964,711)	5,687,340	\$ (3,767,060)	\$ (982,114)	\$ (7,813,400)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	12,235	23,235	270,217	1,498	18,633	325,818
Change in assets and liabilities:						
Accounts receivable	(64,031)	(293,675)	15,029	(64,800)	6,891	(400,586)
Due from other government	—	(24,678)	—	97,989	—	73,311
Prepays and other assets	—	251	—	5,053	—	5,304
Accounts payable	4,801	112,203	75,934	(17,490)	9,897	185,345
Due to other funds	46,995	—	—	346,390	—	393,385
Other accrued liabilities	—	59,177	—	20,211	—	79,388
Accrued salaries and benefits	—	—	9,344	—	(12,670)	(3,326)
Deposits and guarantees	—	—	(2,884)	—	24,316	21,432
Unearned revenues	—	—	(100,312)	141,961	—	41,649
Net cash provided by (used in) operating activities	<u>\$ (7,786,855)</u>	<u>\$ (1,088,198)</u>	<u>\$ 5,954,668</u>	<u>\$ (3,236,248)</u>	<u>\$ (935,047)</u>	<u>\$ (7,091,680)</u>

City OF Torrance



Fleet

Internal Service Funds

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

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

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

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

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CITY OF TORRANCE, CALIFORNIA

Combining Balance Sheet

Internal Service Funds

June 30, 2011

Assets	Self-Insurance Fund	Fleet Services Fund	Postemployment/ Compensated Absences Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current assets:				
Pooled cash and investments	\$ 8,615,725	\$ 13,905,768	\$ 7,950,499	\$ 30,471,992
Accounts receivable	1,367	12,197	-	13,564
Accrued interest receivable	-	49,052	-	49,052
Other prepayments	-	-	710,546	710,546
Inventories	-	1,174,823	-	1,174,823
Total current assets	<u>8,617,092</u>	<u>15,141,840</u>	<u>8,661,045</u>	<u>32,419,977</u>
Capital assets, net	<u>-</u>	<u>8,983,380</u>	<u>-</u>	<u>8,983,380</u>
Total assets	<u>\$ 8,617,092</u>	<u>\$ 24,125,220</u>	<u>\$ 8,661,045</u>	<u>\$ 41,403,357</u>
Liabilities and Net Assets (Deficit)				
Current liabilities:				
Accounts payable	\$ 338,308	\$ 338,736	\$ 343,285	\$ 1,020,329
Accrued salaries and benefits	-	398,955	4,186,541	4,585,496
Accrued liability for self-insurance claims – current	<u>9,648,916</u>	<u>-</u>	<u>-</u>	<u>9,648,916</u>
Total current liabilities	<u>9,987,224</u>	<u>737,691</u>	<u>4,529,826</u>	<u>15,254,741</u>
Accrued liability for self-insurance claims – long-term	16,754,831	-	-	16,754,831
Accrued liability for net postemployment benefits - long-term	-	-	7,588,000	7,588,000
Total liabilities	<u>26,742,055</u>	<u>737,691</u>	<u>12,117,826</u>	<u>39,597,572</u>
Net assets (deficit):				
Invested in capital assets, net of related debt Unrestricted	<u>(18,124,963)</u>	<u>14,404,149</u>	<u>(3,456,781)</u>	<u>(7,177,595)</u>
Total net assets (deficits)	<u>(18,124,963)</u>	<u>23,387,529</u>	<u>(3,456,781)</u>	<u>1,805,785</u>
Total liabilities and net assets	<u>\$ 8,617,092</u>	<u>\$ 24,125,220</u>	<u>\$ 8,661,045</u>	<u>\$ 41,403,357</u>

CITY OF TORRANCE, CALIFORNIA
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets (Deficits)
Internal Service Funds
Year ended June 30, 2011

	Self-Insurance Fund	Fleet Services Fund	Postemployment/ Compensated Absences Fund	Total
Operating revenues – charges for services	\$ 2,560,671	\$ 5,587,443	\$ -	\$ 8,148,114
Operating expenses:				
Salaries and benefits	704,921	3,040,892	2,086,000	5,831,813
Materials and services	143,929	560,969	-	704,898
Insurance and claims	5,631,078	7,555	-	5,638,633
Depreciation	-	1,901,711	-	1,901,711
Other	3,371	5,961	-	9,332
Total operating expenses	<u>6,483,299</u>	<u>5,517,088</u>	<u>2,086,000</u>	<u>14,086,387</u>
Operating income (loss)	<u>(3,922,628)</u>	<u>70,355</u>	<u>(2,086,000)</u>	<u>(5,938,273)</u>
Nonoperating revenues (expenses):				
Investment earnings	-	172,424	106,990	279,414
Gain on sale of capital assets	-	52,582	-	52,582
Other, net	-	(1,886)	-	(1,886)
Total nonoperating revenues	<u>-</u>	<u>223,120</u>	<u>106,990</u>	<u>330,110</u>
Net income (loss) before transfers	<u>(3,922,628)</u>	<u>293,475</u>	<u>(1,979,010)</u>	<u>(5,608,163)</u>
Transfers in	1,163,500	670,813	-	1,834,313
Transfers out	<u>(5,325)</u>	<u>(13,578)</u>	<u>-</u>	<u>(18,903)</u>
Increase in net assets	<u>(2,764,453)</u>	<u>950,710</u>	<u>(1,979,010)</u>	<u>(3,792,753)</u>
Net assets (deficits), July 1, 2010	<u>(15,360,510)</u>	<u>22,436,819</u>	<u>(1,477,771)</u>	<u>5,598,538</u>
Net assets (deficits), June 30, 2011	<u>\$ (18,124,963)</u>	<u>\$ 23,387,529</u>	<u>\$ (3,456,781)</u>	<u>\$ 1,805,785</u>

CITY OF TORRANCE, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2011

	<u>Self-Insurance Fund</u>	<u>Fleet Services Fund</u>	<u>Postemployment/ Compensated Absences Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from Customers	\$ 2,559,304	\$ 5,577,224	\$ -	\$ 8,136,528
Cash payments to suppliers for goods and services	(3,754,602)	(592,795)	-	(4,347,397)
Cash payments to employees for services	(704,921)	(3,018,622)	-	(3,723,543)
Other receipts	-	-	1,245,819	1,245,819
Net Cash provided by (used in) operating activities	<u>(1,900,219)</u>	<u>1,965,807</u>	<u>1,245,819</u>	<u>1,311,407</u>
Cash flows from noncapital financing activities				
Cash transfers received from other funds	1,163,500	685,813	-	1,849,313
Cash transfers paid to other funds	(5,325)	(28,578)	-	(33,903)
Internal activity-payments from (to) other funds	1,000,000	-	-	1,000,000
Net Cash provided by (used in) noncapital financing	<u>2,158,175</u>	<u>657,235</u>	<u>-</u>	<u>2,815,410</u>
Cash flows from capital financing activities				
Payments for capital expenditures	-	(1,267,162)	-	(1,267,162)
Proceeds from sale of capital assets	-	52,582	-	52,582
Net cash provided by (used in) capital financing activities	<u>-</u>	<u>(1,214,580)</u>	<u>-</u>	<u>(1,214,580)</u>
Cash flows from investing activities:				
Cash received from interest on investments	-	235,417	106,990	342,407
Net increase (decrease) in cash, restricted cash and cash equivalents	257,956	1,643,879	1,352,809	3,254,644
Cash and cash equivalents, July 1, 2010	<u>8,357,769</u>	<u>12,261,889</u>	<u>6,597,690</u>	<u>27,217,348</u>
Cash and cash equivalents, June 30, 2011	<u>\$ 8,615,725</u>	<u>\$ 13,905,768</u>	<u>\$ 7,950,499</u>	<u>\$ 30,471,992</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,922,628)	\$ 70,355	\$ (2,086,000)	\$ (5,938,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	1,901,711	-	1,901,711
Change in assets and liabilities:				
Accounts receivable	(1,367)	(10,219)	-	(11,586)
Prepays and other assets	270,928	-	(24,043)	246,885
Inventories	-	(100,373)	-	(100,373)
Accounts payable	299,292	82,063	-	381,355
Accrued insurance/claims	1,493,556	-	-	1,493,556
Accrued salaries and benefits	-	22,270	3,355,862	3,378,132
Other accrued liabilities	(40,000)	-	-	(40,000)
Net cash provided by (used in) operating activities	<u>\$ (1,900,219)</u>	<u>\$ 1,965,807</u>	<u>\$ 1,245,819</u>	<u>\$ 1,311,407</u>

City OF Torrance



City's Sports Complex

Agency Funds

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

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

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

The MUNICIPAL AREA EXPRESS (MAX) FUND is used to account for Federal, County and local revenues to finance a special commuter bus service in the South Bay area of Los Angeles County.

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

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

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

CITY OF TORRANCE, CALIFORNIA
 Combining Statement of Fiduciary Fund Assets and Liabilities - Agency Funds
 June 30, 2011

	Municipal Area Express Fund	Special Deposits Fund	Flexible Benefits Fund	Environmental Trust Fund	Property Room Evidence Fund	Torrance Tourism Business Improvement Dist	Total Agency Funds
Assets							
Pooled cash and investments	\$ 993,016	\$ 1,281,540	\$ —	\$ 130,126	\$ 376,636	\$ 38,034	2,819,352
Restricted cash	—	6,371	283,119	—	—	—	289,490
Accrued interest receivable	3,476	837	—	488	—	—	4,801
Due from other governments	6,214	—	—	—	—	—	6,214
Total assets	<u>\$ 1,002,706</u>	<u>\$ 1,288,748</u>	<u>\$ 283,119</u>	<u>\$ 130,614</u>	<u>\$ 376,636</u>	<u>\$ 38,034</u>	<u>3,119,857</u>
Liabilities							
Deposits payable	<u>\$ 1,002,706</u>	<u>\$ 1,288,748</u>	<u>\$ 283,119</u>	<u>\$ 130,614</u>	<u>\$ 376,636</u>	<u>\$ 38,034</u>	<u>3,119,857</u>
Total liabilities	<u>\$ 1,002,706</u>	<u>\$ 1,288,748</u>	<u>\$ 283,119</u>	<u>\$ 130,614</u>	<u>\$ 376,636</u>	<u>\$ 38,034</u>	<u>3,119,857</u>

CITY OF TORRANCE, CALIFORNIA

Statement of Changes in Fiduciary Fund Assets and Liabilities - Agency Funds

Year ended June 30, 2011

	<u>Balance for fiscal year ended June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance for fiscal year ended June 30, 2011</u>
Municipal Area Express Fund				
ASSETS				
Pooled cash and investments	\$ 987,312	\$ 5,704	\$ —	\$ 993,016
Accrued interest receivable	8,455	—	(4,979)	3,476
Due from other governments	103,692	—	(97,478)	6,214
Total assets	<u>\$ 1,099,459</u>	<u>\$ 5,704</u>	<u>\$ (102,457)</u>	<u>\$ 1,002,706</u>
LIABILITIES				
Accounts payable	\$ 102,193	\$ 4,098	\$ —	\$ 106,291
Deposits payable	997,266	68,697	(169,548)	896,415
Total liabilities	<u>\$ 1,099,459</u>	<u>\$ 72,795</u>	<u>\$ (169,548)</u>	<u>\$ 1,002,706</u>
 Special Deposits Fund				
ASSETS				
Pooled cash and investments	\$ 1,202,263	\$ 85,648	\$ —	\$ 1,287,911
Accrued interest receivable	—	837	—	837
Total assets	<u>\$ 1,202,263</u>	<u>\$ 86,485</u>	<u>\$ —</u>	<u>\$ 1,288,748</u>
LIABILITIES				
Deposits payable	\$ 1,202,263	\$ 86,485	\$ —	\$ 1,288,748
Total liabilities	<u>\$ 1,202,263</u>	<u>\$ 86,485</u>	<u>\$ —</u>	<u>\$ 1,288,748</u>

CITY OF TORRANCE, CALIFORNIA

Statement of Changes in Fiduciary Fund Assets and Liabilities - Agency Funds

Year ended June 30, 2011
(continued)

	<u>Balance for fiscal year ended June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance for fiscal year ended June 30, 2011</u>
Flexible Benefits Fund				
ASSETS				
Restricted cash	\$ 228,844	\$ 54,275	\$ —	\$ 283,119
Total assets	<u>\$ 228,844</u>	<u>\$ 54,275</u>	<u>\$ —</u>	<u>\$ 283,119</u>
LIABILITIES				
Deposits payable	\$ 228,844	\$ 54,275	\$ —	\$ 283,119
Total liabilities	<u>\$ 228,844</u>	<u>\$ 54,275</u>	<u>\$ —</u>	<u>\$ 283,119</u>
Environmental Trust Fund				
ASSETS				
Pooled cash and investments	\$ 127,755	\$ 2,371	\$ —	\$ 130,126
Accrued interest receivable	1,094	—	(606)	488
Total assets	<u>\$ 128,849</u>	<u>\$ 2,371</u>	<u>\$ (606)</u>	<u>\$ 130,614</u>
LIABILITIES				
Deposits payable	\$ 128,849	\$ 1,765	\$ —	\$ 130,614
Total liabilities	<u>\$ 128,849</u>	<u>\$ 1,765</u>	<u>\$ —</u>	<u>\$ 130,614</u>
Property Room Evidence				
ASSETS				
Pooled cash and investments	\$ 362,219	\$ 14,417	\$ —	\$ 376,636
Total assets	<u>\$ 362,219</u>	<u>\$ 14,417</u>	<u>\$ —</u>	<u>\$ 376,636</u>
LIABILITIES				
Deposits payable	\$ 362,219	\$ 14,882	\$ (465)	\$ 376,636
Total liabilities	<u>\$ 362,219</u>	<u>\$ 14,882</u>	<u>\$ (465)</u>	<u>\$ 376,636</u>
Torrance Tourism Business Improvement District				
ASSETS				
Pooled cash and investments	\$ 24,067	\$ 13,967	\$ —	\$ 38,034
Total assets	<u>\$ 24,067</u>	<u>\$ 13,967</u>	<u>\$ —</u>	<u>\$ 38,034</u>
LIABILITIES				
Deposits payable	\$ 24,067	\$ 13,967	\$ —	\$ 38,034
Total liabilities	<u>\$ 24,067</u>	<u>\$ 13,967</u>	<u>\$ —</u>	<u>\$ 38,034</u>

CITY OF TORRANCE, CALIFORNIA

Combined Statement of Changes in Fiduciary Fund Assets and Liabilities - All Agency Funds

Year ended June 30, 2011

	Balance for fiscal year ended June 30, 2010	Additions	Deductions	Balance for fiscal year ended June 30, 2011
Assets				
Pooled cash and investments	\$ 2,703,616	\$ 115,736	\$ —	\$ 2,819,352
Restricted cash	228,844	60,646	—	289,490
Accrued interest receivable	9,549	—	(4,748)	4,801
Due from other governments	103,692	—	(97,478)	6,214
Total assets	<u>\$ 3,045,701</u>	<u>\$ 176,382</u>	<u>\$ (102,226)</u>	<u>\$ 3,119,857</u>
Liabilities				
Deposits payable	<u>\$ 3,045,701</u>	<u>\$ 244,169</u>	<u>\$ (170,013)</u>	<u>\$ 3,119,857</u>
Total liabilities	<u>\$ 3,045,701</u>	<u>\$ 244,169</u>	<u>\$ (170,013)</u>	<u>\$ 3,119,857</u>

City
OF
Torrance



Statistical Section

COMPREHENSIVE ANNUAL

Financial

R E P O R T

Fiscal Year Ended June 30, 2011

(Not covered by Accountants' Report)

❖ **S T A T I S T I C A L S E C T I O N** ❖

Overview of Statistical Information Presented in Five Categories

Financial Trend Information:

Intended to assist users in understanding and assessing how a governments's financial position has changed over time.

Revenue Capacity Information:

Intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own revenue.

Debt Capacity Information:

Intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

Demographic and Economic Information:

Intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparison of financial statement information over time and among governments.

Operating Information:

Intended to provide information about a government's operations and resources in order to assist readers in using financial statement information to understand and assess a government's economic condition.

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

Financial Trends
Exhibit I

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003 ¹	2002
Governmental activities										
Invested in capital assets, net of related debt	\$ 239,087	\$ 227,870	\$ 216,501	\$ 210,615	\$ 224,386	\$ 215,731	\$ 220,620	\$ 237,695	\$ 220,643	\$ 65,949
Restricted	46,817	68,033	70,578	70,770	58,553	50,441	61,456	44,515	51,699	10,909
Unrestricted	(18,920)	(35,557)	(18,834)	(12,952)	(23,536)	(24,079)	(49,575)	(49,256)	(48,068)	(8,753)
Total governmental activities net assets	\$ 266,984	\$ 260,346	\$ 268,245	\$ 268,433	\$ 259,403	\$ 242,093	\$ 232,501	\$ 232,954	\$ 224,274	\$ 68,105
Business-type activities										
Invested in capital assets, net of related debt	\$ 128,307	\$ 127,617	\$ 122,331	\$ 122,144	\$ 120,780	\$ 121,301	\$ 120,513	\$ 120,595	\$ 122,010	\$ 59,127
Restricted	555	536	592	566	529	692	684	1,483	1,797	1,805
Unrestricted	28,492	27,299	32,936	35,993	38,519	35,981	37,043	33,715	31,761	36,399
Total business-type activities net assets	\$ 157,354	\$ 155,452	\$ 155,859	\$ 158,703	\$ 159,828	\$ 157,974	\$ 158,240	\$ 155,793	\$ 155,568	\$ 97,331
Primary government										
Invested in capital assets, net of related debt	\$ 367,394	\$ 355,487	\$ 338,832	\$ 332,759	\$ 345,166	\$ 337,032	\$ 341,133	\$ 358,290	\$ 342,653	\$ 125,076
Restricted	47,372	68,569	71,170	71,336	59,082	51,133	62,140	45,998	53,496	12,714
Unrestricted	9,572	(8,258)	14,102	23,041	14,983	11,902	(12,532)	(15,541)	(16,307)	27,646
Total primary government net assets	\$ 424,338	\$ 415,798	\$ 424,104	\$ 427,136	\$ 419,231	\$ 400,067	\$ 390,741	\$ 388,747	\$ 379,842	\$ 165,436

Notes:

¹ The City of Torrance, as part of the GASB 34 implementation for fiscal year ended June 30, 2003, added historical infrastructure assets net of depreciation to the governmental activities in the amount \$155,070 and to the business-type activities in the amount of \$57,630.

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

Financial Trends
Exhibit 2

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General government	\$ 23,358	\$ 36,479	\$ 39,594	\$ 41,464	\$ 39,434	\$ 26,324	\$ 25,771	\$ 27,796	\$ 29,502	\$ 28,791
Public safety	93,170	93,924	89,966	88,256	82,078	80,672	76,576	70,405	73,774	69,992
Public works	29,070	25,401	23,617	20,166	19,206	20,102	18,743	15,924	18,520	12,770
Culture and recreation	13,936	15,220	12,115	14,615	10,532	13,178	10,569	14,179	18,717	17,762
Nondepartmental ¹	—	—	—	—	—	5,179	6,135	7,336	6,944	6,380
Community development ²	10,610	12,580	10,086	8,600	10,910	12,620	13,138	1,589	1,372	—
Other programs	—	—	—	—	—	—	—	1,780	1,564	2,980
Interest on long term debt	6,460	5,474	5,708	5,045	6,012	5,123	5,685	4,948	4,987	6,204
Total governmental activities expenses	176,604	189,078	181,086	178,146	168,172	163,198	156,617	143,957	155,380	144,879
Business-type activities:										
Airport	5,334	5,535	5,630	5,241	4,997	5,060	6,018	4,891	4,936	4,674
Transit	21,899	21,802	21,265	21,005	19,743	20,687	19,516	18,498	18,076	16,233
Water	29,334	26,772	25,662	23,283	23,778	21,884	21,376	20,919	19,811	20,328
Sewer	2,365	2,263	2,439	1,952	1,752	3,566	2,019	1,655	1,048	314
Sanitation	11,830	11,430	10,988	10,961	10,431	10,214	8,487	7,908	7,805	—
Cultural Arts	1,977	2,098	2,110	2,044	1,803	1,739	1,663	1,539	1,461	—
Parks and Recreation	7,925	8,084	7,529	7,414	7,237	7,185	6,976	6,462	6,261	—
Emergency Medical Service ³	9,683	9,514	9,528	8,031	8,127	7,431	7,174	6,694	—	—
Other Programs ⁴	—	—	—	—	—	—	—	—	—	14,911
Total business-type activities expenses	90,347	87,498	85,151	79,931	77,868	77,766	73,229	68,566	59,398	56,460
Total primary government expenses	\$ 266,951	\$ 276,576	\$ 266,237	\$ 258,077	\$ 246,040	\$ 240,964	\$ 229,846	\$ 212,523	\$ 214,778	\$ 201,339
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,941	\$ 3,129	\$ 4,707	\$ 4,547	\$ 4,620	\$ 4,570	\$ 4,437	\$ 4,264	\$ 1,610	\$ 1,529
Public safety	6,688	5,933	5,129	6,269	7,006	7,473	6,719	5,548	4,595	5,058
Public works	535	621	561	503	796	881	648	502	448	607
Culture and recreation	681	594	746	973	1,320	1,165	947	786	523	627
Operating grants and contributions	12,701	12,936	10,709	12,151	14,552	14,706	14,629	14,646	16,025	14,414
Capital grants and contributions	9,656	10,952	9,613	7,510	8,029	7,659	5,696	9,731	8,274	12,534
Total governmental activities program revenues	33,202	34,165	31,465	31,953	36,323	36,454	33,076	35,477	31,475	34,769
Business-type activities:										
Charges for services:										
Airport	10,896	10,428	10,896	10,481	10,794	9,009	7,672	6,155	5,679	5,557
Transit	3,395	3,273	3,157	2,719	2,560	2,448	2,548	2,505	2,598	2,708
Water	30,159	27,225	23,562	23,843	23,167	22,319	22,095	22,542	22,130	22,844
Sewer	1,579	1,718	1,843	2,357	2,913	1,995	2,046	1,918	1,840	2,157
Sanitation	10,865	10,860	11,178	10,980	10,756	10,393	9,591	9,042	8,206	—
Cultural Arts	995	1,088	898	1,006	823	819	807	773	846	—
Parks and Recreation	4,157	4,058	4,154	4,201	4,273	3,971	4,180	3,860	3,297	—
Emergency Medical Service ³	1,896	1,784	1,120	1,225	1,119	1,058	1,051	654	—	—
Other Programs ⁴	—	—	—	—	—	—	—	—	—	10,276
Operating grants and contributions	18,208	16,738	15,812	15,964	15,493	16,153	13,289	13,204	12,308	12,028
Capital grants and contributions	312	7,082	603	976	687	481	1,463	3,657	1,089	7,070
Total business-type activities program revenues	82,462	84,254	73,223	73,752	72,585	68,646	64,742	64,310	57,993	62,640
Total primary government program revenues	\$ 115,664	\$ 118,419	\$ 104,688	\$ 105,705	\$ 108,908	\$ 105,100	\$ 97,818	\$ 99,787	\$ 89,468	\$ 97,409

(continued)

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

Financial Trends
Exhibit 2

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net (expense)/revenue										
Governmental activities	\$ (143,402)	\$ (154,913)	\$ (149,621)	\$ (146,193)	\$ (131,849)	\$ (126,744)	\$ (123,541)	\$ (108,480)	\$ (123,905)	\$ (110,110)
Business-type activities	(7,885)	(3,244)	(11,928)	(6,179)	(5,283)	(9,120)	(8,487)	(4,256)	(1,405)	6,180
Total primary government net expense	\$ (151,287)	\$ (158,157)	\$ (161,549)	\$ (152,372)	\$ (137,132)	\$ (135,864)	\$ (132,028)	\$ (112,736)	\$ (125,310)	\$ (103,930)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 56,978	\$ 56,078	\$ 57,815	\$ 55,596	\$ 53,136	\$ 44,647	\$ 42,245	\$ 25,577	\$ 22,963	\$ 22,971
Sales taxes	30,627	26,666	31,057	31,545	31,936	31,439	28,312	35,911	34,901	37,701
Other taxes	54,915	53,153	56,665	62,933	61,310	60,346	55,992	53,179	54,137	48,471
Investment earnings	8,149	7,310	6,447	6,271	4,634	2,304	2,104	1,544	2,301	3,416
Motor vehicle tax (unrestricted)	685	438	506	658	991	3,271	946	6,609	8,203	—
Other general revenues	4,490	6,272	4,023	3,679	3,871	2,617	2,026	2,545	1,775	11,131
Transfers	(5,801)	(2,902)	(7,734)	(5,458)	(6,719)	(8,669)	(8,537)	(8,205)	(1,596)	(4,597)
Total governmental activities	150,043	147,015	148,779	155,224	149,159	135,955	123,088	117,160	122,684	119,093
Business-type activities:										
Investment earnings	487	880	1,351	594	418	185	206	155	414	383
Other general revenues	—	—	—	—	—	—	—	—	—	153
Transfers	5,801	2,902	7,734	5,458	6,719	8,669	8,538	8,205	1,596	4,597
Total business-type activities	6,288	3,782	9,085	6,052	7,137	8,854	8,744	8,360	2,010	5,133
Total primary government	\$ 156,331	\$ 150,797	\$ 157,864	\$ 161,276	\$ 156,296	\$ 144,809	\$ 131,832	\$ 125,520	\$ 124,694	\$ 124,226
Change in Net Assets										
Governmental activities	6,641	(7,898)	(842)	9,031	17,310	9,211	(453)	8,680	(1,221)	8,983
Business-type activities	(1,597)	538	(2,843)	(127)	1,854	(266)	257	4,104	605	11,313
Total primary government	\$ 5,044	\$ (7,360)	\$ (3,685)	\$ 8,904	\$ 19,164	\$ 8,945	\$ (196)	\$ 12,784	\$ (616)	\$ 20,296

Notes:

¹Starting in 2007, Nondepartmental government expenses are being reported in the General Government category.

²Starting in 2005, certain special revenue program expenses are being reported in the Community Development category instead of the General Government and Culture and Recreation categories.

³The Emergency Medical Services fund was part of the general government prior to 2004.

⁴In 2002, the year of GASB 34 implementation, the City of Torrance combined Sanitation, Cultural Arts, Parks and Recreation under the category of Other Programs. Starting in 2003 and subsequent years these programs have been shown separately.

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

Financial Trends
Exhibit 3

	Fiscal Year									
	2011 ¹	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund										
Reserved	\$ -	\$ 17,789	\$ 17,731	\$ 16,064	\$ 15,277	\$ 14,608	\$ 14,501	\$ 14,205	\$ 18,095	\$ 2,971
Unreserved	-	33,423	41,017	45,803	41,474	30,422	24,098	23,893	18,620	31,302
Nonspendable	15,854									
Restricted	773									
Assigned to:										
Culture and recreation	2,852									
Public safety	691									
Special project reserves	9,602									
Capital projects	7,809									
Unassigned	14,156									
Total general fund	<u>\$ 51,737</u>	<u>\$ 51,212</u>	<u>\$ 58,748</u>	<u>\$ 61,867</u>	<u>\$ 56,751</u>	<u>\$ 45,030</u>	<u>\$ 38,599</u>	<u>\$ 38,098</u>	<u>\$ 36,715</u>	<u>\$ 34,273</u>
All other governmental funds										
Reserved	\$ -	\$ 7,830	\$ 8,396	\$ 8,567	\$ 8,669	\$ 16,183	\$ 20,683	\$ 7,294	\$ 6,382	\$ 5,750
Unreserved, reported in:										
Special revenue funds	-	33,173	28,801	29,337	24,742	19,761	17,683	20,172	25,484	25,178
Capital project funds	-	29,877	36,699	36,950	29,992	27,057	23,701	19,036	20,692	23,556
Debt service fund	-	(14,729)	(13,946)	(13,740)	(13,869)	(14,213)	(14,840)	(14,950)	(15,225)	(15,371)
Restricted	49,131									
Assigned to:										
Capital projects	21,430									
Unassigned	(17,165)									
Total all other governmental funds	<u>\$ 53,396</u>	<u>\$ 56,151</u>	<u>\$ 59,950</u>	<u>\$ 61,114</u>	<u>\$ 49,534</u>	<u>\$ 48,788</u>	<u>\$ 47,227</u>	<u>\$ 31,552</u>	<u>\$ 37,333</u>	<u>\$ 39,113</u>

Note:

¹The City of Torrance implemented GASB54 for the fiscal year ended June30, 2011. Information prior to the implementation of GASB 54 is not required to be restated.

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

Financial Trends
Exhibit 4

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 143,330	\$ 136,148	\$ 145,714	\$ 150,260	\$ 146,568	\$ 136,652	\$ 126,782	\$ 114,841	\$ 109,510	\$ 106,652
Licenses, fees and permits	1,639	1,618	1,426	1,962	2,671	2,693	2,503	2,056	1,505	1,936
Fine, forfeitures and penalties	1,840	2,004	1,779	2,201	2,799	2,139	2,358	1,881	2,080	1,615
Investment earnings	10,869	11,578	15,009	14,697	13,271	10,177	9,124	9,100	9,460	11,680
Intergovernmental	21,926	23,138	15,447	14,838	17,472	21,005	16,888	26,067	26,139	26,670
Charges for current services	7,174	6,921	6,090	6,443	6,865	7,453	6,418	5,605	5,214	5,377
Other	2,630	2,845	2,449	2,279	2,598	2,385	5,202	1,291	3,054	3,974
Total revenues	189,408	184,252	187,914	192,680	192,244	182,504	169,275	160,841	156,962	157,904
Expenditures										
General government	23,358	25,521	25,237	25,129	23,515	22,224	21,085	30,631	22,774	26,822
Public safety	90,971	90,402	89,435	86,869	82,069	79,675	75,392	71,476	71,776	69,027
Public works	22,469	18,183	17,685	14,697	13,763	14,249	12,760	10,661	12,770	12,378
Culture and recreation	13,997	13,796	14,013	13,747	12,809	13,356	11,569	16,336	18,371	17,360
Nondepartmental	8,121	5,440	5,258	5,695	4,604	8,373	6,135	7,337	6,944	6,380
Community development ¹	7,285	7,267	6,574	6,115	8,893	10,675	11,334	1,295	1,372	—
Capital outlay	6,203	35,542	12,344	5,016	13,685	7,327	6,675	9,296	8,364	10,722
Debt service										
Principal retirement	3,020	2,553	2,417	2,524	2,214	2,675	5,791	2,680	2,880	5,745
Interest and fiscal charges	6,812	5,312	5,887	5,083	6,040	5,148	4,981	4,828	4,913	5,176
Other	3,362	5,280	3,459	2,403	1,976	1,901	1,815	1,780	1,564	1,678
Total expenditures	185,598	209,296	182,309	167,278	169,568	165,603	157,537	156,320	151,728	155,288
Excess of revenues over (under) expenditures	3,810	(25,044)	5,605	25,402	22,676	16,901	11,738	4,521	5,234	2,616
Other financing sources (uses)										
Transfers in	16,802	17,153	18,463	20,474	16,280	15,223	19,358	11,950	9,580	11,234
Transfers out	(24,418)	(23,900)	(30,087)	(30,615)	(27,866)	(25,093)	(30,834)	(22,174)	(14,152)	(22,613)
Proceeds from refunding bonds ²	—	—	—	—	—	—	27,566	—	—	2,470
Proceeds of debt ²	—	—	—	—	—	580	15,914	—	—	—
Bond escrow refunding ²	—	—	—	—	—	—	(27,566)	—	—	—
Premium Tax Revenue Anticipation Notes	—	—	312	—	—	—	—	—	—	—
Developer contributions	—	—	—	—	—	—	—	—	—	555
Proceeds from bonds ³	—	18,880	—	—	—	—	—	—	—	—
Advances from developers/County	1,575	1,577	1,424	1,436	1,377	—	—	1,305	—	1,103
Total other financing sources (uses)	(6,041)	13,710	(9,888)	(8,705)	(10,209)	(9,290)	4,438	(8,919)	(4,572)	(7,251)
Net change in fund balances	\$ (2,231)	\$ (11,334)	\$ (4,283)	\$ 16,697	\$ 12,467	\$ 7,611	\$ 16,176	\$ (4,398)	\$ 662	\$ (4,635)
Debt service as a percentage of noncapital expenditures	5.9%	4.6%	4.9%	4.8%	5.3%	5.0%	7.8%	5.7%	4.5%	8.0%

Notes:

¹ Starting in 2005, certain special revenue program expenses are being reported in the Community Development category instead of the General Government and Culture and Recreation categories.

² In 2005, the City issued refunding Certificates of Participation to refinance their 1995 Certificates of Participation and generate additional monies for future capital projects.

³ In 2010, the City issued Certificates of Participation for land acquisition.

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

Revenue Capacity
Exhibit 1

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2011	\$ 21,709,429	\$ 994,043	22,703,472	\$ 940,998	\$ 78,512	1,019,510	0.2777%
2010	21,621,931	1,026,790	22,648,721	1,013,157	100,932	1,114,089	0.2797%
2009	21,148,061	958,988	22,107,049	975,551	117,601	1,093,152	0.2798%
2008	20,187,037	931,649	21,118,686	778,974	105,750	884,724	0.2754%
2007	18,800,479	889,984	19,690,463	718,846	122,571	841,417	0.2711%
2006	17,184,326	853,301	18,037,627	658,584	142,138	800,722	0.2660%
2005	15,915,240	879,759	16,794,999	619,582	137,686	757,268	0.2589%

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

Source: Los Angeles County Auditor - Controller's Office

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

Revenue Capacity
Exhibit 2

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
City Direct Rates:							
City basic rate	0.1495	0.1493	0.1480	0.1484	0.1492	0.1504	0.1532
Redevelopment agency	<u>0.1282</u>	<u>0.1304</u>	<u>0.1318</u>	<u>0.1270</u>	<u>0.1219</u>	<u>0.1156</u>	<u>0.1057</u>
Total City Direct Rate	0.2777	0.2797	0.2798	0.2754	0.2711	0.2660	0.2589
Overlapping Rates:							
Metropolitan Water District	0.0037	0.0043	0.0043	0.0045	0.0047	0.0052	0.0058
County Flood Control	—	—	—	—	0.0001	0.0001	0.0002
Torrance Unified School District	0.4780	0.4653	0.4259	0.4279	0.4315	0.4356	0.4375
Community College	0.0161	0.0148	0.0170	0.0165	0.0173	0.0184	0.0166
County of Los Angeles	0.2416	0.2408	0.2397	0.2406	0.2367	0.2383	0.2415
Special Districts	<u>0.0711</u>	<u>0.0708</u>	<u>0.0719</u>	<u>0.0730</u>	<u>0.0793</u>	<u>0.0797</u>	<u>0.0799</u>
Total Direct Rate	<u><u>1.0882</u></u>	<u><u>1.0757</u></u>	<u><u>1.0386</u></u>	<u><u>1.0379</u></u>	<u><u>1.0407</u></u>	<u><u>1.0433</u></u>	<u><u>1.0404</u></u>

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

Source: Los Angeles County Auditor - Controller's Office

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

Revenue Capacity
Exhibit 3

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Exxon Mobil Oil Corporation Corp	\$ 1,576,549,628	1	6.65%	\$ 1,418,245,095	1	9.48%
Del Amo Fashion Center Operating Company	513,374,586	2	2.16%	-		—
Toyota Motor Sales United States	475,040,854	3	2.00%	291,994,728	2	1.95%
American Honda Motor Company Inc.	352,816,080	4	1.49%	220,597,025	3	1.48%
Allied Signal Inc.	101,917,014	5	0.43%	-		—
Prologis MacQuarie US LLC	71,637,814	6	0.30%	-		—
Panasonic Disc Manufacturing Company	67,324,269	7	0.28%	52,202,246	10	0.35%
Sunrider Corporation	64,271,063	8	0.27%	-		—
Torrance Health Association	61,933,273	9	0.26%	-		—
RReef America Reit III Corporation	60,200,184	10	0.25%	-		—
Honeywell International Inc.	—		—	124,145,532	4	0.83%
Torrance Company	—		—	103,780,263	5	0.69%
Ball Metal Beverage Container	—		—	76,464,065	6	0.51%
Carson Madrona Company	—		—	72,803,092	7	0.49%
East Side Hotel Associates L P	—		—	64,823,716	8	0.43%
Torrance Crenshaw Properties II L P	—		—	56,986,811	9	0.38%
	<u>\$ 3,345,064,765</u>		<u>14.09%</u>	<u>\$ 2,482,042,573</u>		<u>16.59%</u>

Notes:

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

Source: Los Angeles County Assessor 2010/11 & 2001/02 Secured & Unsecured Tax Rolls,
HdL Coren & Cone

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

Revenue Capacity
Exhibit 4

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 27,264	\$ 26,487	97.15%	241	\$ 26,728	98.03%
2010	27,657	26,601	96.18%	255	26,856	97.10%
2009	26,937	25,552	94.86%	267	25,819	95.85%
2008	25,765	24,374	94.60%	123	24,497	95.08%
2007	23,763	22,745	95.72%	141	22,886	96.31%
2006	22,092	21,417	96.94%	119	21,536	97.48%
2005	20,576	19,963	97.02%	607	20,570	99.97%

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

The amounts presented are for City property taxes only, the Redevelopment Agency tax increment is not included.

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

Source: Los Angeles County Auditor Controller's Office

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

Revenue Capacity
 Exhibit 5

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Potable							
Type of Customer:							
Residential	447,819	459,863	507,328	524,985	540,753	507,649	514,357
Industrial	172,197	124,538	149,595	162,174	141,570	147,842	160,736
Commercial	178,176	196,891	191,098	196,752	209,959	186,960	191,751
Other	42,503	43,996	40,350	76,500	86,641	104,675	88,650
Total - Potable Water	840,695	825,288	888,371	960,411	978,923	947,126	955,494
Recycled/Reclaimed							
Type of Customer:							
Industrial	250,052	267,633	241,394	269,201	251,603	268,025	293,377
Other	9,981	18,731	12,362	13,591	12,415	11,236	7,928
Total - Recycled/Reclaimed Water	260,033	286,364	253,756	282,792	264,018	279,261	301,305
Total							
Type of Customer:							
Residential	447,819	459,863	507,328	524,985	540,753	507,649	514,357
Industrial	422,249	392,171	390,989	431,375	393,173	415,867	454,113
Commercial	178,176	196,891	191,098	196,752	209,959	186,960	191,751
Other	52,484	62,727	52,712	90,091	99,056	115,911	96,578
Total Water	1,100,728	1,111,652	1,142,127	1,243,203	1,242,941	1,226,387	1,256,799

Note:
 The City of Torrance has elected to show only seven years of data for this schedule.

Source: Global Water Usage Report for 2011 data and Golden State Usage Report for 2005 through 2010 data

City of Torrance Water Fund
Water Rates
Last Seven Fiscal Years

Revenue Capacity
Exhibit 6

Fiscal Year Ended June 30	Monthly Base Rate				
	Regular ¹	Low Income ¹	Exxon Contract ²	Wholesale Contract ²	Other - Recycled Regular ³
2011	\$ 5.25	\$ 5.25	\$ 65,966.00	\$ 360.00	\$ 17.29
2010	4.44	3.40	52,992.00	360.00	35.65
2009	4.44	3.40	40,495.00	360.00	35.65
2008	4.44	3.40	40,495.00	360.00	35.25
2007	4.44	3.40	40,495.00	360.00	35.25
2006	4.44	3.40	40,495.00	360.00	35.28
2005	4.44	3.40	40,495.00	360.00	35.28

Fiscal Year Ended June 30	Rate Per 100 Cubic Feet				
	Regular ⁴	Low Income ⁴	Exxon Contract	Wholesale Contract	Other - Recycled Regular
2011	\$ 3.04	\$ 2.68	\$ 1.94	\$ 1.96	\$ 2.13
2010	2.66	2.30	1.79	1.81	1.86
2009	2.21	1.85	1.28	1.14	1.55
2008	1.99	1.63	1.28	1.14	1.39
2007	1.95	1.59	1.11	1.08	1.37
2006	1.88	1.52	1.11	1.08	1.30
2005	1.85	1.49	1.11	1.08	1.32

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

²Base rate reflects monthly fixed charge stated in contracts

³Base rate reflects monthly charge for 2 inch meter

⁴Effective March 1, 2011 the City implemented tiered conservation rates.
Rate per 100 cubic feet reflects average rate.

Source: City of Torrance Public Works Department - Water Division

City of Torrance Water Fund
Principal Water Customers
Current Fiscal Year Ending June 30

Revenue Capacity
Exhibit 7

Water Customer	2011 Water Charges	Percent of Total Water Revenues
Exxon-Mobil	\$ 6,697,870	23.07%
City of Torrance	555,342	1.91%
Torrance Unified School District	456,925	1.57%
American Honda	439,189	1.51%
California Water Service-Wholesale	223,581	0.77%
Toyota Motor Sales	221,398	0.76%
Honeywell International	218,101	0.75%
Torrance Memorial Hospital	205,277	0.71%
Don Wilson Builders	183,058	0.63%
Ball Metal	174,317	0.60%
Total	\$ 9,375,058	32.28%

Note:

The data for nine years prior is not available and will commence in fiscal year 2015.

Source: Global Water Top Customer Report

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

Debt Capacity
Exhibit 1

Fiscal Year Ended June 30	Governmental Activities			
	General Government Certificates of Participation ¹	Tax Allocation Bonds	Notes Payable	Total Government Activities
2011	\$ 62,175	\$ 30,324	\$ 13,635	\$ 106,134
2010	44,735	31,904	12,910	89,549
2009	45,825	33,367	12,117	91,309
2008	46,880	34,729	11,429	93,038
2007	47,905	36,229	10,676	94,810
2006	48,910	37,438	9,930	96,278
2005	49,885	38,558	9,124	97,567

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

¹ In 2005 the City issued \$43 million of new Certificates of Participation and retired \$29 million of older Certificates of Participation generating \$13 million for capital projects. In 2009 the City issued \$19 million of new Certificates of Participation for land acquisition.

² In 2005 the City's Public Works Department - Water Division issued \$5 million of new Water Revenue Refunding Bonds and retired 5.5 million of Water Revenue Refunding Bonds.

³ Assessed Value has been used because Personal Income for the City of Torrance is unavailable.

Business-type Activities					
Water Revenue Bonds ²	Total Business-type Activities	Total Primary Government	Percent of Assessed Value ³	Debt Per Capita	
\$ 1,730	\$ 1,730	\$ 107,864	0.45%	739	
2,245	2,245	91,794	0.39%	616	
2,745	2,745	94,054	0.41%	631	
3,245	3,245	96,283	0.44%	646	
3,710	3,710	98,520	0.48%	661	
4,165	4,165	100,443	0.53%	683	
4,610	4,610	102,177	0.58%	695	

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

Debt Capacity
Exhibit 2

Fiscal Year Ended June 30	Outstanding Net General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	General Government Certificates of Participation	Tax Allocation Bonds	Total		
2011	\$ 57,581	\$ 27,404	\$ 84,985	0.36%	582
2010	41,620	28,979	70,599	0.30%	474
2009	42,495	30,442	72,937	0.31%	490
2008	43,550	31,804	75,354	0.34%	506
2007	44,575	33,304	77,879	0.38%	523
2006	45,580	34,505	80,085	0.43%	545
2005	46,555	35,604	82,159	0.47%	559

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

¹ Assess value has been used because the actual value of taxable property is not readily available in the State of California

City of Torrance
Direct and Overlapping Debt
June 30, 2011
(in thousands of dollars)

Debt Capacity
Exhibit 3

City Assessed Valuation	\$ 22,703,472
Redevelopment Agency Incremental Valuation	1,019,510
Total Assessed Valuation	\$ 23,722,982

	Percentage Applicable ¹	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Los Angeles County Flood Control District	2.492%	\$ 53,812	\$ 1,341
Metropolitan Water District	1.277%	227,643	2,907
El Camino Community College District	30.673%	171,203	52,513
Los Angeles Community College District	0.004%	3,550,000	142
Los Angeles Unified School District	0.005%	11,600,000	580
Torrance Unified School District	99.997%	178,908	178,903
Los Angeles County Regional Park and Open Space Assessment District	2.492%	197,271	4,916
Total overlapping debt to be repaid with property taxes		15,978,837	241,302
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	2.492%	\$ 1,506,742	\$ 37,548
Los Angeles County Pension Obligations	2.492%	118,459	2,952
Los Angeles County Superintendent of Schools Certificates of Participation	2.492%	12,199	304
Los Angeles County Sanitation District No.5 Authority	29.163%	54,007	15,750
Los Angeles County Sanitation South Bay Cities Authority	4.697%	9,197	432
Los Angeles Unified School District Certificates of Participation	0.005%	500,000	25
Torrance Unified School District General Fund Obligations	99.997%	2,320	2,320
Total overlapping other debt		2,202,924	59,331
Total overlapping debt		\$ 18,181,761	300,633
City direct debt			62,175
Total direct and overlapping debt			\$ 362,808

Notes:

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

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

Source: California Municipal Statistics, Inc

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

Debt Capacity
 Exhibit 4

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 851,380	\$ 849,327	\$ 829,014	\$ 791,951	\$ 738,392	\$ 676,411	\$ 629,812
Total net debt applicable to limit	62,175	44,735	45,825	46,880	47,905	48,910	49,885
Legal debt margin	<u>\$ 789,205</u>	<u>\$ 804,592</u>	<u>\$ 783,189</u>	<u>\$ 745,071</u>	<u>\$ 690,487</u>	<u>\$ 627,501</u>	<u>\$ 579,927</u>
Total net debt applicable to the limit as a percentage of debt limit	7.3%	5.3%	5.5%	5.9%	6.5%	7.2%	7.9%

Legal Debt Margin Calculation for Fiscal Year 2010:

Assessed value	\$ 22,703,472
Debt limit (3.75% of assessed value)	\$ 851,380
Debt applicable to limit:	
General government Certificates of Participation	<u>62,175</u>
Legal debt margin	<u>\$ 789,205</u>

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

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

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

Debt Capacity
Exhibit 5

Fiscal Year Ended June 30	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2011	\$ 30,159	\$ 27,501	\$ 2,658	\$ 515	\$ 97	4.34	
2010	27,225	25,489	1,736	500	126	2.77	
2009	23,562	22,023	1,539	500	133	2.43	
2008	23,309	21,955	1,354	465	148	2.21	
2007	22,671	20,779	1,892	455	162	3.07	
2006	21,880	20,641	1,239	445	175	2.00	
2005	21,706	19,922	1,784	635	257	2.00	

Notes:

The City of Torrance has elected to show only seven years of data for this schedule.

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

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 8,505	\$ 1,580	\$ 1,743	2.56
8,366	1,463	1,830	2.54
9,122	1,362	1,911	2.79
8,028	1,500	1,993	2.30
7,058	1,209	2,071	2.15
6,735	1,120	2,136	2.07
5,924	1,037	2,195	1.83

City of Torrance
Demographic and Economic Indicators
Last Seven Calendar Years

Demographic and Economic
Exhibit 1

Calendar Year	Torrance Population ¹	Los Angeles County Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income ²	Unemployment Rate ³
2010	145,927	9,858,989	\$ 402,459,119	40,822	6.4%
2009	149,717	10,441,080	413,316,582	39,586	5.8%
2008	149,111	10,393,185	390,295,865	37,553	3.7%
2007	148,965	10,363,850	369,174,348	35,621	2.4%
2006	148,558	10,331,939	342,231,121	33,123	2.3%
2005	147,108	10,245,572	329,048,068	32,115	2.5%
2004	146,532	10,166,417	310,043,501	30,498	3.1%

Note:

The City of Torrance has elected to show only seven years of data for this schedule.

Sources: ¹ State Department of Finance. Population has been adjusted based on the 2010 Federal Census.

² U.S. Department of Commerce - Bureau of Economic Analysis
The Personal Income data shown is for the previous calendar year. The calendar year 2010 data will be available in the spring of 2012.

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

³ Office of Economic Development

City of Torrance
Principal Employers
Current Year

Demographic and Economic
Exhibit 2

Employer	2011	
	Number of Employees	Percent of Total Employment
Toyota Motor Sales	3,379	4.6%
American Honda	2,095	2.9%
Honeywell International	1,161	1.6%
Robinson Helicopter Co.	968	1.3%
Hi Shear Corporation	898	1.2%
Alcoa Fastening Systems	878	1.2%
Exxon Mobil Oil Corporation	713	1.0%
L-3 Communications Electron Tech, Inc.	647	0.9%
Pelican Products, Inc.	592	0.8%
Adecco	422	0.6%

Notes:

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

Percentage of employment data from nine years ago is unavailable on the State of California Employment Development Department website. The disclosure of data from nine years prior will commence in fiscal year 2015.

Source: City of Torrance Finance Department
State of California Employment Development Department

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

Operating
 Exhibit 1

<u>Function</u>	Full-time and Part-time Employees as of June 30						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	274	295	293	290	290	279	292
Public safety	513	515	531	526	531	525	508
Public works	141	145	154	145	139	141	140
Community services	465	500	476	489	470	463	511
Community development	65	71	69	72	71	73	75
Airport	10	9	5	4	5	5	5
Transit	125	124	128	133	127	131	133
Water	29	29	26	26	25	29	23
Sewer	16	15	15	17	16	21	21
Cultural Arts Center	48	46	52	54	52	46	50
Workforce Investment Network	—	—	—	—	28	34	43
Total	1686	1749	1749	1756	1754	1747	1801

Note:
 The City of Torrance has elected to show only seven years of data for this schedule.

Source: City of Torrance Finance Department - Payroll Section

City of Torrance
Operating Indicators by Function
Last Six Fiscal Years

Operating
Exhibit 2

Function	Fiscal Year					
	2011	2010	2009	2008	2007	2006
Police						
Arrests	5,538	6,294	6,772	6,097	7,181	7,075
Bookings	3,562	4,053	4,007	3,868	4,047	3,597
Parking violations	15,211	16,412	20,269	27,475	24,169	20,218
Traffic violations	14,820	18,157	15,695	15,743	17,179	19,786
Fire						
Number of calls answered	12,338	12,179	12,707	12,847	12,636	12,190
Inspections	6,299	8,322	9,137	8,028	8,572	8,162 ¹
Highways, streets and other transportation						
Potholes repaired	5,600	5,200	4,700	5,800	5,500	7,000
Number of tenant aircraft	500	500	500	500	500	500
Number of fixed bus routes	8	8	8	8	8	8
Sanitation						
Refuse collected (tons/day)	194	213	224	219	233	250
Recyclables collected (tons/day)	53	55	64	64	65	60
Green Waste collected (tons/day)	22	18	12	8	—	—
Culture and recreation						
Number of registrants served	41,850	43,177	45,146	46,352	43,223	42,069
Registrant fees collected	\$3,401,771	\$3,151,047	\$3,489,623	\$3,345,329	\$3,253,641	\$3,063,565
Community center admissions	46,898	40,153	53,665	50,035	53,012	56,635
Water						
New connections	19	23	63	99	19	22
Water main emergency repairs (breaks)	57	55	55	64	90	72
Average daily consumption (thousands of gallons)	17,621	17,574	17,484	22,300	26,420	20,366

Notes:

The City of Torrance has elected to show only six years of data for this schedule.

¹Inspection records are kept on a calendar year basis. The first half of the fiscal year is estimated at 25% of total inspections reported for 2005. Most inspections are initiated in the second half of the fiscal year.

Sources: City of Torrance various Departments

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

Operating
Exhibit 3

Function	Fiscal Year					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public safety						
Police						
Stations	1	1	1	1	1	1
Patrol Units	47	51	51	47	48	49
Motorcycles	16	19	19	19	19	19
Fire						
Stations	6	6	6	6	6	6
In-service fire control vehicles	17	17	17	17	15	15
In-service paramedic vehicles	8	7	8	8	8	6
Sanitation						
Collection trucks	35	36	32	33	38	32
Highways, streets and airport						
Streets (centerline miles)-arterial	67	67	67	67	67	67
Streets (centerline miles)-collector	29	29	29	29	29	29
Streets (centerline miles)-residential	242	242	242	242	242	242
Streets (centerline miles)-alleys	19	19	19	19	19	19
Traffic signals	120	116	116	116	116	116
Streetlights	10,879	10,879	10,875	10,875	10,875	10,875
Airport hangars	341	341	341	341	341	339
Culture and recreation						
Parks acreage	279	279	278	278	278	280
Parks	33	33	32	32	32	32
Swimming pools	1	1	1	1	1	1
Tennis courts	11	11	11	11	11	11
Community centers	3	3	3	3	3	3
Public Libraries	6	6	6	6	6	6
Water						
Water mains (miles)	311	310	311	310	310	310
Fire hydrants	2,660	2,606	2,650	2,631	2,606	2,606
Maximum daily capacity (thousands of gallons)	50,000	50,000	50,000	50,000	50,000	50,000
Sewer						
Sanitary sewers (miles)	287	287	287	287	287	287
Storm sewers (miles)	59	59	59	59	59	59

Note:

The City of Torrance has elected to only show six years of data for this schedule.

Sources: City of Torrance various Departments