

# **South Bay Regional Public Communications Authority**

Hawthorne, California

## **Annual Financial Report**

*For the Years Ended June 30, 2025 and 2024*





**Board of Directors as of June 30, 2025**

<b>Name</b>	<b>City Represented</b>	<b>Title</b>
Rodney Tanaka	City of Gardena	Member
David Lesser	City of Manhattan Beach	Member
Alex Monteiro	City of Hawthorne	Member

*South Bay Regional Public Communications Authority  
4440 West Broadway  
Hawthorne, California 90250*

**South Bay Regional Public Communications Authority  
Annual Financial Report  
For the Years Ended June 30, 2025 and 2024**

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## INDEPENDENT AUDITOR'S REPORT

6 Hutton Centre Drive, Suite 1200  
Santa Ana, California 92707



[www.pungroup.cpa](http://www.pungroup.cpa)



To the Board of Directors  
of the South Bay Regional Public Communications Authority  
Hawthorne, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities of the South Bay Regional Public Communications Authority (the "Authority") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### **Emphasis of a Matter**

##### *Change in Accounting Principle*

As discussed in Note 10 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* during the year ended June 30, 2025. The adoption of this standard resulted in the restatement of the Authority's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

##### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and Schedule of Contributions – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors  
of the South Bay Regional Public Communications Authority  
Hawthorne, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
March 10, 2026

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**South Bay Regional Public Communications Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended June 30, 2025 and 2024**

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the South Bay Regional Public Communications Authority (Authority) provides an introduction to the financial statements of the Authority for the years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2025, the Authority's net position increased 16.30%, or \$1,128,474, due primarily to a large number of unfilled Communications Operator positions. While salary savings are used to offset some overtime costs, the vacancies created salary savings in excess of overtime costs. Excess funds remained invested with the Authority's investments under California's Local Agency Investment Fund (LAIF) resulting in additional revenue from investments.
- In 2024, the Authority's net position increased 33.44%, or \$1,735,284, due primarily to a larger than expected number of vacancies. Additionally, investment earnings from the Authority's investments under California's Local Agency Investment Fund (LAIF) returned over \$375,000 more than anticipated. This combination led to higher than expected revenues over expenses at year end thereby increasing the Authority's net position. Additionally, the implementation of GASB Statement No. 101, Compensated Absences resulted in a change in accounting principle, which required a restatement of the beginning balance. The liability for compensated absences increased \$146,205 resulting in a corresponding decrease in the net position of the same amount.
- In 2025, the Authority's operating revenues increased 3.79% or \$544,579 as a result of an increase in assessments of approximately \$272,000 due to budgeted increases for salaries and benefits, and supplies as well as an increase in revenues from vehicle outfitting parts of \$300,000.
- In 2024, the Authority's operating revenues increased 9.89% or \$1,292,024 as a result of an increase in assessments of approximately \$650,000 due to budgeted increases for salaries and benefits, and supplies, services, and equipment as well as an increase in revenues from vehicle outfitting parts in excess of \$600,000.
- In 2025, the Authority's operating expenses increased 10.17% or \$11,191,979, due primarily to an increase in purchases of reimbursable parts of approximately one million dollars for vehicle work orders in the Technical Services Division.
- In 2024, the Authority's operating expenses increased 9.63% or \$1,077,725, due primarily to budgeted increases for salaries and benefits, and supplies, services, and equipment as well as a non-cash expense accounting entry related to pensions.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements.

This report also contains other supplementary information in addition to the financial statements themselves. The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**South Bay Regional Public Communications Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Years Ended June 30, 2025 and 2024**

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is, "*Is the Authority better off or worse off as a result of this year's activities?*" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority in a way that helps answer this question.

These statements 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 the cash is received or paid.

These two statements report the Authority's *net position* and changes in them. One can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as a way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions.

	June 30, 2025	June 30, 2024 As restated	June 30, 2023
<b>Assets:</b>			
Current assets	\$ 12,172,871	\$ 9,986,276	\$ 7,070,554
Capital assets, net	6,175,093	6,660,045	7,227,097
<b>Total assets</b>	<b>18,347,964</b>	<b>16,646,321</b>	<b>14,297,651</b>
<b>Deferred outflows of resources</b>	<b>4,185,569</b>	<b>5,229,661</b>	<b>5,674,146</b>
<b>Liabilities:</b>			
Current liabilities	1,011,646	586,119	445,465
Noncurrent liabilities	11,561,037	12,048,261	12,214,131
<b>Total liabilities</b>	<b>12,572,683</b>	<b>12,634,380</b>	<b>12,659,596</b>
<b>Deferred inflows of resources</b>	<b>1,907,940</b>	<b>2,317,166</b>	<b>2,123,049</b>
<b>Net position:</b>			
Investment in capital assets	6,175,093	6,660,045	7,227,097
Unrestricted (Deficit)	1,877,817	264,391	(2,037,945)
<b>Total net position</b>	<b>\$ 8,052,910</b>	<b>\$ 6,924,436</b>	<b>\$ 5,189,152</b>

**South Bay Regional Public Communications Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Years Ended June 30, 2025 and 2024**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources by \$8,052,910 and \$6,924,436 as of June 30, 2025 and 2024.

By far the largest portion of the Authority's net position reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its members and client agencies; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2025 and 2024, the Authority shows an unrestricted net position of \$1,877,817 and \$264,391 respectively. The positive change in net position is due to an increase in revenues over expenses from a large number of unfilled positions designated "hard-to-fill" and higher than expected investment earnings. The Executive Committee in collaboration with the Board of Directors, have taken action to reserve aspects of the unrestricted net position for specified purposes such as operating reserves and future other post-employment benefits funding. During fiscal year 2021, the Board of Directors approved the establishment of a Section 115 Trust to prefund other post-employment benefits. The Board of Directors also approved an initial transfer to the trust of \$250,000 from reserves previously held in the Authority's Enterprise Fund for this purpose. In fiscal year 2022, the Board of Directors amended the Authority's budget policy to allow ongoing funding for both pension and OPEB unfunded liabilities.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<b>Revenues:</b>			
Operating revenues	\$ 14,904,726	\$ 14,360,147	\$ 13,068,123
Non-operating revenues	555,694	529,944	128,654
Total revenues	<u>15,460,420</u>	<u>14,890,091</u>	<u>13,196,777</u>
<b>Expenses:</b>			
Operating expenses	13,590,766	12,269,704	11,191,979
Depreciation expense	741,180	738,898	738,322
Total expenses	<u>14,331,946</u>	<u>13,008,602</u>	<u>11,930,301</u>
<b>Change in net position</b>	<u>1,128,474</u>	<u>1,881,489</u>	<u>1,266,476</u>
<b>Net Position:</b>			
Beginning of year, as restated	<u>6,924,436</u>	<u>5,042,947</u>	<u>3,922,676</u>
End of year	<u>\$ 8,052,910</u>	<u>\$ 6,924,436</u>	<u>\$ 5,189,152</u>

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Authority's net position changed during the fiscal year. In the case of the Authority, net position increased by \$1,128,474 and \$1,735,284, respectively, as of June 30, 2025 and 2024.

In 2025, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$570,329 due primarily to budgeted increases in expenses, an increase in revenues from vehicle outfitting parts in excess of \$300,000, and an increase in investment earnings from funds deposited with LAIF.

In 2024, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$1,693,314 due primarily to an increase of about \$650,000 for budgeted increases in expenses, an increase in revenues from vehicle outfitting parts in excess of \$600,000, and an increase in investment earnings of over \$375,000 from funds deposited with LAIF.

**South Bay Regional Public Communications Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Years Ended June 30, 2025 and 2024**

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**Capital Asset Administration**

Capital assets balances consisted of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Non-depreciable assets	\$ 495,554	\$ 495,554
Depreciable assets	16,115,237	15,826,457
Accumulated depreciation	<u>(10,435,698)</u>	<u>(9,661,966)</u>
Total capital assets, net	<u>\$ 6,175,093</u>	<u>\$ 6,660,045</u>

The capital asset activities of the Authority are summarized above and in Note 3 to the basic financial statements.

**Conditions Affecting Current Financial Position**

The operations of the Authority are funded by assessments from its members. Changes in the economy are unlikely to directly impact the Authority. Management is not aware of past, present or future conditions that would have a significant impact on the Authority's financial position and/or net position.

**Requests for Information**

This financial report is designed to provide the Authority's funding sources, customers, stakeholders and other interested parties with an overview of the Authority's financial operations and financial condition. Questions regarding the information included in this report, or requests for additional financial information should be addressed to South Bay Regional Public Communications Authority, 4440 West Broadway, Hawthorne, CA 90250.

## **BASIC FINANCIAL STATEMENTS**

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**South Bay Regional Public Communications Authority**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

ASSETS	Business-Type Activities	
	2025	(As Restated) 2024
<b>Current assets:</b>		
Cash and investments	\$ 11,404,740	\$ 9,160,937
Accounts receivable	451,240	354,312
Accrued interest receivable	128,710	112,344
Prepaid items	15,246	30,590
Materials and supplies inventory	172,935	328,093
<b>Total current assets</b>	<b>12,172,871</b>	<b>9,986,276</b>
<b>Noncurrent assets:</b>		
Capital assets, not being depreciated	495,554	495,554
Capital assets, being depreciated, net	5,679,539	6,164,491
<b>Total noncurrent assets</b>	<b>6,175,093</b>	<b>6,660,045</b>
<b>Total assets</b>	<b>18,347,964</b>	<b>16,646,321</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions related	3,405,330	4,216,683
Other postemployment benefits related	780,239	1,012,978
<b>Total deferred outflows of resources</b>	<b>4,185,569</b>	<b>5,229,661</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	382,852	298,026
Accrued salaries and benefits	206,790	171,932
Compensated absences, due within one year	380,946	116,161
Long-term liabilities, due within one year	41,058	-
<b>Total current liabilities</b>	<b>1,011,646</b>	<b>586,119</b>
<b>Noncurrent liabilities:</b>		
Compensated absences, due within more than one year	106,354	348,482
Long-term liabilities, due more than one year	177,054	-
Net pension liability	9,862,670	10,117,770
Net other postemployment benefits liability	1,414,959	1,582,009
<b>Total noncurrent liabilities</b>	<b>11,561,037</b>	<b>12,048,261</b>
<b>Total liabilities</b>	<b>12,572,683</b>	<b>12,634,380</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions related	175,621	322,231
Other postemployment benefits related	1,732,319	1,994,935
<b>Total deferred inflows of resources</b>	<b>1,907,940</b>	<b>2,317,166</b>
<b>NET POSITION</b>		
Investment in capital assets	6,175,093	6,660,045
Unrestricted (deficit)	1,877,817	264,391
<b>Total net position</b>	<b>\$ 8,052,910</b>	<b>\$ 6,924,436</b>

See accompanying Notes to the Basic Financial Statements.

**South Bay Regional Public Communications Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>Business-Type Activities</b>	
	<b>2025</b>	<b>(As Restated) 2024</b>
<b>Operating revenues:</b>		
Assessments revenues	\$ 13,496,730	\$ 13,224,686
Charges for services	1,333,320	1,040,427
Reimbursement revenue	57,596	60,111
Other revenue	17,080	34,923
<b>Total operating revenues</b>	<b>14,904,726</b>	<b>14,360,147</b>
<b>Operating expenses:</b>		
Administration	2,851,186	2,961,879
Operations	7,492,729	7,347,399
Technical services	3,192,014	1,859,656
Other projects	22,285	100,770
Depreciation expense	529,574	527,292
Amortization Expense	32,552	-
Depreciation expense - grant funded	211,606	211,606
<b>Total operating expenses</b>	<b>14,331,946</b>	<b>13,008,602</b>
<b>Operating Income</b>	<b>572,780</b>	<b>1,351,545</b>
<b>Nonoperating revenues:</b>		
Investment income	555,694	436,959
Intergovernmental revenue	-	118,870
Loss on disposal of assets	-	(25,885)
<b>Total nonoperating revenues</b>	<b>555,694</b>	<b>529,944</b>
<b>Changes in net position</b>	<b>1,128,474</b>	<b>1,881,489</b>
<b>Net position:</b>		
Beginning of year, as previously reported	\$ 6,924,436	\$ 5,189,152
Change in accounting principle (GASB 101)	-	(146,205)
Beginning of year, as restated	6,924,436	5,042,947
End of year	<b>\$ 8,052,910</b>	<b>\$ 6,924,436</b>

**South Bay Regional Public Communications Authority**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<b>Business-Type Activities</b>	
	<b>2025</b>	<b>(As Restated) 2024</b>
<b>Cash flows from operating activities:</b>		
Cash receipts for dispatching services	\$ 14,807,798	\$ 14,342,406
Cash paid to vendors and suppliers for materials and services	(3,740,483)	(2,656,271)
Cash paid for salaries and wages	(9,292,172)	(9,336,100)
<b>Net cash provided by operating activities</b>	<b>1,775,143</b>	<b>2,350,035</b>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernmental revenue	-	118,870
<b>Net cash provided by non-capital financing activities</b>	<b>-</b>	<b>118,870</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(23,000)	(197,731)
Principal payments on subscription liabilities	(47,668)	-
<b>Net cash used in capital and related financing activities</b>	<b>(70,668)</b>	<b>(197,731)</b>
<b>Cash flows from investing activities:</b>		
Interest received	539,328	381,134
<b>Net cash provided by investing activities</b>	<b>539,328</b>	<b>381,134</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,243,803</b>	<b>2,652,308</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	9,160,937	6,508,629
End of year	<b>\$ 11,404,740</b>	<b>\$ 9,160,937</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
<b>Operating income</b>	<b>\$ 572,780</b>	<b>\$ 1,351,545</b>
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>		
Depreciation expense	773,732	738,898
<b>Operating assets, deferred outflows of resources, liabilities and deferred inflows of resources</b>		
(Increase) decrease in accounts receivable	(96,928)	(17,741)
(Increase) decrease prepaid items	15,344	(23,288)
(Increase) decrease materials and supplies inventory	155,158	(166,560)
(Increase) decrease pensions related deferred outflows of resources	811,353	358,738
(Increase) decrease OPEB related deferred outflows of resources	232,739	85,747
Increase (decrease) accounts payable and accrued expenses	84,826	99,162
Increase (decrease) accrued salaries and benefits	34,858	30,099
Increase (decrease) compensated absences	22,657	(100,635)
Increase (decrease) net pension liability	(255,100)	463,544
Increase (decrease) net other postemployment benefits liability	(167,050)	(663,591)
Increase (decrease) pensions related deferred inflows of resources	(146,610)	(146,707)
Increase (decrease) OPEB related deferred inflows of resources	(262,616)	340,824
<b>Total adjustments</b>	<b>1,202,363</b>	<b>998,490</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,775,143</b>	<b>\$ 2,350,035</b>
<b>Noncash item from investing activities</b>		
Acquisition of subscription assets	\$ 265,780	\$ -
Subscription liability for the acquisition of a right to use subscription asset	265,780	-

See accompanying Notes to the Basic Financial Statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

***Organization and Operations of the Reporting Entity***

The South Bay Regional Public Communications Authority (the “Authority”) was organized on October 14, 1975, under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide a forum for discussion, study, development, implementation, operations, and maintenance of a consolidated regional public safety services communications system. At the present time, the Authority serves the Cities of Gardena, Hawthorne, and Manhattan Beach in the aforementioned capacity. Additionally, the Authority serves the Cities of Culver City, Hermosa Beach and El Segundo in a non-member capacity.

***Basis of Presentation***

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The Authority accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through member assessments and charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues reported are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

***Use of Estimates***

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

***Cash and Cash Equivalents***

For the purpose of the statements of cash flows, the Authority considers cash and cash equivalents as cash on hand, demands deposits and short-term investments with original maturity of three months or less from the date of acquisition.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Investments***

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

***Accounts Receivable***

Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been reported. Historical experience indicates that uncollectible accounts receivable is immaterial.

***Prepaid Items***

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

***Materials and Supplies Inventory***

Materials and supplies inventory consist primarily of equipment for police vehicles such as sirens, modems, light fixtures and wire harness. Inventory is valued at cost using a weighted average cost method. Inventory items are charged to expense at the time that individual items are inventoried at year-end.

***Capital Assets***

Capital assets acquired and/or constructed are capitalized at historical cost. The Authority's policy has set the capitalization threshold for reporting capital assets at \$10,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets. The estimated useful life of buildings, automobiles, property, and equipment ranges from five to forty years.

The Authority established a \$10,000 threshold to recognize right-to-use assets, including lease assets or subscription-based information technology arrangement ("SBITA") assets ("subscription assets"). The right-to use assets are amortized over the shorter of the lease or subscription term or the useful lives of the underlying assets using the straight-line method.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and adjusted by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Subscription assets are recorded at the amount of the initial measurement of the SBITA liabilities ("subscription liabilities") and adjusted by any subscription payments to the SBITA vendor at or before the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term along with subscription implementation costs. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying assets.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Deferred Outflows of Resources and Deferred Inflows of Resources***

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

**Deferred Outflows of Resources** represent a consumption of net position that applies to future periods.

**Deferred Inflows of Resources** represent acquisition of net position that applies to future periods.

***Compensated Absences***

The Authority accounts for compensated absences (sick, unpaid vacation, compensatory time and holiday leave) in accordance with U.S. GAAP. The Authority is required to accrue liability, with a corresponding charge to current operations, for employees' right to receive compensation in future years when certain conditions are met. The Authority accrues unpaid vacation, compensatory time and holiday leave. The liability for compensated absences is determined annually. The liability for compensated absences is recognized as leave is earned, based on the employee's pay rate in effect at the financial statement date, including any applicable salary-related costs. The liability includes only leave attributable to services already rendered and that is more likely than not to be paid.

***Subscription Liabilities***

The Authority recognizes subscription liabilities with an initial, individual value of \$10,000 or more with a subscription term greater than one year. Variable payments based on future performance of the Authority, usage of the underlying assets, or number of user seats are not included in the measurement of the subscription liability.

At the commencement of a subscription, the Authority initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Key estimates and judgments related to subscription liabilities include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Authority uses incremental borrowing rate provided by the financial institution at July 1, 2024 for existing subscription or the current rate at the time a new subscription is executed.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The Authority monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Long-Term Obligation***

Subscription liabilities represent the Authority’s obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Authority.

Right to use subscription information technology (“IT”) assets are recognized at the subscription commencement date and represent the Authority’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful lives of the underlying asset using the straight-line method.

***Pensions***

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

The following timeframes are used for pension reporting:

For the year ended June 30, 2025

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

For the year ended June 30, 2024

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Other Postemployment Benefits (“OPEB”)***

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

The following timeframes are used for OPEB reporting:

For the year ended June 30, 2025

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

For the year ended June 30, 2024

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***Net Position***

The financial statements utilize a net position presentation. Net position is categorized as follows:

**Investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and amortization.

**Restricted** – This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is no restricted net position reported by the Authority at June 30, 2025 and 2024.

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of investments in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Implementation of New Pronouncements***

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in a restatement of the beginning fund balance as of July 1, 2024, as presented in Note 10.

**Note 2 – Cash and Investments**

Cash and Cash Equivalent at June 30, 2025 and 2024 consisted of the following:

Description	June 30, 2025	June 30, 2024
Cash on hand	\$ 500	\$ 500
Demand deposits with financial institutions	556,361	551,886
Investments	10,847,878	8,608,551
Total cash and investments	<u>\$ 11,404,739</u>	<u>\$ 9,160,937</u>

***Demand Deposits***

At June 30, 2025 and 2024, the carrying amount of the Authority’s demand deposits was \$556,361 and \$551,886, respectively, and the financial institution balance was \$616,646 and \$535,481, respectively. The differences of \$60,286 and \$16,405 at June 30, 2025 and 2024 respectively, represent outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 2 – Cash and Cash Equivalent (Continued)**

***Authorized Investments and Investment Policy***

The Authority has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

U.S. Treasuries	No limit
U.S. Federal Agencies	33-1/3% maximum for each agency; 60% maximum overall
Non-Negotiable certificates of deposit	20% maximum
Negotiable certificates of deposit	20% maximum
LAIF	No limit
Los Angeles County Treasury Pool	50% maximum

***Custodial Credit Risk***

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority’s investment policy requires that collateral be held by an independent third party with whom the Authority has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority’s investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the Authority’s bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2025, and 2024 none of the Authority’s deposits and investments was exposed to custodial credit risk.

***Investments***

The Authority’s investments as of June 30, 2025 and 2024 were as follows:

<u>Investments</u>	<u>Credit Rating</u>	<u>Maturity - 12 Months or Less</u>	
		<u>June 30, 2025</u>	<u>June 30, 2024</u>
California Local Agency Investment Fund (LAIF)	Not Rated	\$ 10,847,878	\$ 8,608,551

***Investment in California – Local Agency Investment Fund (LAIF)***

The Authority is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the entity’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller’s website: [www.treasurer.ca.gov/pmia-laif/](http://www.treasurer.ca.gov/pmia-laif/).

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 2 – Cash and Cash Equivalent (Continued)**

***Investment in California – Local Agency Investment Fund (LAIF) (Continued)***

The Authority had \$10,847,878 and \$8,608,551 invested in LAIF. The investment in LAIF is reported at amortized cost, which approximates fair value.

**Note 3 – Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2025 is as follows:

	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2025</b>
<b>Nondepreciable assets:</b>				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
<b>Total nondepreciable assets</b>	<b>495,554</b>	<b>-</b>	<b>-</b>	<b>495,554</b>
<b>Depreciable assets:</b>				
Buildings and improvements	6,427,983	23,000	-	6,450,983
Vehicles and equipment	9,398,474	-	-	9,398,474
<b>Total depreciable assets</b>	<b>15,826,457</b>	<b>23,000</b>	<b>-</b>	<b>15,849,457</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(3,651,433)	(130,135)	-	(3,781,568)
Vehicles and equipment	(6,010,533)	(611,045)	-	(6,621,578)
<b>Total accumulated depreciation</b>	<b>(9,661,966)</b>	<b>(741,180)</b>	<b>-</b>	<b>(10,403,146)</b>
<b>Total depreciable assets, net</b>	<b>6,164,491</b>	<b>(718,180)</b>	<b>-</b>	<b>5,446,311</b>
<b>Capital Assets, being amortized</b>				
Right-to-use subscription assets	-	265,780	-	265,780
<b>Total capital assets, being amortized</b>	<b>-</b>	<b>265,780</b>	<b>-</b>	<b>265,780</b>
<b>Accumulated amortization:</b>				
Right-to-use subscription assets	-	(32,552)	-	(32,552)
<b>Total accumulated amortization</b>	<b>-</b>	<b>(32,552)</b>	<b>-</b>	<b>(32,552)</b>
<b>Total capital assets, being amortized, net</b>	<b>-</b>	<b>233,228</b>	<b>-</b>	<b>233,228</b>
<b>Total capital assets, net</b>	<b>\$ 6,660,045</b>	<b>\$ (484,952)</b>	<b>\$ -</b>	<b>\$ 6,175,093</b>

Depreciation Expense and Amortization Expense for the year ended June 30, 2025 was charged as follows:

Authority depreciable assets	\$ 529,573
UASI Grant and other equipments	211,607
Right-to-use subscription assets	32,552
	<u>\$ 773,732</u>

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 3 – Capital Assets (Continued)**

A summary of changes in the capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Nondepreciable assets:</b>				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
<b>Total nondepreciable assets</b>	<u>495,554</u>	<u>-</u>	<u>-</u>	<u>495,554</u>
<b>Depreciable assets:</b>				
Buildings and improvements	6,389,356	38,627	-	6,427,983
Vehicles and equipment	9,327,284	159,104	(87,914)	9,398,474
<b>Total depreciable assets</b>	<u>15,716,640</u>	<u>197,731</u>	<u>(87,914)</u>	<u>15,826,457</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(3,471,540)	(179,893)	-	(3,651,433)
Vehicles and equipment	(5,513,557)	(559,005)	62,029	(6,010,533)
<b>Total accumulated depreciation</b>	<u>(8,985,097)</u>	<u>(738,898)</u>	<u>62,029</u>	<u>(9,661,966)</u>
<b>Total depreciable assets, net</b>	<u>6,731,543</u>	<u>(541,167)</u>	<u>(25,885)</u>	<u>6,164,491</u>
<b>Total capital assets, net</b>	<u>\$ 7,227,097</u>	<u>\$ (541,167)</u>	<u>\$ (25,885)</u>	<u>\$ 6,660,045</u>

Depreciation Expense for the year ended June 30, 2024 was charged as follows:

Authority depreciable assets	\$ 527,292
UASI Grant and other equipments	211,606
	<u>\$ 738,898</u>

**Note 4 – Long-Term Obligations**

The following is a summary of long-term obligations for the year ended June 30, 2025:

Long-Term Obligation	Balance July 1, 2024 (As restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Subscription Liability	\$ -	\$ 265,780	\$ (47,668)	\$ 218,112	\$ 41,058	\$ 177,054
Compensated Absences	464,643	22,657	-	487,300	380,946	106,354
<b>Total</b>	<u>\$ 464,643</u>	<u>\$ 288,437</u>	<u>\$ (47,668)</u>	<u>\$ 705,412</u>	<u>\$ 422,004</u>	<u>\$ 283,408</u>

The following is a summary of long-term obligations for the year ended June 30, 2024:

Long-Term Obligation	Balance July 1, 2023	Additions (As restated)	Deletions	Balance June 30, 2024 (As restated)	Due within One Year	Due in More Than One Year
Compensated Absences	\$ 419,073	\$ 45,570	\$ -	\$ 464,643	\$ 116,161	\$ 348,482

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 4 – Long-Term Obligations (Continued)**

Subscription-Based Information Technology Arrangements (SBITAs)

The Authority has entered into three SBITA contracts for subscription-based software services. The Authority is required to make principal and interest payments through December 2030. The subscription liability was valued using discount rates ranging from 2.70% to 3.34% based on the State and Local Government Series (SLGS) daily rate at the inception of the subscription.

The future subscription payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 41,058	\$ 6,610	\$ 47,668
2027	42,302	5,366	47,668
2028	43,583	4,085	47,668
2029	44,904	2,764	47,668
2030	46,265	1,403	47,668
<b>Total</b>	<b>\$ 218,112</b>	<b>\$ 20,228</b>	<b>\$ 238,340</b>

Compensated Absences

The liability for compensated absences is recognized as leave is earned and is measured using employee’s current pay rate as of the financial statement dated, including applicable salary-related payments. The liability includes only leave attributable to services already rendered and that is more likely than not to be paid. The outstanding balances at June 30, 2025 and June 30, 2024 were \$487,300 and \$464,643, respectively.

**Note 5 – Deferred Compensation Savings Plan**

For the benefit of its employees, the Authority participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Authority is in compliance with this legislation. Therefore, these assets are not the legal property of the Authority, and are not subject to claims of the Authority’s general creditors and are not included in the accompanying financial statements. Market value of all plan assets held in trust by Mission Square Retirement (formerly ICMA-RC Services, LLC) at June 30, 2025 and 2024 were \$8,364,164 and \$7,460,963, respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan**

***General Information about the Pension Plan***

*Plan Description*

The Authority contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 and 2022 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

*Members Covered by Benefit Terms*

At June 30, 2023 and 2022, valuation dates, the following members were covered by the benefit terms:

<u>Plan Members</u>	2023			2022		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Active members	23	5	29	29	7	20
Transferred and terminated members	76	11	38	76	10	35
Retired members and beneficiaries	87	4	-	81	3	-
<b>Total plan members</b>	<b>186</b>	<b>20</b>	<b>67</b>	<b>186</b>	<b>20</b>	<b>55</b>

*Benefits Provided*

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least five (5) years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five (5) years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for classic miscellaneous employees are calculated as 2% of the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final three (3) year compensation.

Participant is eligible for non-industrial disability retirement if they become disabled and has at least five (5) years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the Authority to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 6% per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months’ salary. For purposes of this benefit, one month salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 6 – Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans (Continued)***

*Benefits Provided (Continued)*

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members.

For the measurement period ended June 30, 2024, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRA Miscellaneous Plan are 7.00%, 7.00% and 7.75% of annual pay, respectively, and the employer contribution rates are 12.47%, 10.10% and 7.68% of annual payroll, respectively.

For the measurement period ended June 30, 2023, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRA Miscellaneous Plan are 7.00%, 7.00% and 6.75% of annual pay, respectively, and the employer contribution rates are 10.87%, 8.63% and 7.47% of annual payroll, respectively.

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans***

*Actuarial Methods and Assumptions Used to Determine the Total Pension Liability*

The June 30, 2023 and 2022 valuations were rolled forward to determine the June 30, 2024 and 2023 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup>The mortality table used in 2024 and 2023 measurement period was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans (Continued)***

*Change of Assumption*

In 2024 and 2023, there were no changes in assumptions.

*Long-Term Expected Rate of Return*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

	<b>2024</b>	
<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10<sup>1,2</sup></b>
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

<sup>1</sup> An Expected inflation of 2.30% used for this period

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

*Discount Rate*

The discount rate used to measure the 2024 and 2023 total pension liabilities was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Authority’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90% for the June 30, 2024 and 2023 Measurement Date, respectively, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate as follows:

Measurement Date	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
June 30, 2024	\$ 15,817,258	\$ 9,862,670	\$ 4,961,168
June 30, 2023	\$ 15,892,421	\$ 10,117,770	\$ 5,364,736

*Pension Plan Fiduciary Net Position*

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2023 (Valuation Date)	\$ 42,697,467	\$ 32,579,697	\$ 10,117,770
Balance as of June 30, 2024 (Measurement Date)	44,127,538	34,264,868	9,862,670
<b>Net Changes during 2023-204</b>	<b>\$ 1,430,071</b>	<b>\$ 1,685,171</b>	<b>\$ (255,100)</b>
Balance as of June 30, 2022 (Valuation Date)	\$ 41,503,408	\$ 31,849,182	\$ 9,654,226
Balance as of June 30, 2023 (Measurement Date)	42,697,467	32,579,697	10,117,770
<b>Net Changes during 2022-2023</b>	<b>\$ 1,194,059</b>	<b>\$ 730,515</b>	<b>\$ 463,544</b>

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2024 and 2023.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2023 and 2022). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2024 and 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2024 and 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2023-2024 and 2022-2023).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of the market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the Authority’s share of risk pool actuarial accrued liability at the beginning of measurement period.

The Authority’s proportionate share of the net pension liability was as follows:

2025		2024	
Measurement Date		Measurement Date	
June 30, 2023	0.081100%	June 30, 2022	0.083580%
June 30, 2024	0.081330%	June 30, 2023	0.081100%
Change - Increase		Change - Increase	
(Decrease)	0.000230%	(Decrease)	-0.002480%

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense in the amount of \$2,077,537 and \$2,020,583, respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

***Proportionate Share of Net Pension Liability and Pension Expense (Continued)***

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the measurement date ended June 30, 2024 and 2023 are both 3.8 years, respectively, which was obtained by dividing the total service years of 630,177 and 600,538 (the sum of remaining service lifetimes of the active employees) by 166,163 and 160,073 (the total number of participants: active, inactive, and retired), respectively.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 1,667,894	\$ -	\$ 1,345,008	\$ -
Adjustment due to differences in proportions	2,159	(99,811)	53,000	(90,847)
Differences between expected and actual experience	852,718	(33,272)	516,871	(80,179)
Differences between projected and actual earnings on pension plan investments	567,782	-	1,638,158	-
Difference between actual and proportionate share of employer contributions	61,286	(42,538)	52,791	(151,205)
Changes in assumptions	253,491	-	610,855	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 3,405,330</b>	<b>\$ (175,621)</b>	<b>\$ 4,216,683</b>	<b>\$ (322,231)</b>

Deferred outflows of resources related to pensions resulting from Authority’s contributions subsequent to the measurement date in the amount of \$1,667,894 and \$1,345,008 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2026 and 2025, respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 6 – Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Year Ending June 30,	Deferred Outflows / (Inflows) of Resources	Year Ending June 30,	Deferred Outflows / (Inflows) of Resources
	2025		2024
2026	\$ 511,634	2025	\$ 769,455
2027	1,236,031	2026	506,930
2028	8,722	2027	1,226,053
2029	(194,572)	2028	47,006
2030	-	2029	-
Thereafter	-	Thereafter	-
<b>Total</b>	<b>\$ 1,561,815</b>	<b>Total</b>	<b>\$ 2,549,444</b>

**Note 7 – Other Postemployment Benefits (“OPEB”)**

***General Information about the OPEB Plan***

***Plan Description***

The Authority provides certain health insurance benefits, in accordance with a memorandum of understanding with its retired employees. Employees, who retire directly from the Authority under CalPERS at age 50 (52 for miscellaneous PEPRA) and have 5 years continuous service with the Authority, become eligible for benefits if they reach normal retirement age while working for the Authority. The benefits for various bargaining groups are as follows:

***Teamsters (Communications Operators):***

- 10 years of service – will get \$200/mo. from retirement date till age 65
- 15 years of service – will get \$300/mo. from retirement date till age 65
- 20 years of service – will get \$500/mo. from retirement date till age 65

Those who retired prior to July 1, 2008, shall continue to receive \$582 per month, until age 65 as long as the Authority remains in the Public Employees’ Medical & Hospital Care Act (PEMHCA); if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$158 and \$157 per month for 2025 and 2024 calendar year, respectively.

Those who retired between July 1, 2008 and June 30, 2021, shall continue to receive \$750 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***General Information about the OPEB Plan (Continued)***

***Teamsters (Communications Operators) (Continued):***

Communications Operators hired after July 1, 2014 are eligible to receive the benefit after 15 years of service.

10 years of service – will get \$200/mo. from retirement date till age 65

15 years of service – will get \$300/mo. from retirement date till age 65

20 years of service – will get \$500/mo. from retirement date till age 65

Those who retire prior to July 1, 2021, shall continue to receive \$960 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$158 and \$157 per month for 2025 and 2024 calendar year, respectively.

Communications Operators hired after July 1, 2014 are eligible to receive the benefit after 15 years of service.

***CWA (Communications Supervisors):***

15 years of service – will get \$300/mo. from retirement date till age 65

20 years of service – will get \$500/mo. from retirement date till age 65

Those who retire from the Authority before July 1, 2014 receive \$750 per month, until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$158 and \$157 per month for 2025 and 2024 calendar year, respectively.

On January 1, 2022, additional Authority contributions to tier 2 CWA group with 15+ years of service were increased by \$50 monthly and is reflected in the amounts above.

***Management & Confidential***

Management and confidential employees receive a benefit of \$40 times the number of years of service as a monthly benefit from their retirement date until the age of 65 (with minimum 10 years of service with the Authority). Those who retire before July 1, 2019 with a minimum 10 years of service shall receive \$960 per month until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$158 and \$157 per month for 2025 and 2024 calendar year, respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***All Bargaining Groups***

The Authority currently contracts with CalPERS for employee group insurance health benefits. If the Authority should terminate its contract with CalPERS, all employees hired prior to April 1, 1986, who are ineligible to participate in Medicare and retire from a classification covered by the memorandum of understanding of each bargaining unit, are receiving retirement benefits from CalPERS and have a minimum of twenty (20) years of full-time employment, shall be entitled to enroll in an Authority-selected health benefit plan. The benefits provided in the health plan selected by the Authority shall equal or exceed the benefits the employee would have received had he/she been eligible to participate in Medicare. The Authority agrees to pay the cost of coverage for the plan in which the employee is enrolled. If the employee resides outside the State of California at the time of eligibility, the Authority agrees to pay the employee the cash equivalent of the cost of coverage for the plan in which the employee would have been enrolled had he/she lived in California. This benefit commences upon the employee reaching the age of 65, at which time he/she would have otherwise been eligible to participate in Medicare. The benefit shall cease if and when the employee becomes eligible to participate in Medicare or an equivalent Government health benefit program.

***Net OPEB Liability***

***General Information about the OPEB Plan***

***Employees Covered by the Benefit Term***

The following employees were covered by the benefit terms at June 30, 2023 measurement date:

	2024
Active employees	54
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to, but not yet receiving benefits	8
Total	80

***Contributions***

The contribution requirements of plan members and the Authority is established and may be amended by the Authority’s Management or the Board of Directors. For the years ended June 30, 2025 and 2024, the average contribution rate was not applicable. Employees are not required to contribute to the plan.

The Authority’s 2025 and 2024 net OPEB liabilities were measured as of June 30, 2024 and 2023, respectively, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2024 and 2023, respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Net OPEB Liability (Continued)***

***General Information about the OPEB Plan (Continued)***

**Actuarial Assumptions**

Total OPEB liability in the June 30, 2024 and 2023 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions**

Actuarial Valuation Date	June 30, 2023 for both 2024 MD and 2023 MD.																
Contribution Policy	Full actuarial determined contribution																
Discount Rate	5.75% at June 30, 2024 (pre-funded with CalPERS diversified trust Strategy 2) 5.75% at June 30, 2023 (pre-funded with CalPERS diversified trust Strategy 2) 5.75% at June 30, 2022 (pre-funded with CalPERS diversified trust Strategy 2)																
Expected Long-term Rate of Return on investment	Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust																
General Inflation	2.50% per annum																
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study for June 30, 2023 VD																
Mortality Improvement	Mortality projected fully generation with Scale MP2021																
Salary Increases	Aggregate 2.75% annually Merit - CalPERS 2000-2019 Experience Study for June 30, 2023 VD																
Medical Trend	June 30, 2023 VD Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 June 30, 2023 VD Medicare - 7.505% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years																
PEHCA Minimum Increase	3.50% annually for June 30, 2023 VD																
Participation at Retirement	Actives: Based on the supplemental benefit amount																
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Suppl Benefit</th> <th style="text-align: center;">Participation</th> <th style="text-align: center;">Suppl Benefit</th> <th style="text-align: center;">Participation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0-\$99</td> <td style="text-align: center;">50.0%</td> <td style="text-align: center;">\$300-\$499</td> <td style="text-align: center;">85.0%</td> </tr> <tr> <td style="text-align: center;">\$100-\$199</td> <td style="text-align: center;">75.0%</td> <td style="text-align: center;">\$500+</td> <td style="text-align: center;">90.0%</td> </tr> <tr> <td style="text-align: center;">\$200-\$299</td> <td style="text-align: center;">80.0%</td> <td></td> <td></td> </tr> </tbody> </table>	Suppl Benefit	Participation	Suppl Benefit	Participation	\$0-\$99	50.0%	\$300-\$499	85.0%	\$100-\$199	75.0%	\$500+	90.0%	\$200-\$299	80.0%		
Suppl Benefit	Participation	Suppl Benefit	Participation														
\$0-\$99	50.0%	\$300-\$499	85.0%														
\$100-\$199	75.0%	\$500+	90.0%														
\$200-\$299	80.0%																
Spouse Coverage	Retirees: Based on current coverage Actives: current election if covered, 20% if waived Retirees: current election																

**Discount Rate**

The discount rate of 5.75% was used during measurement periods June 30, 2024 and 2023, respectively. The Authority assumed long-term inflation assumption of 2.50% to set the expected long-term net rate of return. The long-term expected real return are presented as geometric means.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Change in Total OPEB Liability***

*Discount Rate (Continued)*

	<b>2025</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2023	\$ 2,179,338	\$ 597,329	\$ 1,582,009
Changes Recognized for the Measurement Period:			
Service Cost	66,275	-	66,275
Interest on the total OPEB liability	125,549	-	125,549
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	304,490	(304,490)
Net investment income	-	55,108	(55,108)
Administrative expenses	(124,330)	(124,330)	-
Benefit payments	-	(724)	724
Net changes during measurement 2023-24	67,494	234,544	(167,050)
Balance at June 30, 2024 (measurement date)	\$ 2,246,832	\$ 831,873	\$ 1,414,959

	<b>2024</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2022	\$ 2,635,154	\$ 389,554	\$ 2,245,600
Changes Recognized for the Measurement Period:			
Service Cost	95,635	-	95,635
Interest on the total OPEB liability	154,085	-	154,085
Change of benefit terms	-	-	-
Difference between expected and actual experience	(480,425)	-	(480,425)
Changes in assumptions	(123,015)	-	(123,015)
Contribution from the employer	-	295,224	(295,224)
Net investment income	-	15,219	(15,219)
Administrative expenses	(102,096)	(102,096)	-
Benefit payments	-	(572)	572
Net changes during measurement 2022-23	(455,816)	207,775	(663,591)
Balance at June 30, 2023 (measurement date)	\$ 2,179,338	\$ 597,329	\$ 1,582,009

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Change in Total OPEB Liability (Continued)***

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement periods ended June 30, 2024 and June 30, 2023:

Measurement Date	Plan's Total OPEB Liability		
	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
June 30, 2024	\$ 1,659,755	\$ 1,414,959	\$ 1,206,183
Measurement Date	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
June 30, 2023	\$ 1,819,644	\$ 1,582,009	\$ 1,379,220

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement periods ended June 30, 2024 and June 30, 2023:

Measurement Date	Plan's Total OPEB Liability		
	Healthcare Cost Trend Rate -1%	Current Healthcare Cost Tread Rate	Healthcare Cost Trend Rate +1%
June 30, 2024	\$ 1,192,061	\$ 1,414,959	\$ 1,690,495
June 30, 2023	\$ 1,381,118	\$ 1,582,009	\$ 1,829,245

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

For the years ended June 30, 2025 and June 30, 2024, the Authority recognize OPEB credit in the amount of \$4,997 and OPEB expense in the amount of \$67,470, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 191,930	\$ -	\$ 304,490	\$ -
Changes in assumptions	354,179	(1,204,096)	414,163	(1,393,701)
Differences between expected and actual experience	211,548	(528,223)	241,769	(601,234)
Net Difference between projected and actual earnings on plan investments	22,582	-	52,556	-
Total	\$ 780,239	\$ (1,732,319)	\$ 1,012,978	\$ (1,994,935)

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)***

The Expected Average remaining service Lifetime (“EARSL”) is calculated by dividing the total future service years by total number of covered participants in the plan. The EARSL for the plan at the beginning of measurement period June 30, 2024 and 2023 are both 10.2 years, which were obtained by dividing the total services years of 775 by 76 covered participants.

Deferred outflows of resources related to OPEB resulting from Authority’s contributions subsequent to the measurement date in the amounts of \$191,930 and \$304,490 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2026 and 2025, respectively.

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2025	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2024
2026	\$ (158,971)	2025	\$ (155,663)
2027	(159,045)	2026	(155,664)
2028	(170,512)	2027	(155,738)
2029	(146,496)	2028	(167,205)
2030	(133,802)	2029	(143,191)
Thereafter	(375,184)	Thereafter	(508,986)
Total	\$ (1,144,010)	Total	\$ (1,286,447)

**Note 8 – Conduit Debt**

The Authority issued three series of bonds to finance the costs of acquisition, construction, installation, and equipping of the main facility with emergency communications equipment (the “Project”) in January 2001 on behalf of the Cities of Gardena, Hawthorne, and Manhattan Beach. The 2001 Revenue Bonds Series A in the amount of \$3,060,000 (Gardena), the 2001 Variable Rate Demand Revenue Bonds Series B in the amount of \$4,300,000 (Hawthorne), and the 2001 Variable Rate Demand Revenue Bonds Series C in the amount of \$2,180,000 (Manhattan Beach), are payable from the revenues derived primarily from project financing and operating revenues by the Cities of Gardena, Hawthorne, and Manhattan Beach, respectively.

In 2007, the Authority issued the 2007 Refunding Revenue Bonds, Series A in the amount of \$2,800,000 to fully refund the 2001 Revenue Bond Series A on behalf of the City of Gardena. The outstanding balances of the 2007 Refunding Revenue Bonds Series A were \$940,000 and \$1,070,000 as of June 30, 2025 and 2024, respectively. The 2001 Revenue Bonds, Series B, were fully refunded by the City of Hawthorne’s private placement in 2016. The 2001 Revenue Bonds, Series C, were paid off by the City of Manhattan Beach.

The bonds were not reflected as the Authority’s long-term debt because the debt is solely payable from and secured by specific revenue sources described in the official statement. Neither the faith and credit of the Authority, nor the taxing power of the State of California or any political subdivision thereof, is pledged for payment of these bonds. Accordingly, since this debt does not constitute an obligation of the Authority, it is not included in the accompanying basic financial statements.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

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**Note 9 – Commitments and Contingencies**

***Litigation***

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. In the opinion of the Authority’s management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

**Note 10 – Restatement**

Effective for the fiscal year ended June 30, 2025 the Authority implemented GASB Statement No. 101, Compensated Absences. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 resulted in a change in accounting principle, and prior amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly. As of July 1, 2024, the beginning net position was adjusted to reflect the cumulative effect of the change.

Specifically, the liability for compensated absences increased by \$146,205, resulting in a corresponding decrease in beginning net position of \$146,205. The financial impact was primarily due to the expanded scope of recognized leave and the lowered threshold for determining likelihood of use.

	<b>June 30, 2024 As Previously Reported</b>	<b>Change in Accounting Principle</b>	<b>June 30, 2024 As Restated</b>
Net Position	\$ 5,189,152	\$ (146,205)	\$ 5,042,947

**REQUIRED SUPPLEMENTARY INFORMATION**

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Authority's proportion of the net pension liability	0.059500%	0.064949%	0.067677%	0.068180%	0.071590%
Authority's proportionate share of the net pension liability	\$ 4,084,007	\$ 5,620,134	\$ 6,711,657	\$ 6,570,432	\$ 7,335,396
Authority's covered payroll	\$ 4,665,871	\$ 4,773,439	\$ 5,184,067	\$ 5,270,919	\$ 5,408,034
Authority's proportionate share of the net pension liability as a percentage of covered payroll	87.53%	117.74%	129.47%	124.65%	135.64%
Plan's fiduciary net position as a percentage of the plan's total pension liability	78.40%	74.06%	73.31%	75.26%	75.26%

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**

**Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement date	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Authority's proportion of the net pension liability	0.074680%	0.076550%	0.083580%	0.081100%	0.081330%
Authority's proportionate share of the net pension liability	\$ 8,125,094	\$ 4,140,085	\$ 9,654,226	\$ 10,117,770	\$ 9,862,670
Authority's covered payroll	\$ 5,838,063	\$ 6,005,530	\$ 5,834,801	\$ 5,250,822	\$ 5,246,280
Authority's proportionate share of the net pension liability as a percentage of covered payroll	139.17%	68.94%	165.46%	192.69%	187.99%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.10%	88.29%	76.68%	76.21%	78.08%

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 553,317	\$ 634,790	\$ 692,687	\$ 807,058	\$ 957,115
Contribution in relation to the actuarially determined contribution	<u>(553,317)</u>	<u>(634,790)</u>	<u>(692,687)</u>	<u>(807,095)</u>	<u>(957,115)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ -</u>
Authority's covered payroll	<u>\$ 4,773,439</u>	<u>\$ 5,184,067</u>	<u>\$ 5,270,919</u>	<u>\$ 5,408,034</u>	<u>\$ 5,838,063</u>
Contributions as a percentage of covered payroll	<u>11.59%</u>	<u>12.25%</u>	<u>13.14%</u>	<u>14.92%</u>	<u>16.39%</u>

**Notes to the Schedule:**

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2023 and 2024, there were no changes. In 2022, the discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. In 2019 to 2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	<u>2020-21</u>	<u>2021-22</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Actuarially determined contribution	\$ 1,078,691	\$ 1,145,330	\$ 1,164,476	\$ 1,142,452	\$ 1,222,382
Contribution in relation to the actuarially determined contribution	<u>(1,078,691)</u>	<u>(1,427,194)</u>	<u>(1,426,039)</u>	<u>(1,345,008)</u>	<u>(1,667,894)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (281,864)</u>	<u>\$ (261,563)</u>	<u>\$ (202,556)</u>	<u>\$ (445,512)</u>
Authority's covered payroll	<u>\$ 6,005,530</u>	<u>\$ 5,834,801</u>	<u>\$ 5,250,822</u>	<u>\$ 5,246,280</u>	<u>\$ 4,640,630</u>
Contributions as a percentage of covered payroll	<u>17.96%</u>	<u>24.46%</u>	<u>27.16%</u>	<u>25.64%</u>	<u>35.94%</u>

**Notes to the Schedule:**

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2023 and 2024, there were no changes. In 2022, the discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. In 2019 to 2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Years Ended June 30, 2025 and 2024**

Measurement Period	Last Ten Fiscal Years				
	2016-2017 <sup>1</sup>	2017-2018	2018-2019	2019-2020	2020-2021
<b>Total OPEB Liability</b>					
Service Cost	\$ 163,778	\$ 143,129	\$ 138,260	\$ 156,598	\$ 218,323
Interest on the total OPEB liability	88,136	103,266	111,541	100,283	80,605
Changes in benefit terms	-	-	5,100	-	-
Difference between expected and actual experience	-	-	(304,572)	-	332,432
Changes in assumptions	(307,074)	(113,847)	117,179	547,573	(1,457,595)
Contribution from the employer	-	-	-	-	-
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
<b>Net changes in total OPEB liability</b>	<b>(181,996)</b>	<b>(4,868)</b>	<b>(55,151)</b>	<b>721,565</b>	<b>(911,585)</b>
<b>Total OPEB liability, beginning</b>	<b>2,992,097</b>	<b>2,810,101</b>	<b>2,805,233</b>	<b>2,750,082</b>	<b>3,471,647</b>
<b>Total OPEB liability, ending (a)</b>	<b>\$ 2,810,101</b>	<b>\$ 2,805,233</b>	<b>\$ 2,750,082</b>	<b>\$ 3,471,647</b>	<b>\$ 2,560,062</b>
<b>Plan fiduciary net position:</b>					
Employer contribution	\$ 126,836	\$ 137,416	\$ 122,659	\$ 83,145	\$ 335,588
Employee contributions	-	-	-	-	-
Net investment income	-	-	-	-	186
Administrative expenses	-	-	(232)	(256)	(242)
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
Other	-	-	-	-	-
<b>Net changes in fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>-</b>	<b>250,182</b>
<b>Plan fiduciary net position, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (232)</b>	<b>\$ -</b>	<b>\$ 250,182</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 2,810,101</b>	<b>\$ 2,805,233</b>	<b>\$ 2,750,314</b>	<b>\$ 3,471,647</b>	<b>\$ 2,309,880</b>
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-0.01%</b>	<b>0.00%</b>	<b>9.77%</b>
<b>Covered employee payroll</b>	<b>\$ 5,996,321</b>	<b>\$ 7,010,558</b>	<b>\$ 6,722,179</b>	<b>\$ 7,264,866</b>	<b>\$ 6,322,182</b>
<b>Plan Net OPEB liability as a percentage of covered employee</b>	<b>46.86%</b>	<b>40.01%</b>	<b>40.91%</b>	<b>47.79%</b>	<b>36.54%</b>

<sup>1</sup>Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

Measurement Period	Last Ten Fiscal Years		
	2021-2022	2022-2023	2023-2024
<b>Total OPEB Liability</b>			
Service Cost	\$ 99,215	\$ 95,635	\$ 66,275
Interest on the total OPEB liability	143,513	154,085	125,549
Changes in benefit terms	7,172	-	-
Difference between expected and actual experience	-	(480,425)	-
Changes in assumptions	(74,924)	(123,015)	-
Contribution from the employer	-	(102,096)	(124,330)
Benefit payments	(99,884)	-	-
<b>Net changes in total OPEB liability</b>	<b>75,092</b>	<b>(455,816)</b>	<b>67,494</b>
<b>Total OPEB liability, beginning</b>	<b>2,560,062</b>	<b>2,635,154</b>	<b>2,179,338</b>
<b>Total OPEB liability, ending (a)</b>	<b>\$ 2,635,154</b>	<b>\$ 2,179,338</b>	<b>\$ 2,246,832</b>
<b>Plan fiduciary net position:</b>			
Employer contribution	\$ 292,863	\$ 295,224	\$ 304,490
Employee contributions	-	-	-
Net investment income	(53,224)	15,219	55,108
Administrative expenses	(383)	(572)	(724)
Benefit payments	(99,884)	(102,096)	(124,330)
Other	-	-	-
<b>Net changes in fiduciary net position</b>	<b>139,372</b>	<b>207,775</b>	<b>234,544</b>
<b>Plan fiduciary net position, beginning</b>	<b>250,182</b>	<b>389,554</b>	<b>597,329</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 389,554</b>	<b>\$ 597,329</b>	<b>\$ 831,873</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 2,245,600</b>	<b>\$ 1,582,009</b>	<b>\$ 1,414,959</b>
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	<b>14.80%</b>	<b>27.40%</b>	<b>37.00%</b>
<b>Covered employee payroll</b>	<b>\$ 6,425,816</b>	<b>\$ 6,542,989</b>	<b>\$ 6,594,017</b>
<b>Plan Net OPEB liability as a percentage of covered employee</b>	<b>34.90%</b>	<b>24.20%</b>	<b>21.50%</b>

<sup>1</sup>Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions – Other Postemployment Benefits**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**Other Postemployment Benefits ("OPEB")**

Fiscal year	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 126,836	\$ 140,536	\$ 122,891	\$ 83,145	\$ 85,588
Contribution in relation to the actuarially determined contribution	<u>(126,836)</u>	<u>(140,536)</u>	<u>(122,891)</u>	<u>(83,145)</u>	<u>(335,588)</u>
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,000)</u>
Authority's covered employee payroll	<u>\$ 5,996,321</u>	<u>\$ 7,010,558</u>	<u>\$ 7,264,866</u>	<u>\$ 6,322,182</u>	<u>\$ 7,482,812</u>
Contributions as a percentage of covered employee payroll	<u>2.12%</u>	<u>2.00%</u>	<u>1.69%</u>	<u>1.32%</u>	<u>1.14%</u>

Notes to Schedule:

Valuation date:	June 30, 2023
Methods and assumptions used to determine contribution rates:	Entry Age Normal
Actuarial Cost Method:	Level dollar
Amortization Method:	17-year fixed period for 2024/25
Amortization Period:	Market value of assets
Asset Valuation Method:	2.50% per year
Inflation:	5.75% at June 30, 2023 (pre-funded with CalPERS diversified trust Strategy 2)
Investment return/discount rate:	2.21% at June 30, 2020 (Bond Buyer 20-year index) Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Medical Trend:	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Mortality:	CalPERS 2000-2019 Experience Study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2021

<sup>1</sup>Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions – Other Postemployment Benefits (Continued)**  
**For the Years Ended June 30, 2025 and 2024**

**Last Ten Fiscal Years**

**Other Postemployment Benefits ("OPEB")**

Fiscal year	2021-22	2022-23	2023-2024	2024-2025
Actuarially determined contribution	\$ 298,470	\$ 300,428	\$ 302,653	\$ 206,077
Contribution in relation to the actuarially determined contribution	(292,863)	(295,224)	(304,490)	(191,930)
Contribution deficiency / (excess)	\$ 5,607	\$ 5,204	\$ (1,837)	\$ 14,147
Authority's covered employee payroll	\$ 6,425,816	\$ 6,542,989	\$ 6,594,017	\$ 6,097,462
Contributions as a percentage of covered employee payroll	4.64%	4.59%	4.59%	3.14%

Notes to Schedule:

Valuation date:	June 30, 2023
Methods and assumptions used to determine contribution rates:	Entry Age Normal
Actuarial Cost Method:	Level dollar
Amortization Method:	17-year fixed period for 2024/25
Amortization Period:	Market value of assets
Asset Valuation Method:	2.50% per year
Inflation:	5.75% at June 30, 2023 (pre-funded with CalPERS diversified trust Strategy 2)
Investment return/discount rate:	2.21% at June 30, 2020 (Bond Buyer 20-year index)
	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Medical Trend:	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Mortality:	CalPERS 2000-2019 Experience Study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2021

<sup>1</sup>Historical information is presented only for measurement periods after GASB 75 was implemented in 2016-2017.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report**

To the Board of Directors  
of the South Bay Regional Public Communications Authority  
Hawthorne, California

We have audited, in accordance with the 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 ("*Government Auditing Standards*"), the financial statements of the business-type activities of the South Bay Regional Public Communications Authority, California (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated March 10, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors  
of the South Bay Regional Public Communications Authority  
Hawthorne, California  
Page 2

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California  
March 10, 2026