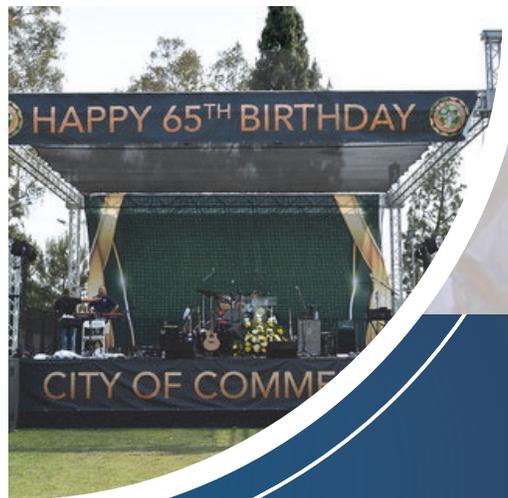




FY 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)



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 commerceca.gov

City of Commerce

Commerce, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by:
Finance Department

City of Commerce
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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CITY OF COMMERCE

Ernie Hernandez
City Manager

February 27, 2026

To the Honorable Mayor, Members of the City Council and Citizens of the City of Commerce:

It is our professional pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Commerce for the fiscal year ending June 30, 2025. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting standards generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The financial statements are prepared in accordance with (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by The Pun Group, LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

MANAGEMENT'S DISCUSSION & ANALYSIS

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

PROFILE OF THE CITY OF COMMERCE

The City, a general law City, incorporated in 1960 is located within the east-central portion of the County of Los Angeles, approximately 6 miles southeast of downtown Los Angeles and 20 miles northeast of the City of Long Beach and the Pacific Ocean. The City is oriented to industrial uses with industrially zoned land comprising approximately 85% of all land in the City. Residentially zoned property consists almost entirely of five separate neighborhoods with approximately 3,430 residential units. The City is a regional center of employment in the Los Angeles basin, with the business employee population of approximately 60,000 people considerably exceeding a residential population of approximately 12,124. The City's land mass encompasses 6.6 square miles.

The City operates under the Council-City Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the City Attorney. The City Manager is responsible for conducting the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government. The five-member City Council is elected on a biennial cycle subject to four-year alternating terms, at large, on a non-partisan basis. The Mayor is selected by the City Council from among its members, serving a one-year term.

The City, as a contract city, provides a full range of services, including police (as a contract member of the Los Angeles County Sheriff's Department), fire protection (as a contract member of the Los Angeles County Fire Department), water service, street and infrastructure maintenance and construction, recreational and cultural services, planning and community development and general administration. The City also is financially accountable for the legally separate Governing Body of the Successor Agency to the Commerce Community Development Commission. On January 31, 2012, the City elected to serve as the Successor Agency to the Commerce Community Development Commission; the Commission functioned as the City's redevelopment agency. The Successor Agency has been responsible for winding down the Commission's obligations subject to the monitoring by and approval of the independent County of Los Angeles First District Oversight Board established by State law to oversee the dissolution process. The City has accounted for the Successor Agency as "blended" component units and therefore they have been included as an integral part of the City of Commerce's financial statements

LOCAL ECONOMY

The City is located within the Los Angeles Metropolitan area, recognized as the second-highest producing metro area in the United States based on Gross Metropolitan Product. With its proximity to the City of Los Angeles, the City serves as a major hub for commerce and transportation. The City is home to approximately 3,000 plus businesses, with its top 25 businesses accounting for 50% of the total sales tax revenue.

The City's economy is supported by a diverse financial foundation, with revenues primarily generated through taxes and card club revenues. Among tax revenues, the largest contributors are Property Tax and Sales Tax, which includes the standard Bradley-Burns tax and an additional 0.75% add-on sales tax.

Commerce is home to the California Commerce Card Club and the Citadel Outlets (LA's premier outlet shopping center, housing more than 130 global brands) and serves as the headquarters for several prominent companies, including Parsec, Inc., Acco Engineered Systems, American International Industries, Mission Foods, Japan Pulp and Paper Co., Unified Grocers and Porto's Food Products.

FINANCIAL HIGHLIGHTS

As reflected in the financial statements presented in this report:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year, reflecting a positive overall financial position.
- The City continued to maintain adequate fund balances in its governmental funds, providing a cushion against economic uncertainty and unforeseen events.
- Investment earnings remained elevated relative to historical levels, driven by higher interest rates, providing additional short-term revenue support.
- Capital assets continued to be maintained and enhanced through ongoing infrastructure investment and capital improvement projects.

Additional details regarding these and other financial highlights can be found in the MD&A and the accompanying financial statements and notes.

FINANCIAL CONTROLS

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

We believe that the City's system of internal control adequately safeguards assets and provides reasonable assurance as to the proper recording of financial transactions.

The City's internal controls are subject to periodic evaluation by the City's management.

BUDGETARY CONTROLS

The City adopts an annual budget that serves as the legal authorization for expenditures. Budgetary control is maintained at the fund and department level, and periodic budget-to-actual reports are presented to the City Council throughout the fiscal year. Management continues to emphasize conservative revenue forecasting, disciplined expenditure management, and transparency in financial reporting.

The annual budget serves as the foundation for the City financial planning and control.

All departments of the City are required to submit requests for appropriation to the City Manager and Finance Director each year. The City Manager and Finance Director use these requests as the starting point for developing a proposed budget. The City Manager and Finance Director then present this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the end of the City fiscal year.

The appropriated budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments within the same fund require the City Manager's approval. Supplemental appropriations during the year and/or transfers between funds, however, require approval of the City Council. The City utilizes an encumbrance accounting system, whereby commitments such as purchase orders are recorded during the year. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are re-appropriated in the ensuing year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

AWARDS & ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Commerce for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. The 2022 report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Due to the circumstances described below, the City did not submit its Annual Comprehensive Financial Report to the GFOA Certificate Program for the fiscal years ended June 30, 2023 and 2024.

- The City's Director of Finance (which provided oversight and hands on work related to the past 10 audits) transitioned out of the role prior to the beginning of the fiscal year ended June 30, 2023 audit season. A new finance director was not hired until after the end of fiscal year ended June 30, 2024 audit season.

The preparation of this report could not have been completed without the dedicated efforts of the Finance Department staff and the cooperation of all City departments. Appreciation is also extended to the City Council and for their continued support of sound financial management policies and practices.

Respectfully submitted,

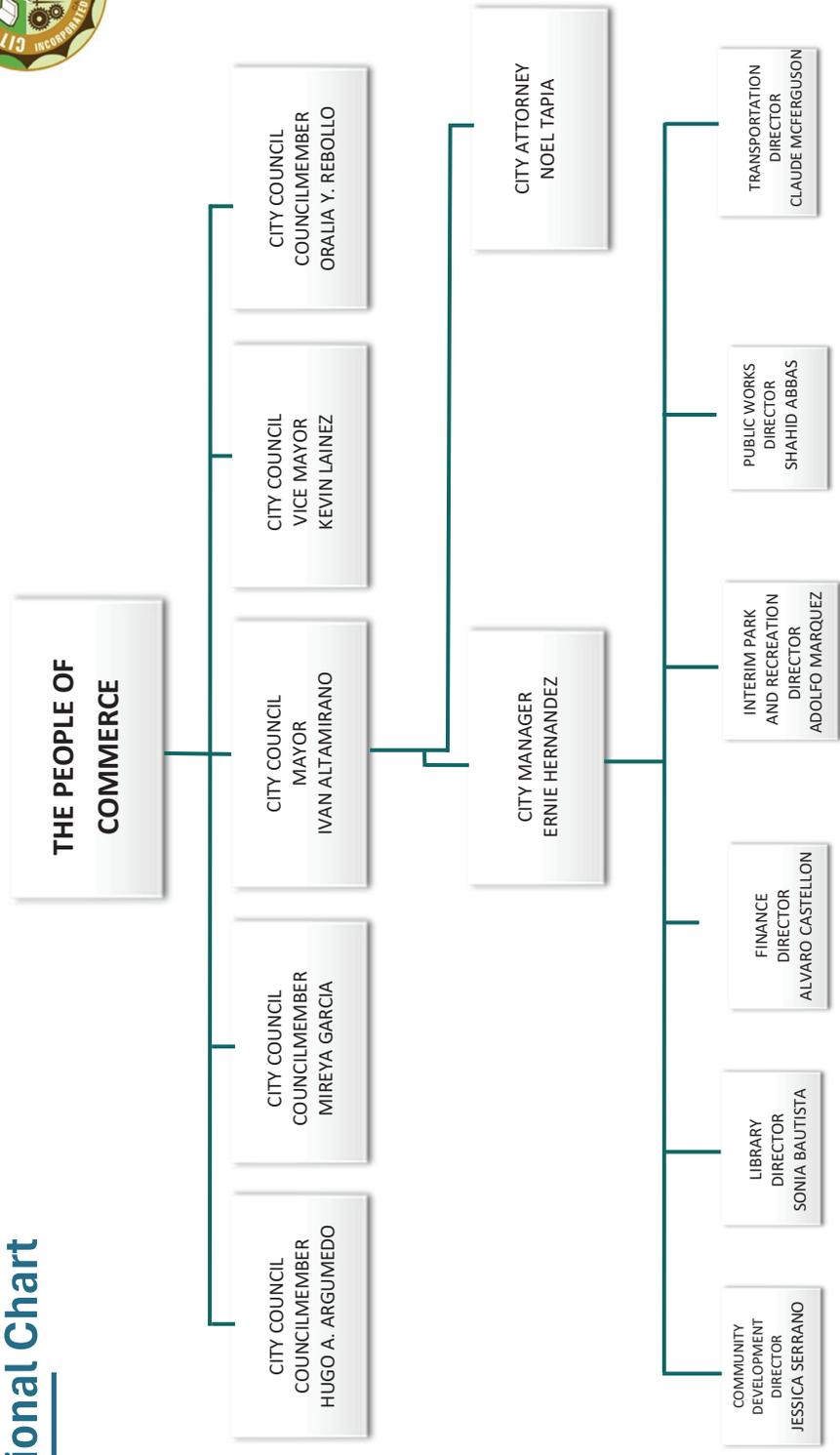
A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a horizontal line extending to the right.

Ernie Hernandez
City Manager
City of Commerce

A handwritten signature in black ink, featuring a large, stylized 'A' with a horizontal line extending to the right.

Alvaro Castellon
Director of Finance
City of Commerce

City of Commerce
Organizational Chart



CITY OF COMMERCE, CALIFORNIA
Officials of the City of Commerce
June 30, 2025

CITY COUNCIL

Ivan Altamirano – Mayor

Kevin Lainez – Mayor Pro Tem

Hugo A. Argumedo – Councilmember

Mireya Garcia – Councilmember

Oralia Y. Rebollo – Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Manager – **Ernie Hernandez**

Director of Community Development – **Jessica Serrano**

Director of Finance – **Alvaro Castellon**

Director of Library Services – **Sonia Bautista**

Director of Public Works – **Shahid Abbas**

Director of Transportation – **Claude McFerguson**

Assistant Director of Parks and Recreation – **Adolfo Marquez**

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INDEPENDENT AUDITOR'S REPORT

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



www.pungroup.cpa



To the Honorable Mayor and Members of the City Council
of the City of Commerce
Commerce, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Commerce, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle - Implementation of GASB 101

As discussed in Notes 1 and 18 to the basic financial statements, the City adopted new accounting principle, Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated absences*. The adoption of this standard resulted in the restatement of the City's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Other Matter

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2024, from which such summarized information was derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net OPEB Liability and Related Ratios and the 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the City’s 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Honorable Mayor and the Members of the City Council
of the City of Commerce
Commerce, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the City’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 City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

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

Santa Ana, California
February 27, 2026

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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City of Commerce
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

As management of the City of Commerce (the "City"), California, we offer readers a narrative overview and analysis of the City's financial statements. This reflects the City's financial activities for the fiscal year ending June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, found on page i. of this report.

FINANCIAL HIGHLIGHTS

- The City's net position is \$182.6 million. Net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources.
- The City's total assets for the FY 2024-2025 period equaled \$318.8 million, an increase of \$19.6 million from the prior year. This growth is driven by ongoing investments in multi-year road, utility, and facility improvement projects currently in progress.
- Deferred outflows of resources decreased by \$6.3 million (to \$6.5 million) and deferred inflows of resources decreased by \$0.3 million (to \$14.2 million). These fluctuations were due primarily to market performance of investments in trust funds and actuarial assumptions for benefits.
- The City's liabilities equaled \$128.5 million, an increase of \$2.0 million from the prior year. Total liabilities decreased primarily due to favorable actuarial adjustments to pension and other post-employment obligations, though this was partially offset by an increase in outstanding payables.
- The City's total net position increased by \$14.1 million, signaling a strengthened financial condition. This growth was primarily driven by revenues exceeding expenses and significant investments in capital projects, much of which was funded by State/Federal grants and internal contributions rather than new debt.
- At the close of the current fiscal year, the City's net position of governmental activities was \$188.4 million, an increase of \$16.4 million from the prior year. This represents a strengthened financial position for the City's core governmental services.
- Total government activities revenues from all sources in FY 2024-25 equaled \$102.5 million. Governmental revenues increased by \$4.4 million over the prior year. This growth was primarily driven by combined increases in operating and capital grants and contributions of \$7.0 million, which funded the City's expanded infrastructure and service goals. While overall tax revenues saw a slight decrease of \$2.7 million, property tax collections remained a stable core source of funding, increasing by \$1.2 million due to rising assessed valuations.
- Total governmental activities expenses in FY 2024-25 equaled \$86.2 million. Governmental expenses increased by \$6.3 million compared to the prior year. This rise was due primarily to increased costs in public works maintenance, repairs, and infrastructure improvement costs, though the impact was partially mitigated by favorable actuarial adjustments to pension and OPEB obligations. Despite higher operational costs, total revenues remained sufficient to cover all expenses, contributing to the overall increase in net position."
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$115.7 million, or 117.8% of total General Fund expenditure. This reflects a robust liquidity position that far exceeds the Government Finance Officers Association (GFOA)-recommended minimum of 16.7%. This excess in unassigned fund balance provides the City with substantial financial flexibility to address unforeseen emergencies, one-time capital needs, and future economic uncertainties without impacting core services.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements 2) Fund financial statements and 3) Notes to the financial statements. This report also contains (i) required supplementary information and (ii) supplementary information in support of the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like disclosures for a private-sector business.

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

The statement of activities presents information designed to show how the City's 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 impact cash flow in future fiscal periods.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the city include general government operations, community development, public safety, public works, libraries, parks and recreation services. The City's business-type activities include operations from transit, water, and compressed natural gas (CNG).

The government-wide financial statements can be found on pages 20 through 23.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other states and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Most of the City's basic services are included in governmental funds. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental funds focus on near term revenues/financial resources and expenditures, while the government-wide financial statements include both near term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. By comparing the governmental fund statements with the government-wide financial statements, the reader gains a better understanding of the long-term impacts of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances.

The governmental fund financial statements can be found on pages 29 through 32.

Proprietary Funds - Proprietary funds are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received.

Enterprise funds of the City are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The City has three major enterprise funds, the Transit Fund, CNG Fund and Water Fund.

The proprietary fund financial statements can be found on pages 35 through 37.

Fiduciary funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities. The City has one Custodial Fund.

The fiduciary fund financial statements can be found on page 41 through 42.

Notes to the financial statements

The notes to the financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information may be found immediately following the notes to the financial statements.

The combining statements for other governmental funds, the individual fund schedules, the non-major enterprise funds, and the internal service funds statements are presented immediately following the required supplementary information.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. A comparative analysis of government-wide data will be included in this report.

The statement of net position can serve as a useful indicator of the City's financial position. The City's net position on June 30, 2025, total \$182.6 million. The following is a condensed version of the government-wide statement of net position as of June 30, 2025 and 2024.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 180,983,680	\$ 182,157,684	\$ 4,484,887	\$ 4,922,699	\$ 185,468,567	\$ 187,080,383
Capital assets, net	117,174,261	94,357,845	16,121,755	17,679,317	133,296,016	112,037,162
Total assets	<u>298,157,941</u>	<u>276,515,529</u>	<u>20,606,642</u>	<u>22,602,016</u>	<u>318,764,583</u>	<u>299,117,545</u>
Deferred outflows of resources:						
Pension related	2,798,423	7,070,532	969,481	2,382,051	3,767,904	9,452,583
OPEB related	2,035,196	2,538,793	705,070	855,316	2,740,266	3,394,109
Total deferred outflows of resources	<u>4,833,619</u>	<u>9,609,325</u>	<u>1,674,551</u>	<u>3,237,367</u>	<u>6,508,170</u>	<u>12,846,692</u>
Liabilities:						
Current liabilities	19,646,071	13,365,190	1,171,909	807,739	20,817,980	14,172,929
Long-term liabilities	88,889,944	92,868,465	18,787,175	19,455,591	107,677,119	112,324,056
Total liabilities	<u>108,536,015</u>	<u>106,233,655</u>	<u>19,959,084</u>	<u>20,263,330</u>	<u>128,495,099</u>	<u>126,496,985</u>
Deferred inflows of resources:						
Pension related	763,512	500,675	264,510	168,677	1,028,022	669,352
OPEB related	5,319,340	4,669,522	1,842,825	1,573,154	7,162,165	6,242,676
Lease related	-	809,366	5,979,058	6,750,550	5,979,058	7,559,916
Total deferred inflows of resources	<u>6,082,852</u>	<u>5,979,563</u>	<u>8,086,393</u>	<u>8,492,381</u>	<u>14,169,245</u>	<u>14,471,944</u>
Net Position:						
Net investment in capital assets	106,117,281	85,825,193	16,121,755	17,679,317	122,239,036	103,504,510
Restricted	16,977,993	16,561,635	-	-	16,977,993	16,561,635
Unrestricted	65,277,419	71,524,808	(21,886,039)	(20,595,645)	43,391,380	50,929,163
Total net position (deficit)	<u>\$ 188,372,693</u>	<u>\$ 173,911,636</u>	<u>\$ (5,764,284)</u>	<u>\$ (2,916,328)</u>	<u>\$ 182,608,409</u>	<u>\$ 170,995,308</u>

Note: a change in accounting principle is treated prospectively, prior periods are not restated due to GASB 101 implementation.

Changes in net position

The changes in net position illustrate the increase or decrease in net position of the City resulting from its operating activities. The City's net position increased \$11.6 million in the fiscal year ended June 30, 2025. The increase was split between the governmental activities of \$14.5 million and business-type activities of (\$2.8) million. This City's net position increased as a result of a net surplus for the fiscal year, reflecting positive financial performance and prudent management of revenues and expenditures.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The following is a condensed version of the City's changes in net position for the years ended June 30, 2025 and 2024. The table shows the revenues, expenses, and related changes in net position for governmental and business-type activities.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 10,076,683	\$ 9,734,469	\$ 3,548,971	\$ 3,667,239	\$ 13,625,654	\$ 13,401,708
Operating grants & contributions	9,720,037	5,144,051	7,315,494	6,874,935	17,035,531	12,018,986
Capital grants & contributions	2,497,819	7,825	37,935	-	2,535,754	7,825
General revenues:						
Casino license tax	30,563,683	31,436,082	-	-	30,563,683	31,436,082
Property tax	6,353,396	5,110,125	-	-	6,353,396	5,110,125
Sales tax	35,672,946	38,642,346	-	-	35,672,946	38,642,346
Franchise taxes	1,592,865	1,613,037	-	-	1,592,865	1,613,037
Transient occupancy taxes	3,055,971	3,164,668	-	-	3,055,971	3,164,668
Motor vehicle in-lieu	-	15,289	-	-	-	15,289
Investment income	2,163,787	2,441,907	235,845	156,062	2,399,632	2,597,969
Miscellaneous revenue	819,290	787,653	-	-	819,290	787,653
Total revenues	<u>102,516,477</u>	<u>98,097,452</u>	<u>11,138,245</u>	<u>10,698,236</u>	<u>113,654,722</u>	<u>108,795,688</u>
Expenses:						
General government	18,426,470	16,528,267	-	-	18,426,470	16,528,267
Community development	592,402	5,308,728	-	-	592,402	5,308,728
Public safety	28,147,984	27,821,008	-	-	28,147,984	27,821,008
Public works	22,399,581	14,532,596	-	-	22,399,581	14,532,596
Library	3,884,185	3,890,316	-	-	3,884,185	3,890,316
Parks recreation and culture	11,674,460	10,843,894	-	-	11,674,460	10,843,894
Interest on long-term debt	1,026,161	906,354	-	-	1,026,161	906,354
Transit	-	-	10,374,611	10,904,732	10,374,611	10,904,732
CNG/LNG	-	-	2,902,782	2,934,201	2,902,782	2,934,201
Water	-	-	119,712	212,107	119,712	212,107
Total expenses	<u>86,151,243</u>	<u>79,831,163</u>	<u>13,397,105</u>	<u>14,051,040</u>	<u>99,548,348</u>	<u>93,882,203</u>
Change in net position	16,365,234	18,266,289	(2,258,860)	(3,352,804)	14,106,374	14,913,485
Net position at beginning of year	<u>173,911,636</u>	<u>155,645,347</u>	<u>(2,916,328)</u>	<u>436,476</u>	<u>170,995,308</u>	<u>156,081,823</u>
Restatement - Change in accounting principles	(1,904,177)	-	(589,096)	-	(2,493,273)	-
Net position - end of year	<u>\$ 188,372,693</u>	<u>\$ 173,911,636</u>	<u>\$ (5,764,284)</u>	<u>\$ (2,916,328)</u>	<u>\$ 182,608,409</u>	<u>\$ 170,995,308</u>

Note: a change in accounting principle is treated prospectively, prior periods are not restated due to GASB 101 implementation.

Additional financial highlights are shown below:

The City's total revenues were \$113.7 million. A significant portion of governmental revenues came from combined sales tax (34.8%), casino license tax (29.8%), operating and capital grants and contributions (12.0%) and charges for services (9.8%) of the total governmental revenues of \$102.5 million. A significant portion of the business-type revenues were collected from charges for services (31.9%) and operating grants & contributions (66.0%) of the total business-type revenues of \$11.1 million.

The total cost of all city programs and services during the fiscal year ended June 30, 2025, was \$99.5 million. The breakdown by activity as a percentage of total expenses for selected programs are as follows: Public Safety (police and fire) 28.3%; General Government 18.5%; Public Works 22.5%; Parks and Recreation 11.7%; and Business-type activities accounted for 13.5% of total costs. The remaining three areas, all less than 6% each, comprise the balance.

City of Commerce
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Change in net position represents an increase of \$14.1 million for the year, as compared to last year's change, representing an increase of \$14.9 million. Total net position at the end of the year was \$182.6 million. The City has ample amounts to provide for its outstanding indebtedness.

Governmental activities experienced an increase in net position of \$14.5 million. This is primarily due to an increase in governmental revenues as highlighted above.

Business-type activities consist of the Transit, Water, and CNG Funds. The financial goal of the City’s business-type activities is to operate on a “break-even” basis without making significant profit or needing general tax subsidies. For the fiscal year ended June 30, 2025, this goal was not met, with the City’s total business-type activities having realized an overall decrease in net position of \$2.8 million. This decrease in net position is primarily due to expenditures outpacing program revenues. Although there was an increase in program revenues and slight decrease in operating expenses overall, expenditure continued to outpace program revenues significantly. Significant increases in revenues, as compared to prior year, include \$0.5 million in overall operating and capital grant and contributions from Metro local funding and Federal Transit programs. Expenditures have decreased by \$0.6 million from prior year.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Below is an analysis of the City’s major governmental fund activities for the year:

	Governmental Funds			
	Balance at June 30, 2025	Balance at June 30, 2024	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Balances:				
General Fund	\$ 152,022,922	\$ 155,757,029	\$ (3,734,107)	-2.4%
General City Capital Projects Fund	1,152,266	8,289,681	(7,137,415)	-86.1%
Nonmajor Governmental Funds	7,262,377	6,552,418	709,959	-10.8%
Total Fund Balances	<u>\$ 160,437,565</u>	<u>\$ 170,599,128</u>	<u>\$ (10,161,563)</u>	<u>-6.0%</u>

Total Fund balances balance decreased by \$10.1 million from prior year due to an increase in ongoing investments in multi-year road, utility, and facility improvement projects currently in progress. Major projects include pavement rehabilitation projects, Veteran’s Park Remediation project fully funded by California Department of Toxic Substances and Control (DTSC), facility projects like the Bandini Learning Center improvements, and Commerce Connectivity improvements (part of the Pathways for Hope project).

The General City Capital Projects Fund changed from a nonmajor fund to a major fund (\$8,289,681).

The Nonmajor Governmental fund balance increased by \$0.7 million due to primarily to special revenue fund revenue programs outpacing program expenditures in stormwater management, road maintenance and rehabilitation, and art in public places.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S MAJOR PROPRIETARY FUNDS

Below is an analysis of the net position of the City's proprietary funds:

	Proprietary Funds			
	Balance at June 30, 2025	Balance at June 30, 2024*	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position (Deficit):				
Transit	\$ (14,259,027)	\$ (10,577,929)	\$ (3,681,098)	-34.8%
CNG/LNG	3,864,154	4,011,986	(147,832)	-3.7%
Water	4,630,589	3,060,519	1,570,070	-51.3%
Total Net Position	<u>\$ (5,764,284)</u>	<u>\$ (3,505,424)</u>	<u>\$ (2,258,860)</u>	<u>-64.4%</u>
Unrestricted Net Position (Deficit):				
Transit	\$ (26,981,863)	\$ (24,565,610)	\$ (2,416,253)	-9.8%
CNG/LNG	1,143,608	1,199,149	(55,541)	-4.6%
Water	3,952,216	2,181,720	1,770,496	-81.2%
Total Unrestricted Net Position (Deficit)	<u>\$ (21,886,039)</u>	<u>\$ (21,184,741)</u>	<u>\$ (701,298)</u>	<u>-3.3%</u>

* 2024 balances were restated due to GASB 101 implementation. (see Note 18 for details.)

The Transit Fund net position decreased by \$3.7 million and unrestricted net position decreased by \$2.4 million. Transit's operational costs have been significantly higher than the intergovernmental revenue for the fiscal year.

The Water Fund net position increased \$1.6 million and unrestricted net position increased by \$1.8 million. The increase in net position is primarily due to the current year leased water system rights revenues exceeding the operating expenses and an increase in interest income.

General Fund Budgetary Highlights

The General Fund receives the most public attention since it is where local tax revenues are accounted for and where the most popular municipal services such as police and public works are funded.

The General Fund is the chief operating fund of the City, which is used to account for all discretionary revenues and expenditures necessary to carry out basic government functions that are not accounted for through other special revenue and grant funds. Year-to-date revenues, including transfers-in and other financing sources totaled \$98.4 million. This is a 1.3% decrease when compared to last year's revenue total of \$97.1 million. The largest revenue source was taxes, which include both sales taxes and property taxes at \$46.7 million which decreased 3.8% or \$1.8 million compared to the prior year. While sales tax revenues decreased by \$3.0 million, property taxes increased by \$1.4 million from prior year due to increases in assessed valuations. Casino license tax totaled \$30,563,683, down by \$0.9 million or 2.8% when compared to the prior year. This decrease is due to the Casino reporting slightly less revenue growth than the prior year. Overall, the City's revenue came in over budget by \$11.2 million, above expectations for property and sales tax, casino tax, charges for services, and lease revenue and interest income.

General Fund expenditures totaled \$102.1 million, including transfer out, and were under budgeted totals for the fiscal year by \$30.0 million, due primarily to lower-than-anticipated progress for public works and capital projects expenditures as planned for the fiscal year.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Capital Assets

Below is a schedule of the City's capital assets, net of accumulated depreciation and amortization:

	Balance at June 30, 2025	Balance at June 30, 2024	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 12,946,340	\$ 12,946,340	\$ -	0.0%
Construction in progress	29,760,679	7,979,927	21,780,752	272.9%
Buildings	43,210,991	43,210,991	-	0.0%
Improvements other than buildings	22,067,454	21,174,610	892,844	4.2%
Machinery and equipment	9,950,824	8,451,671	1,499,153	17.7%
Infrastructure	139,712,248	137,427,822	2,284,426	1.7%
Right to use assets	2,295,187	1,817,541	477,646	26.3%
Less accumulated depreciation and amortization	<u>(142,229,462)</u>	<u>(138,651,057)</u>	<u>(3,578,405)</u>	<u>2.6%</u>
Net capital assets	<u>\$ 117,714,261</u>	<u>\$ 94,357,845</u>	<u>\$ 23,356,416</u>	<u>24.8%</u>
Business Activities:				
Land	\$ 2,755,498	\$ 2,755,498	\$ -	0.0%
Building and improvements	13,112,526	13,112,526	-	0.0%
Machinery and equipment	19,613,269	19,635,165	(21,896)	-0.1%
Water rights	2,141,222	2,141,222	-	0.0%
Less accumulated depreciation and amortization	<u>(21,500,760)</u>	<u>(19,965,094)</u>	<u>(1,535,666)</u>	<u>7.7%</u>
Net capital assets	<u>\$ 16,121,755</u>	<u>\$ 17,679,317</u>	<u>\$ (1,557,562)</u>	<u>-8.8%</u>

Governmental capital assets increased primarily as construction in progress increased due to project progress and addition of new projects. Capital assets are offset by depreciation while infrastructure, right to use assets, machinery and equipment, and accumulated depreciation and amortization increased respectively from completion of projects. Business-type activity capital assets saw no activity other than an increase in depreciation and amortization. See note 6 for further details on capital assets.

Debt Administration

Below is a schedule of the changes to the City's long-term debt:

	Balance at June 30, 2025	Balance at June 30, 2024*	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
2014 JPFA Revenue Bonds	\$ 12,750,000	\$ 6,610,000	\$ 6,140,000	92.9%
Premium on bond	1,184,582	622,408	562,174	90.3%
2021 Pension Obligation Bond	54,225,000	27,875,000	26,350,000	94.5%
Finance Purchase	(175,276)	-	(175,276)	0.0%
Lease Liability	1,919,684	1,097,928	821,756	74.8%
Subscription Liability	240,287	202,316	37,971	18.8%
Compensated absences	8,755,375	5,122,981	3,632,394	70.9%
Claims Payable	1,131,410	859,237	272,173	31.7%
Total Long-Term Obligations - Governmental Activities	<u>80,031,062</u>	<u>42,389,870</u>	<u>37,641,192</u>	<u>88.8%</u>
Business Activities:				
Compensated Absences	2,244,590	1,259,465	985,125	78.2%
Claims Payable	124,088	65,679	58,409	88.9%
Total Long-Term Obligations - Business-Type Activities	<u>2,368,678</u>	<u>1,325,144</u>	<u>1,043,534</u>	<u>78.7%</u>
Total Long-Term Obligations	<u>\$ 82,399,740</u>	<u>\$ 43,715,014</u>	<u>\$ 38,684,726</u>	<u>88.5%</u>

* 2024 balances were restated due to GASB 101 implementation. (see Note 18 for details.)

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

As can be seen from the table above, the City has stabilized its debt financing strategy in support of projects. In fiscal 2018, the City's 2007 JPFA bonds were refinanced, and the resulting new issuance is recorded solely in the Successor Agency. In fiscal year 2025, City of Commerce entered a finance purchase arrangement for two MCI buses. The City has entered into lease agreements with Enterprise Fleet management for vehicles. The City also has subscriptions and technology arrangements. Information on the long-term liabilities is discussed further in Note 7 of the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The adopted General Fund budget for fiscal year 2025-26 totals approximately \$81.7 million. The budget is structurally balanced, with ongoing revenues supporting ongoing expenditures, and reflects targeted investments in several key areas. These include MOU-approved salary and benefit adjustments, continued support for public safety initiatives, and the restoration of programs that were reduced or suspended during the COVID-19 pandemic. In addition, the City continues to make significant investments in capital and infrastructure projects.

Major City tax revenues have largely recovered from pandemic-related declines, and projected development activity is expected to generate both one-time and ongoing revenues over the coming years. At the same time, expenditure pressures continue to grow due to rising costs associated with personnel, services, public safety operations, and infrastructure maintenance, as well as other City Council priorities.

Historical financial trends demonstrate that General Fund operating expenditures and transfers may exceed operating revenues, sometime in the future, underscoring the importance of long-term financial planning. The City remains focused on aligning service levels with available resources to ensure that ongoing revenues are sufficient to support recurring expenditures, while limiting reliance on one-time revenues to non-recurring costs. The City's financial policies emphasize fiscal responsibility, flexibility, and adherence to sound accounting and management practices.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Commerce finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at the City of Commerce, 2535 Commerce Way, Commerce, CA 90040.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Commerce
Statement of Net Position
June 30, 2025
(with comparative information for the prior year)

	Primary Government		Total	
	Governmental Activities	Business-Type Activities	2025	2024 (as restated)
ASSETS				
Current assets:				
Cash and investments	\$ 125,496,342	\$ 4,770,719	\$ 130,267,061	\$ 129,881,746
Receivables:				
Accounts	4,313,147	355,834	4,668,981	4,638,965
Interest	1,113,761	-	1,113,761	545,508
Lease receivable, current	-	752,783	752,783	1,948,495
Due from other governments	12,616,891	324,994	12,941,885	9,273,670
Internal balance	7,125,112	(7,125,112)	-	-
Due from Successor Agency	-	-	-	3,014,695
Prepaid items and deposits	468,840	-	468,840	296,422
Total current assets	151,134,093	(920,782)	150,213,311	149,599,501
Noncurrent assets:				
Restricted cash and investments	6,938,923	-	6,938,923	3,267,339
Cash with fiscal agent	2,201	-	2,201	5,146,628
Lease receivable, noncurrent	-	5,405,669	5,405,669	6,158,452
Loans receivable, net	207,783	-	207,783	207,783
Property held for resale	22,700,680	-	22,700,680	22,700,680
Capital assets:				
Nondepreciable	42,707,019	2,755,498	45,462,517	23,681,765
Depreciable, net	72,785,768	12,939,616	85,725,384	86,576,087
Amortizable, net	1,681,474	426,641	2,108,115	1,779,310
Total capital assets	117,174,261	16,121,755	133,296,016	112,037,162
Total noncurrent assets	147,023,848	21,527,424	168,551,272	149,518,044
Total assets	298,157,941	20,606,642	318,764,583	299,117,545
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	2,798,423	969,481	3,767,904	9,452,583
OPEB related	2,035,196	705,070	2,740,266	3,394,109
Total deferred outflows of resources	4,833,619	1,674,551	6,508,170	12,846,692

City of Commerce
Statement of Net Position (Continued)
June 30, 2025
(with comparative information for the prior year)

	Primary Government		Total	
	Governmental Activities	Business-Type Activities	2025	2024 (as restated)
LIABILITIES				
Current liabilities:				
Accounts payable	11,307,582	542,697	11,850,279	8,034,580
Salaries and benefits payable	914,988	245,883	1,160,871	808,109
Deposits payable	874,513	-	874,513	725,535
Retentions payable	1,437,256	-	1,437,256	-
Unearned revenue	377,664	-	377,664	157,816
Accrued interest	379,704	-	379,704	341,049
Compensated absences - due within one year	1,104,864	367,172	1,472,036	2,075,429
Claims payable - due within one year	515,790	16,157	531,947	485,260
Long-term debt - due within one year	2,733,710	-	2,733,710	2,354,693
Total current liabilities	19,646,071	1,171,909	20,817,980	14,982,471
Noncurrent liabilities:				
Compensated absences - due in more than one year	2,527,530	617,953	3,145,483	4,307,017
Claims payable - due in more than one year	844,156	56,626	900,782	439,656
Long-term debt - due in more than one year	33,236,014	-	33,236,014	34,052,959
Net pension liability	9,040,225	3,131,887	12,172,112	15,777,767
Net OPEB liability	43,242,019	14,980,709	58,222,728	59,430,388
Total noncurrent liabilities	88,889,944	18,787,175	107,677,119	114,007,787
Total liabilities	108,536,015	19,959,084	128,495,099	128,990,258
DEFERRED INFLOWS OF RESOURCES				
Pension related	763,512	264,510	1,028,022	669,352
OPEB related	5,319,340	1,842,825	7,162,165	6,242,676
Lease related	-	5,979,058	5,979,058	7,559,916
Total deferred inflows of resources	6,082,852	8,086,393	14,169,245	14,471,944
NET POSITION				
Net investment in capital assets	106,117,281	16,121,755	122,239,036	103,504,510
Restricted for:				
Community development projects	60,011	-	60,011	2,165,838
Public safety	234,032	-	234,032	207,977
Low and moderate housing	2,228,603	-	2,228,603	2,197,365
Transportation	3,946,703	-	3,946,703	675,448
Public works	2,036,654	-	2,036,654	-
Capital projects	4,940,168	-	4,940,168	8,044,943
Debt service	2,201	-	2,201	2,725
Pension	3,529,621	-	3,529,621	3,267,339
Total restricted	16,977,993	-	16,977,993	16,561,635
Unrestricted (deficit)	65,277,419	(21,886,039)	43,391,380	48,435,890
Total net position (deficit)	\$ 188,372,693	\$ (5,764,284)	\$ 182,608,409	\$ 168,502,035

City of Commerce
Statement of Activities
For the Year Ended June 30, 2025
(with comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 18,426,470	\$ 809,102	\$ 1,448,046	\$ -	\$ 2,257,148
Community development	592,402	136,138	4,036,137	-	4,172,275
Public safety	28,147,984	1,558,010	208,355	-	1,766,365
Public works	22,399,581	6,967,911	2,242,538	2,497,819	11,708,268
Library	3,884,185	9,396	110,510	-	119,906
Parks, recreation and culture	11,674,460	596,126	1,674,451	-	2,270,577
Interest and fiscal charges	1,026,161	-	-	-	-
Total governmental activities	86,151,243	10,076,683	9,720,037	2,497,819	22,294,539
Business-type Activities:					
Transit	10,374,611	50,070	7,315,494	37,935	7,403,499
CNG/LNG	2,902,782	2,727,409	-	-	2,727,409
Water	119,712	771,492	-	-	771,492
Total business-type activities	13,397,105	3,548,971	7,315,494	37,935	10,902,400
Total primary government	\$ 99,548,348	\$ 13,625,654	\$ 17,035,531	\$ 2,535,754	\$ 33,196,939

City of Commerce
Statement of Activities (Continued)
For the Year Ended June 30, 2025
(with comparative information for the prior year)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Governmental Activities	Business-Type Activities	Total	
			2025	2024 (as restated)
Governmental activities:				
General government	\$ (16,169,322)	\$ -	\$ (16,169,322)	\$ (15,909,159)
Community development	3,579,873	-	3,579,873	(4,523,350)
Public safety	(26,381,619)	-	(26,381,619)	(26,203,324)
Public works	(10,691,313)	-	(10,691,313)	(5,648,880)
Library	(3,764,279)	-	(3,764,279)	(3,721,297)
Parks, recreation and culture	(9,403,883)	-	(9,403,883)	(8,032,454)
Interest and fiscal charges	(1,026,161)	-	(1,026,161)	(906,354)
Total governmental activities	(63,856,704)	-	(63,856,704)	(64,944,818)
Business-type Activities:				
Transit	-	(2,971,112)	(2,971,112)	(4,029,797)
CNG/LNG	-	(175,373)	(175,373)	(38,454)
Water	-	651,780	651,780	559,385
Total business-type activities	-	(2,494,705)	(2,494,705)	(3,508,866)
Total primary government	(63,856,704)	(2,494,705)	(66,351,409)	(68,453,684)
General revenues:				
Taxes:				
Property taxes	6,353,396	-	6,353,396	5,110,125
Sales taxes	35,672,946	-	35,672,946	38,642,346
Franchise taxes	1,592,865	-	1,592,865	1,613,037
Transient occupancy taxes	3,055,971	-	3,055,971	3,164,668
Casino license tax	30,563,683	-	30,563,683	31,436,082
Total taxes	77,238,861	-	77,238,861	79,966,258
Vehicle license - unrestricted	-	-	-	15,289
Investment income	2,163,787	235,845	2,399,632	2,597,969
Miscellaneous	819,290	-	819,290	787,653
Total general revenues	80,221,938	235,845	80,457,783	83,367,169
Changes in net position	16,365,234	(2,258,860)	14,106,374	14,913,485
Beginning of year, as previously reported	173,911,636	(2,916,328)	170,995,308	156,081,823
Implementation of GASB 101	(1,904,177)	(589,096)	(2,493,273)	(2,493,273)
Beginning of year, as restated (Note 18)	172,007,459	(3,505,424)	168,502,035	153,588,550
Net position (deficit) - end of year	\$ 188,372,693	\$ (5,764,284)	\$ 182,608,409	\$ 168,502,035

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Commerce
Balance Sheet
Governmental Funds
June 30, 2025
(with comparative information for the prior year)

	Major Funds			Total Governmental Funds	
	General Fund	General City Capital Projects Fund	Nonmajor Governmental Funds	2025	2024
ASSETS					
Cash and investments	\$ 115,587,086	\$ 3,689,645	\$ 6,219,611	\$ 125,496,342	\$ 126,532,532
Restricted cash and investment	3,596,730	3,342,193	-	6,938,923	3,267,339
Cash and investments with fiscal agents	-	-	2,201	2,201	5,146,628
Receivables:	-	-	-	-	-
Accounts	4,313,147	-	-	4,313,147	4,268,321
Interest	817,207	-	296,554	1,113,761	545,508
Loans, net	-	-	207,783	207,783	207,783
Leases	-	-	-	-	1,207,549
Due from other governments	7,373,860	5,153,967	89,064	12,616,891	8,623,201
Due from other funds	14,504,522	-	-	14,504,522	6,861,214
Due from Successor Agency	-	-	-	-	2,557,410
Prepaid items and deposits	468,840	-	-	468,840	296,422
Land held for development	19,535,000	2,439,680	726,000	22,700,680	22,700,680
Total assets	\$ 166,196,392	\$ 14,625,485	\$ 7,541,213	\$ 188,363,090	\$ 182,214,587
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,184,222	\$ 1,002,390	\$ 118,750	\$ 11,305,362	\$ 7,624,884
Salaries and benefits payable	912,838	-	2,150	914,988	642,980
Deposits payable	874,513	-	-	874,513	725,535
Retentions payable	1,222,216	215,040	-	1,437,256	-
Due to other governments	-	2,220	-	2,220	-
Due to other funds	-	7,379,290	120	7,379,410	56,903
Unearned revenue	-	219,848	157,816	377,664	157,816
Total liabilities	13,193,789	8,818,788	278,836	22,291,413	9,208,118
Deferred inflows of resources:					
Unavailable revenue	979,681	4,654,431	-	5,634,112	1,597,975
Lease related	-	-	-	-	809,366
Total deferred inflows of resources	979,681	4,654,431	-	5,634,112	2,407,341
Fund balances:					
Nonspendable	20,003,840	-	-	20,003,840	19,831,422
Restricted	3,529,621	3,342,193	5,288,268	12,160,082	14,963,660
Committed	12,796,957	-	1,974,109	14,771,066	29,885,255
Unassigned (deficit)	115,692,504	(2,189,927)	-	113,502,577	105,918,791
Total fund balances	152,022,922	1,152,266	7,262,377	160,437,565	170,599,128
Total liabilities, deferred inflows of resources, and fund balances	\$ 166,196,392	\$ 14,625,485	\$ 7,541,213	\$ 188,363,090	\$ 182,214,587

City of Commerce
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 160,437,565

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	\$ 42,707,019	
Capital assets, depreciable	72,785,768	
Intangible assets, being amortized	1,681,474	117,174,261

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds. (379,704)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

Bonds payable	\$ (33,235,582)	
Finance purchase	(1,052,853)	
Lease and subscription liabilities	(1,681,289)	
Compensated absences	(3,632,394)	
Claims payable	(1,359,946)	(40,962,064)

Net pension liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	\$ 2,798,423	
Net pension liabilities	(9,040,225)	
Pension related deferred inflows of resources	(763,512)	(7,005,314)

Net other postemployment benefits liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	\$ 2,035,196	
Net OPEB liabilities	(43,242,019)	
OPEB related deferred inflows of resources	(5,319,340)	(46,526,163)

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable. 5,634,112

Net position of governmental activities \$ 188,372,693

City of Commerce
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025
(with comparative information for the prior year)

	Major Funds			Total Governmental Funds	
	General Fund	General City Capital Projects Fund	Nonmajor Governmental Funds	2025	2024
REVENUES:					
Taxes	\$ 46,675,178	\$ -	\$ -	\$ 46,675,178	\$ 48,530,176
Casino license tax	30,563,683	-	-	30,563,683	31,436,082
Licenses and permits	7,283,632	-	231,230	7,514,862	6,574,738
Intergovernmental	2,891,286	759,519	1,883,063	5,533,868	3,106,606
Charges for services	2,050,164	-	-	2,050,164	2,562,317
Activity fees	514,423	-	-	514,423	527,460
Fines, forfeitures, and penalties	1,567,406	-	-	1,567,406	1,438,638
Use of money and property	2,653,525	-	195,685	2,849,210	2,852,191
Miscellaneous	1,161,678	-	49,868	1,211,546	914,980
Total revenues	95,360,975	759,519	2,359,846	98,480,340	97,943,188
EXPENDITURES:					
Current:					
General government	17,288,849	-	67,212	17,356,061	14,880,371
Community development	395,225	-	23,876	419,101	5,135,427
Public safety	28,214,076	-	174,075	28,388,151	27,821,553
Public works	17,218,908	2,446,021	530,564	20,195,493	11,925,095
Library	3,800,511	-	-	3,800,511	3,482,413
Parks, recreation and culture	9,980,942	-	346,911	10,327,853	9,190,122
Capital outlay	20,610,886	6,421,814	-	27,032,700	7,603,439
Debt service:					
Principal retirement	615,793	-	1,995,000	2,610,793	699,446
Interest and fiscal charges	125,717	-	922,023	1,047,740	969,253
Total expenditures	98,250,907	8,867,835	4,059,661	111,178,403	81,707,119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,889,932)	(8,108,316)	(1,699,815)	(12,698,063)	16,236,069
OTHER FINANCING SOURCES (USES):					
Transfers in	505,226	970,901	2,915,000	4,391,127	2,448,161
Transfers out	(3,885,901)	-	(505,226)	(4,391,127)	(2,448,161)
Proceeds from sale of assets	303,401	-	-	303,401	-
Issuance of lease liabilities	314,626	-	-	314,626	1,140,385
Issuance of subscription liabilities	506,936	-	-	506,936	286,013
Issuance of finance purchase	1,411,537	-	-	1,411,537	-
Total other financing sources (uses)	(844,175)	970,901	2,409,774	2,536,500	1,426,398
NET CHANGES IN FUND BALANCES	(3,734,107)	(7,137,415)	709,959	(10,161,563)	17,662,467
FUND BALANCES:					
Beginning of year, as previously reported	155,757,029	-	14,842,099	170,599,128	152,936,661
Change in the financial reporting entity (nonmajor fund to major)	-	8,289,681	(8,289,681)	-	-
Beginning of year, as restated (Note 18)	155,757,029	8,289,681	6,552,418	170,599,128	152,936,661
End of year	\$ 152,022,922	\$ 1,152,266	\$ 7,262,377	\$ 160,437,565	\$ 170,599,128

See accompanying Notes to the Basic Financial Statements.

City of Commerce
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds: \$ (10,161,563)

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

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

Capital outlay	\$ 27,032,700	
Depreciation and amortization	<u>(4,216,284)</u>	22,816,416

Compensated absences were reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, compensated absences were not reported as liabilities in the governmental funds. 1,490,587

Certain claims expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (500,709)

Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the changes in other postemployment benefits liability and net pension liabilities were not reported as an expenditure or credit in the governmental funds.

OPEB credit net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as OPEB expenditures in the governmental funds. 58,496

Pension expense net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expenditures in the governmental funds. (1,773,403)

Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of long-term debt principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal repayments of long-term debt	\$ 2,610,793	
Interest accrual on loans payables	(38,655)	
Amortization of bond premium	60,234	
Issuance of lease liabilities	(314,626)	
Issuance of subscription liabilities	(506,936)	
Issuance of finance purchase	<u>(1,411,537)</u>	399,273

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year. 4,036,137

Change in net position of governmental activities \$ 16,365,234

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Commerce
Statement of Net Position
Proprietary Funds
June 30, 2025

(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2025	2024 (as restated)
ASSETS					
Current assets:					
Cash and investments	\$ 6,975	\$ 989,758	\$ 3,773,986	\$ 4,770,719	\$ 3,349,214
Receivables:					
Accounts	-	355,834	-	355,834	370,644
Interest	-	-	-	-	-
Lease receivable, due within one year	-	-	752,783	752,783	740,946
Due from other governments	324,994	-	-	324,994	650,469
Due from Successor Agency	-	-	-	-	457,285
Total current assets	331,969	1,345,592	4,526,769	6,204,330	5,568,558
Noncurrent assets:					
Lease receivable, due in more than one year	-	-	5,405,669	5,405,669	6,158,452
Capital assets:					
Nondepreciable	2,421,399	334,099	-	2,755,498	2,755,498
Depreciable, net	10,301,437	2,386,447	251,732	12,939,616	14,466,704
Amortizable, net	-	-	426,641	426,641	457,115
Total noncurrent assets	12,722,836	2,720,546	6,084,042	21,527,424	23,837,769
Total assets	13,054,805	4,066,138	10,610,811	27,731,754	29,406,327
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	969,481	-	-	969,481	2,382,051
OPEB related	705,070	-	-	705,070	855,316
Total deferred outflows of resources	1,674,551	-	-	1,674,551	3,237,367
LIABILITIES					
Current liabilities:					
Accounts payable	339,549	201,984	1,164	542,697	409,696
Salaries and benefits payable	245,883	-	-	245,883	165,129
Due to other funds	7,125,112	-	-	7,125,112	6,804,311
Compensated absences, due within one year	367,172	-	-	367,172	259,547
Claims payable, due within one year	16,157	-	-	16,157	21,657
Total current liabilities	8,093,873	201,984	1,164	8,297,021	7,660,340
Noncurrent liabilities:					
Compensated absences, due in more than one year	617,953	-	-	617,953	999,918
Claims payable, due in more than one year	56,626	-	-	56,626	44,022
Net pension liability	3,131,887	-	-	3,131,887	3,975,999
Net OPEB liability	14,980,709	-	-	14,980,709	14,976,458
Total noncurrent liabilities	18,787,175	-	-	18,787,175	19,996,397
Total liabilities	26,881,048	201,984	1,164	27,084,196	27,656,737
DEFERRED INFLOWS OF RESOURCES					
Pension related	264,510	-	-	264,510	168,677
OPEB related	1,842,825	-	-	1,842,825	1,573,154
Lease related	-	-	5,979,058	5,979,058	6,750,550
Total deferred inflows of resources	2,107,335	-	5,979,058	8,086,393	8,492,381
NET POSITION					
Investment in capital assets	12,722,836	2,720,546	678,373	16,121,755	17,679,317
Unrestricted (deficit)	(26,981,863)	1,143,608	3,952,216	(21,886,039)	(21,184,741)
Total net position (deficit)	\$ (14,259,027)	\$ 3,864,154	\$ 4,630,589	\$ (5,764,284)	\$ (3,505,424)

See accompanying Notes to the Basic Financial Statements.

City of Commerce
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025
(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2025	2024 (as restated)
OPERATING REVENUES:					
Charges for services	\$ 50,070	\$ 2,727,409	\$ -	\$ 2,777,479	\$ 2,895,747
Intergovernmental revenue	7,315,494	-	-	7,315,494	6,874,935
Leased water rights	-	-	771,492	771,492	771,492
Total operating revenues	7,365,564	2,727,409	771,492	10,864,465	10,542,174
OPERATING EXPENSES:					
General and administrative	7,570,938	2,872	19,499	7,593,309	7,539,483
Cost of sales and service	1,400,680	2,807,619	-	4,208,299	4,901,296
Depreciation and amortization	1,402,993	92,291	100,213	1,595,497	1,610,261
Total operating expenses	10,374,611	2,902,782	119,712	13,397,105	14,051,040
OPERATING INCOME (LOSS)	(3,009,047)	(175,373)	651,780	(2,532,640)	(3,508,866)
NONOPERATING REVENUES:					
Interest income	-	27,541	208,304	235,845	156,062
Total nonoperating revenues	-	27,541	208,304	235,845	156,062
INCOME (LOSS) BEFORE CONTRIBUTIONS	(3,009,047)	(147,832)	860,084	(2,296,795)	(3,352,804)
CONTRIBUTIONS:					
Capital contributions	37,935	-	-	37,935	-
Total contributions	37,935	-	-	37,935	-
CHANGES IN NET POSITION	(2,971,112)	(147,832)	860,084	(2,258,860)	(3,352,804)
NET POSITION (DEFICIT):					
Beginning of year, as previously reported	(10,698,819)	4,011,986	3,770,505	(2,916,328)	436,476
GASB 101 implementation	(589,096)	-	-	(589,096)	(589,096)
Beginning of year, as restated (Note 18)	(11,287,915)	4,011,986	3,770,505	(3,505,424)	(152,620)
End of year	<u>\$ (14,259,027)</u>	<u>\$ 3,864,154</u>	<u>\$ 4,630,589</u>	<u>\$ (5,764,284)</u>	<u>\$ (3,505,424)</u>

City of Commerce
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025
(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2025	2024 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 7,365,564	\$ 2,742,219	\$ 1,512,438	\$ 11,620,221	\$ 11,288,593
Cash payments to suppliers for goods and services	(1,433,611)	(2,742,266)	(790,991)	(4,966,868)	(6,432,215)
Cash payments to employees for services	(6,571,254)	-	-	(6,571,254)	(5,969,780)
Net cash provided by (used in) operating activities	(639,301)	(47)	721,447	82,099	(1,113,402)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment from other funds	646,276	-	457,285	1,103,561	1,816,518
Payment to other funds	-	-	-	-	(3,762,314)
Net cash provided by (used in) noncapital financing activities	646,276	-	457,285	1,103,561	(1,945,796)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	-	27,541	208,304	235,845	156,062
Net cash provided by investing activities	-	27,541	208,304	235,845	156,062
Net change in cash and cash equivalents	6,975	27,494	1,387,036	1,421,505	(2,903,136)
CASH AND CASH EQUIVALENTS:					
Beginning of year	-	962,264	2,386,950	3,349,214	6,252,350
End of year	\$ 6,975	\$ 989,758	\$ 3,773,986	\$ 4,770,719	\$ 3,349,214
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (3,009,047)	\$ (175,373)	\$ 651,780	\$ (2,532,640)	\$ (3,508,866)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation and amortization expenses	1,402,993	92,291	100,213	1,595,497	1,610,261
(Increase) decrease in:					
Accounts receivable	-	14,810	-	14,810	17,124
Lease receivable	-	-	740,946	740,946	729,295
Deferred outflows of resources - pensions	1,412,570	-	-	1,412,570	336,719
Deferred outflows of resources - OPEB	150,244	-	-	150,244	288,126
Increase (decrease) in:					
Accounts payable	64,776	68,225	-	133,001	(176,006)
Accrued payroll	80,754	-	-	80,754	3,339
Compensated absences	(274,340)	-	-	(274,340)	41,406
Claims payable	7,104	-	-	7,104	(45,583)
Net pension liability	(844,110)	-	-	(844,110)	666,188
Net other postemployment benefits liability	4,251	-	-	4,251	526,067
Deferred inflows of resources - pensions	1,674,148	-	-	1,674,148	1,219,873
Deferred inflows of resources - OPEB	(1,308,644)	-	-	(1,308,644)	(2,049,853)
Deferred inflows of resources - leases	-	-	(771,492)	(771,492)	(771,492)
Total adjustments	2,369,746	175,326	69,667	2,614,739	2,395,464
Net cash provided by (used in) operating activities	\$ (639,301)	\$ (47)	\$ 721,447	\$ 82,099	\$ (1,113,402)

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUNDS FINANCIAL STATEMENTS

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City of Commerce
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(with comparative information for the prior year)

	Private Purpose Trust Funds	Total	
		2025	2024 (as restated)
ASSETS			
Current assets:			
Cash and investments	\$ 15,243,452	\$ 15,243,452	\$ 18,891,523
Receivables:			
Accounts	10,915	10,915	7,702
Loans, net	-	-	-
Lease receivable, due within one year	23,947	23,947	9,618
Total current assets	<u>15,278,314</u>	<u>15,278,314</u>	<u>18,908,843</u>
Noncurrent assets:			
Restricted cash and investments with fiscal agents	988	988	9,946
Lease receivable, due in more than one year	963,295	963,295	987,242
Property held for resale	44,407,092	44,407,092	44,407,092
Total noncurrent assets	<u>45,371,375</u>	<u>45,371,375</u>	<u>45,404,280</u>
Total assets	<u>60,649,689</u>	<u>60,649,689</u>	<u>64,313,123</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	1,691,341	1,691,341	2,405,260
Total deferred outflows of resources	<u>1,691,341</u>	<u>1,691,341</u>	<u>2,405,260</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,324,945	2,324,945	2,297,169
Salaries and benefits payable	1,438	1,438	1,297
Long-term debt, due within one year	7,898,181	7,898,181	8,738,281
Total current liabilities	<u>10,224,564</u>	<u>10,224,564</u>	<u>11,036,747</u>
Noncurrent liabilities:			
Due to City of Commerce	-	-	3,014,695
Long-term debt, due in more than one year	24,955,045	24,955,045	32,853,226
Total noncurrent liabilities	<u>24,955,045</u>	<u>24,955,045</u>	<u>35,867,921</u>
Total liabilities	<u>35,179,609</u>	<u>35,179,609</u>	<u>46,904,668</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	811,777	811,777	865,896
Total deferred inflows of resources	<u>811,777</u>	<u>811,777</u>	<u>865,896</u>
NET POSITION			
Held in trust for Successor Agency	<u>\$ 26,349,644</u>	<u>\$ 26,349,644</u>	<u>\$ 18,947,819</u>

City of Commerce
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025
(with comparative information for the prior year)

	Private Purpose Trust Funds	Total	
		2025	2024 (as restated)
ADDITIONS:			
Redevelopment property tax trust fund	\$ 8,296,772	\$ 8,296,772	\$ 10,081,187
Investment income	570,776	570,776	247,567
Rental income	428,497	428,497	698,779
Miscellaneous income	14,209	14,209	442,982
Total additions	<u>9,310,254</u>	<u>9,310,254</u>	<u>11,470,515</u>
DEDUCTIONS:			
Administrative expenses	346,135	346,135	572,951
Interest and fiscal charges	1,562,294	1,562,294	2,208,280
Total deductions	<u>1,908,429</u>	<u>1,908,429</u>	<u>2,781,231</u>
CHANGES IN NET POSITION	7,401,825	7,401,825	8,689,284
NET POSITION:			
Beginning of year	18,947,819	18,947,819	10,258,535
End of year	<u>\$ 26,349,644</u>	<u>\$ 26,349,644</u>	<u>\$ 18,947,819</u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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City of Commerce
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For the Year Ended June 30, 2025

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City of Commerce
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For the Year Ended June 30, 2025

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City of Commerce
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Commerce, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail for a presentation and note disclosures in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the government’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

The following is a summary of the City’s significant policies:

A. *Financial Reporting Entity*

The City was incorporated in 1960, under the laws of the State of California and enjoys all the rights and privileges applicable to a general-law city. It is governed by an elected five-member council. As required by U.S. GAAP these financial statements present the City (the primary government and its component units). The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units:

Management determined that the following entities should be reported as blended component units based on the criteria above. Although the following entities are legally separate from the City, they have been “blended” as though they are part of the City because the component units’ governing bodies are substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component units; and management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though they do not provide services directly to it.

The City of Commerce Joint Powers Financing Authority (“JPFA”) was formed January 1, 1988, to create a joint exercise of powers authority between the City and the Community Development Commission of the City of Commerce (“the Commission”). The City Council of the City is the governing board. Management of the primary government has operational responsibility for the blended component unit. The JPFA does not issue separate financial statements.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been included in the governmental activities. The following interfund activities have been eliminated:

- Due from and to other funds, which are short-term loans within the primary government.
- Except between Governmental and Business-Type Activities, transfers in and out, which are flows of assets between funds without the requirement for repayment.

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending, or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when measurable and available. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, intergovernmental revenues and other taxes. Business license fees are recorded as received. Expenditures are recorded in the accounting period in which the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The City reports the following major Governmental Funds:

General Fund – The primary fund of the City is used to account for all revenue and expenditures of the City not accounted for and reported in another fund and not legally restricted as to use.

General City Capital Projects Fund - This fund is used to account for the bond proceeds, interest and other funding that will be used for development, planning and construction and land acquisition within the City.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds 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 expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major Proprietary Funds:

Transit Enterprise Fund – This fund is used to account for the activities necessary to provide free transportation service to the citizens and the industrial community.

Compressed Natural Gas ("CNG") /Liquefied Natural Gas ("LNG") Enterprise Fund – This fund is used to account for the City's CNG/LNG operations, with revenues primarily generated from fueling royalties associated with public use.

Water Enterprise Fund – This fund is used to account for the right-to-use of the City's water facility and infrastructure that is provide to a portion of the City's residents.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting where the assets associated with the activity are controlled by the City and the assets are not derived 1) solely from the government’s own-source revenues or 2) from government-mandated nonexchange transactions or voluntary nonexchange transactions.

The City reports the following Fiduciary Funds:

Private Purpose Trust Funds – These funds are used to account for the activities of the Successor Agency of the former Community Development Commission.

C. Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	First Installment - November 1 Second Installment - February 1
Delinquent Date	First Installment - December 11 Second Installment - April 11

D. Cash and Investments and Cash Equivalents

The City’s cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City’s investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.

E. Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgement associated with the inputs used to measure their fair value.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Fair Value Measurements (Continued)

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended. The City uses the consumption method to account for prepaid items.

G. Lease Receivable

The City is a lessor for leases of land, buildings, and infrastructure and recognizes lease receivables and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. The City established a threshold of \$25,000 for lease receivables. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

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

- The City uses the incremental borrowing rate (IBR) provided by the financial institution during implementation for existing leases or the current rate at the time a new lease is executed or modified.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans). These are typically routine and temporary cash flow assistance from the General Fund to other funds in advance of receiving grant funds or other types of revenue.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions (Continued)

Transactions which move resources from a fund receiving revenue to the fund through which the resources are expended are recorded as transfers.

I. Property Held for Resale

Property held for resale is reported at the lower of cost or estimated net realizable value. Estimated net realizable value is determined upon entering into a contract for sale.

J. Capital Assets

In the Government-Wide Financial Statements, capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are valued at their acquisition value. Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets. General infrastructure assets consist of certain improvements including roads, streets, sidewalks, medians, and storm drains. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital asset purchases in excess of \$25,000 to \$250,000, depending on the type of asset, are capitalized if they have an expected useful life of one year or more. Capital assets are depreciated using the straight-line method over the assets estimated useful life.

The governmental fund financial statements do not present capital assets. Instead, capital assets purchases are reported as capital outlay expenditures or other functional expenditures such as public works. As such, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.

The following schedule summarizes the capital asset capitalization and depreciation policy:

<u>Asset Type</u>	<u>Capitalization Threshold</u>	<u>Depreciation in Years</u>
Buildings	\$ 250,000	10-40 years
Improvements other than buildings	200,000	20-30 years
Infrastructure	100,000	20-40 years
Machinery and equipment	25,000	5-13 years
Right to use asset	25,000	Based on contract term

Right-of-Use Lease Assets

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 City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Capital Assets (Continued)

Right-of-Use Subscription Assets

Subscription assets are recorded at the amount of the initial measurement of the subscription-based information technology arrangements (“SBITA”) 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 information technology assets.

K. Deferred Outflows/Inflows of Resources

The financial statements report separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

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

Deferred Inflows of Resources represent an acquisition of net assets that applies to future period.

L. Unearned and Unavailable Revenue

Unearned revenue is reported for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the government-wide and fund financial statements are grant revenues received in advance.

In the governmental fund financial statements, unavailable revenue is reported when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City reports unavailable revenue when an asset is reported in governmental fund financial statements but the revenue is not collected within the availability period (within 60 days of year-end).

M. Long-Term Liabilities

Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs except for any portion related to prepaid insurance are recognized as expense in the period incurred. Premiums or discounts not considered as part of the reacquisition price are amortized over the life of the bond.

The governmental fund financial statements do not present long-term debt and other financed obligations. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs are reported as debt service expenditures. Principal payments and reductions in the obligation are reported as debt service expenditures. As such, long-term debt and other financed obligations are shown as reconciling items in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Lease Liabilities

The City recognizes lease liabilities with an initial, individual value of \$25,000 or more with a lease term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

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

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

- The City uses incremental borrowing rate provided by the financial institution or the current rate at the time a new lease is executed.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.
- Lease payments included in the measurement of the lease payable is composed of fixed payments to the lessor.

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

O. Subscription Based Information Technology Arrangements (“SBITA”) Liabilities

The City recognizes subscription liabilities with an initial, individual value of \$25,000 or more with a subscription term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the City, usage of the underlying IT assets, or number of user seats are not included in the measurement of the subscription liability.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the lease 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 City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- 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.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Subscription Based Information Technology Arrangements (“SBITA”) Liabilities (Continued)

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

P. Compensated Absences

It is the policy of the City to permit employees to accumulate earned but unused vacation leave and, in certain circumstances, sick leave benefits. A liability is recognized for leave that is attributable to services already rendered and that is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using the employee’s pay rate as of the end of the reporting period and includes applicable salary-related payments. The liability for compensated absences is reported in the government-wide financial statements and is allocated between Governmental Activities and Business-Type Activities based on the employees to whom the liability relates. In governmental fund financial statements, expenditures are recognized only when payments come due. Proprietary funds recognize the liability as it is incurred.

Q. Self-Insurance Programs

The City's insurance program for general liability is administered through California Joint Powers Insurance Authority (CJPIA), which is described in Note 8 to the financial statements. The Authority is a public entity risk pool. Claims losses recorded in the Authority include both current claims and incurred but not reported claims (IBNR). Deposits to the Authority are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience in prior years results in a refund of deposits from the Authority and such refunds, if any, are recorded as prepaid items in the General Fund since they will be used to offset future deposit requirements. Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when incurred.

The City is self-insured for workers' compensation for the first \$1,000,000 per occurrence. Excess insurance is provided by Arch Insurance Company. These activities are accounted for in the General and Transit Funds. The funds accrue the estimated liability for claims when such amounts are reasonably determinable and where the liability is probable. See Note 8 for the estimated liability for such claims expected to be filed for incidents that occurred as of June 30, 2025.

R. Pensions

For purposes of measuring the aggregate net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the 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.

General Fund and special revenue funds are typically used to liquidate pension liabilities for governmental funds.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Pensions (Continued)

The following timeframes are used for pension reporting:

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

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 retired) as of the beginning of the measurement period.

S. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (“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 plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

General Fund and special revenue funds are typically used to liquidate OPEB liabilities for governmental funds.

The following timeframes are used for OPEB reporting:

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

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 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 retired) as of the beginning of the measurement period.

T. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position (Continued)

Restricted – This component of net position consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment 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 City’s practice is to apply the restricted component of net position first, then use the unrestricted component of net position as needed.

U. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as unrestricted loans receivable or prepaid items and land held for resale, or because resources legally or contractually must remain intact.

Restricted – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

Committed – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. City Council adoption of a resolution is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances are limitations imposed by management based on the intended use of the funds. Modifications or rescissions of the constraints can be removed by the same type of action that limited the use of the funds. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The delegation of authority has not yet been granted to persons or bodies other than City Council.

Unassigned – Unassigned fund balances represent the residual net resources in excess of the other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

V. 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.

W. Implementation of New GASB 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 18.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City has evaluated its exposure to financial risk stemming from concentrations constraints. Management has determined that a concentration exists in the City's revenue, as disclosed in Note 17.

Note 2 – Cash and Investments

The City had the following cash and investments at June 30, 2025:

	Governmental Activities	Business-Type Activities	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:				
Cash and investments	\$ 125,496,342	\$ 4,770,719	\$ 15,243,452	\$ 145,510,513
Restricted assets:				
Cash and investments	6,938,923	-	-	6,938,923
Cash with fiscal agent	2,201	-	988	3,189
Total cash and investments	\$ 132,437,466	\$ 4,770,719	\$ 15,244,440	\$ 152,452,625

The City’s cash and investments at June 30, 2025 in more detail:

Cash on hand	\$ 3,212
Deposits with financial institutions	74,279,838
Investments	78,169,575
Total cash and investments	\$ 152,452,625

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agent under the provisions of bond indentures.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

Interest income earned on pooled cash and investments is allocated quarterly to the funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agent on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

A. Demand Deposits

At June 30, 2025, the carrying amount of the City's demand deposits was \$74,279,838 the bank balance was \$75,182,593. The difference represents outstanding checks, deposits in transit, and other reconciling items.

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	* Maximum Maturity	* Maximum Percentage of Portfolio	* Maximum Investment in One Issuer
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	40%
Banker's Acceptances	Yes	180 days	40%	10%
Commercial Paper	Yes	270 days	40%	10%
Certificates of Deposit	Yes	5 years	30%	10%
Repurchase Agreements	Yes	10 days	None	None
Medium-Term Notes	Yes	5 years	30%	10%
Mutual Funds	Yes	N/A	20%	None
Money Market Mutual Funds	Yes	N/A	20%	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

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

B. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	360 days
Commercial Paper	270 days
Medium-Term Notes	N/A
Money Market Mutual Funds	None
Investment Agreements	None
Non-negotiable Certificates of Deposit	360 days

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement Disclosures

The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2025:

Investment Type	Total	Measurement Input	
		Significant Other Observable Inputs (Level 1)	Uncategorized
Local Agency Investment Fund	\$ 74,636,765	\$ -	\$ 74,636,765
Held by PARS 115:			
Money Market Funds	92,716	-	92,716
Mutual Funds	3,436,905	3,436,905	-
Held by fiscal agent:			
Money market funds	3,189	-	3,189
Total investments	\$ 78,169,575	\$ 3,436,905	\$ 74,732,670

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

The sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is as follows:

Investment Type	Total	Remaining Maturity
		1 Year or Less
Local Agency Investment Fund	\$ 74,636,765	\$ 74,636,765
Held by PARS 115:		
Money Market Funds	92,716	92,716
Mutual Funds	3,436,905	3,436,905
Held by fiscal agent:		
Money Market Mutual Funds	3,189	3,189
Total investments	\$ 78,169,575	\$ 78,169,575

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Rating as of Year End	
		AAA	Not Rated
Local Agency Investment Fund	\$ 74,636,765	\$ -	\$ 74,636,765
Held by PARS 115:			
Money Market Funds	92,716	-	92,716
Mutual Funds	3,436,905	-	3,436,905
Held by fiscal agent:			
Money market funds	3,189	3,189	-
Total investments	\$ 78,169,575	\$ 3,189	\$ 78,166,386

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except for U.S. Agency Securities (limited to a face value of \$10 million) and Commercial Paper and Medium-Term Notes (limited to a face value of \$3 million).

Custodial Credit Risk

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

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the City's designee selects the investment under the terms of the applicable trust agreement, acquires the investment, and delivers to the Trustee the investment on behalf of the reporting government.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

E. Investment in Local Agency Investment Fund (“LAIF”)

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the City had \$74,636,765 invested in LAIF. LAIF is reported at amortized cost, which approximates fair value.

F. Investment held with Public Agency Retirement Services (“PARS”)

The City established an Internal Revenue Service Section 115 irrevocable trust with the PARS for the purposes of funding pension obligations. PARS is not rated and is not registered with the Securities Exchange Commission. The City selects the investment strategy and the pool is managed by the PARS Board. As of June 30, 2025, the City had \$3,529,621 invested in PARS. PARS is reported at fair value for investments in mutual funds and at amortized cost for investments in money market funds.

G. Restricted Cash and Investments Held by Fiscal Agents

The City maintains certain cash and investment accounts with fiscal agents (trustees) in accordance with bond indenture agreements related to outstanding debt obligations. Amounts held by fiscal agents are restricted for specific debt service purposes and are not available for general governmental operations. Investments held by fiscal agents consist primarily of money market funds and are reported at amortized cost or fair value, as applicable, in accordance with the City’s investment policy and applicable accounting standards. As of June 30, 2025, the balance of restricted cash and investments held by fiscal agents was \$3,189.

In fiscal year 2023, the City sold a parcel of land formerly owned by the Successor Agency pursuant to the Long-Range Property Management Plan approved by the California Department of Finance. Net proceeds of \$5,143,903 from this sale are restricted for the sole purpose of constructing a new City Public Safety/City Hall Facility. This restriction is in accordance with the dissolution requirements of the former redevelopment agency and enabling City Council actions. These proceeds are recorded as restricted cash in the City’s financial statements and are not available for general governmental purposes. As of June 30, 2025, the restricted cash balance related to this transaction was \$3,342,193.

In fiscal year 2024, the City established a separate bank account to account for retention amounts withheld related to the Bandini Learning Center Improvement Project. The account was opened for the sole purpose of segregating and tracking construction retention payable to contractors in accordance with the related construction agreements. Amounts held in this account represent retention withheld from progress payments and are restricted for payment upon satisfactory completion of contractual requirements. These funds are recorded as restricted cash in the City’s financial statements, as they are legally restricted for specific contractual obligations and are not available for general governmental purposes. As of June 30, 2025, the restricted cash balance related to construction retention for the Bandini Learning Center Improvement Project was \$67,109.

Note 3 – Loans Receivable

The former Redevelopment Agency (“RDA”) of the City operated a housing First Time Homebuyer (“FTH”) loan program, which provides loans to moderated-low income borrowers who meet certain qualifications for the purpose of purchasing a home. Due to the dissolution of the RDA, many of these loans became uncollectable and the loan balances have been reduced to reflect forgiveness. The outstanding balance of the loans and interest on the loans at June 30, 2025 was \$207,783 and \$296,554, respectively.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Loans Receivable (Continued)

In July 2019, the City entered into a Purchase and Sale Agreement between City Ventures Homebuilding, LLC (“City Ventures”) and the City to sell the properties that included the old North Annex, the Provisor Building, and the existing Transportation Building. Shortly thereafter, a three-phased housing project was submitted to the City Council outlining a plan for 133 new multi-family and single-family residential units. With the new housing additions, the City and City Ventures agreed to implement a modified version of the FTH for nine homeowners.

Loans receivables of the City as of June 30, 2025, were:

Loans receivable	\$ 1,723,329
Less: Allowance for uncollectible loans	(1,515,546)
Total loans receivable	<u>\$ 207,783</u>

Note 4 – Lease Receivable and Lease-Related Deferred Inflows of Resources

The City leases various types of property including land, buildings, and infrastructure. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the City. The remaining terms of the agreements range from 1 to 20 years. The interest rates used calculated the net present value of the lease receivable ranged from 0.675% to 7.8112%.

A. Governmental Activities

The City’s General Fund leased land and buildings to various companies.

For the year ended June 30, 2025, the City recognized \$809,367 in lease revenue and \$18,397 in interest revenue. All lease agreements ended during the year ended June 30, 2025.

B. Business-Type Activities

The City’s Water Fund leases buildings and infrastructure to the California Water Service Company to serve City residents and businesses. Under the terms of the lease agreement, the California Water Service Company is responsible for all maintenance and capital improvements related to the leased assets.

For the year ended June 30, 2025, the City recognized \$771,492 in lease revenue and \$104,054 in interest revenue, and the outstanding net present value of the lease receivable amount is \$6,158,452.

At June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 752,783	\$ 92,217	\$ 845,000
2027	764,810	80,190	845,000
2028	777,028	67,972	845,000
2029	789,442	55,558	845,000
2030	802,054	42,946	845,000
2031–2034	2,272,335	51,415	2,323,750
Total	<u>\$ 6,158,452</u>	<u>\$ 390,298</u>	<u>\$ 6,548,750</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Lease Receivable and Lease-Related Deferred Inflows of Resources

B. Business-Type Activities (Continued)

At June 30, 2025, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2026	\$ 771,492
2027	771,492
2028	771,492
2029	771,492
2030	771,492
2031–2034	2,121,598
Total	<u>\$ 5,979,058</u>

C. Fiduciary Activities

The Successor Agency leases land for the operation of the Commerce Truck Stop.

For the year ended June 30, 2025, the City recognized \$54,119 in lease revenue and \$74,493 in interest revenue, and the outstanding net present value of the lease receivable amount is \$987,242.

At June 30, 2025, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 23,947	\$ 72,781	\$ 96,728
2027	25,886	70,842	96,728
2028	27,982	68,746	96,728
2029	30,247	66,481	96,728
2030	32,697	64,031	96,728
2031-2035	299,343	256,842	556,185
2036-2040	547,140	92,469	639,609
Total	<u>\$ 987,242</u>	<u>\$ 692,192</u>	<u>\$ 1,679,434</u>

At June 30, 2025, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2026	\$ 54,119
2027	54,119
2028	54,119
2029	54,119
2030	54,119
2031-2035	270,593
2036-2040	270,589
Total	<u>\$ 811,777</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2025, the City had the following due from/to other funds:

	Due To			Total
	Governmental Funds		Proprietary Funds	
	General City Capital Projects Fund	Nonmajor Governmental Funds	Transit Enterprise Fund	
Due From				
Governmental Funds:				
General Fund	\$ 7,379,290	\$ 120	\$ 7,125,112	\$ 14,504,522

The above amounts represents short-term borrowing from deficits in the pooled cash account.

B. Transfers

During the year ended June 30, 2025, the City had the following transfers:

	Transfers In			Total
	Governmental Funds			
	General Fund	General City Capital Projects Fund	Nonmajor Governmental Funds	
Transfers Out				
Governmental Funds:				
General Fund	\$ -	\$ 970,901	\$ 2,915,000	\$ 3,885,901
Nonmajor Governmental Funds	505,226	-	-	505,226
	<u>\$ 505,226</u>	<u>\$ 970,901</u>	<u>\$ 2,915,000</u>	<u>\$ 4,391,127</u>

Transfers of \$505,226 from nonmajor governmental funds were made to the General Fund to provide funding for street and road related expenditures and rideshare costs.

The General Fund transferred a total of \$970,901 and \$2,915,000 to the General City Capital Projects Fund and nonmajor governmental funds, respectively, for debt service-related costs, capital projects costs, and special revenue operating costs.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Capital Assets

A. Governmental Activities

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

	Balance July 1, 2024	Additions	Deletions	Reclassification	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 12,946,340	\$ -	\$ -	\$ -	\$ 12,946,340
Construction in progress	7,979,927	24,418,022	-	(2,637,270)	29,760,679
Total capital assets, not being depreciated	20,926,267	24,418,022	-	(2,637,270)	42,707,019
Capital assets, being depreciated:					
Buildings	43,210,991	-	-	-	43,210,991
Improvements	21,174,610	-	-	892,844	22,067,454
Machinery and equipment	8,451,671	1,793,116	(293,963)	-	9,950,824
Infrastructure	137,427,822	-	-	1,744,426	139,172,248
Total capital assets, being depreciated	210,265,094	1,793,116	(293,963)	2,637,270	214,401,517
Less accumulated depreciation for:					
Buildings	(32,760,580)	(1,104,677)	-	-	(33,865,257)
Improvements	(11,063,984)	(609,077)	-	-	(11,673,061)
Machinery and equipment	(6,816,242)	(412,991)	293,963	-	(6,935,270)
Infrastructure	(87,514,905)	(1,627,256)	-	-	(89,142,161)
Total accumulated depreciation	(138,155,711)	(3,754,001)	293,963	-	(141,615,749)
Total capital assets, being depreciated, net	72,109,383	(1,960,885)	-	2,637,270	72,785,768
Intangible capital assets, being amortized:					
Right-to-use lease assets - equipment	1,531,528	314,626	(343,916)	-	1,502,238
Right-to-use subscription assets - equipment	286,013	506,936	-	-	792,949
Total intangible capital assets, net	1,817,541	821,562	(343,916)	-	2,295,187
Less accumulated amortization for:					
Right-to-use lease assets - equipment	(438,340)	(292,530)	343,916	-	(386,954)
Right-to-use subscription assets - equipment	(57,006)	(169,753)	-	-	(226,759)
Total accumulated amortization	(495,346)	(462,283)	343,916	-	(613,713)
Total intangible capital assets, being amortized, net	1,322,195	359,279	-	-	1,681,474
Total capital assets, net	\$ 94,357,845	\$ 22,816,416	\$ -	\$ -	\$ 117,174,261

Depreciation and amortization expense was charged to functions/programs of governmental activities for the year ended June 30, 2025 as follows:

General government	\$ 1,117,298
Public works	1,822,252
Parks, recreation and culture	1,103,433
Library	173,301
Total	\$ 4,216,284

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Reclassification	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 2,755,498	\$ -	\$ -	\$ -	\$ 2,755,498
Total capital assets, not being depreciated	<u>2,755,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,755,498</u>
Capital assets, being depreciated:					
Buildings and improvements	13,112,526	-	-	-	13,112,526
Machinery and equipment	19,635,165	37,935	(59,831)	-	19,613,269
Total capital assets, being depreciated	<u>32,747,691</u>	<u>37,935</u>	<u>(59,831)</u>	<u>-</u>	<u>32,725,795</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,998,265)	(380,361)	-	-	(7,378,626)
Machinery and equipment	(11,282,722)	(1,184,662)	59,831	-	(12,407,553)
Total accumulated depreciation	<u>(18,280,987)</u>	<u>(1,565,023)</u>	<u>59,831</u>	<u>-</u>	<u>(19,786,179)</u>
Total capital assets, being depreciated, net	<u>14,466,704</u>	<u>(1,527,088)</u>	<u>-</u>	<u>-</u>	<u>12,939,616</u>
Intangible capital assets, being amortized:					
Water rights	2,141,222	-	-	-	2,141,222
Total intangible capital assets, net	<u>2,141,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,141,222</u>
Less accumulated amortization for:					
Water rights	(1,684,107)	(30,474)	-	-	(1,714,581)
Total accumulated amortization	<u>(1,684,107)</u>	<u>(30,474)</u>	<u>-</u>	<u>-</u>	<u>(1,714,581)</u>
Total intangible capital assets, being amortized, net	<u>457,115</u>	<u>(30,474)</u>	<u>-</u>	<u>-</u>	<u>426,641</u>
Total capital assets, net	<u>\$ 17,679,317</u>	<u>\$ (1,557,562)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,121,755</u>

Depreciation and amortization expense was charged to functions/programs of business-type activities for the year ended June 30, 2025 as follows:

Transit	\$ 1,402,993
CNG/LNG	92,291
Water	100,213
Total	<u>\$ 1,595,497</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (as restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Governmental Activities:						
2014 JPFA Revenue Bonds	\$ 6,610,000	\$ -	\$ (470,000)	\$ 6,140,000	\$ 495,000	\$ 5,645,000
Premium on bond	622,408	-	(60,234)	562,174	60,234	501,940
2021 Pension Obligation Bond	27,875,000	-	(1,525,000)	26,350,000	1,535,000	24,815,000
Subtotal	<u>35,107,408</u>	<u>-</u>	<u>(2,055,234)</u>	<u>33,052,174</u>	<u>2,090,234</u>	<u>30,961,940</u>
Finance purchase	-	1,411,537	(175,276)	1,236,261	183,408	1,052,853
Lease payable	1,097,928	314,626	(276,172)	1,136,382	291,482	844,900
Subscription payable	202,316	506,936	(164,345)	544,907	168,586	376,321
Compensated absences*	5,122,981	-	(1,490,587)	3,632,394	1,104,864	2,527,530
Claims payable	859,237	1,087,773	(587,064)	1,359,946	515,790	844,156
Total governmental activities	<u>\$ 42,389,870</u>	<u>\$ 3,320,872</u>	<u>\$ (4,748,678)</u>	<u>\$ 40,962,064</u>	<u>\$ 4,354,364</u>	<u>\$ 36,607,700</u>

* The change in the compensated absences liability is presented as a net change.

2014 JPFA Revenue Bonds

In September 2014, the City of Commerce Joint Powers Financing Authority issued \$10,000,000 in Community Center Lease Revenue Bonds. The bonds are limited obligations of the JPFA payable from and secured by Revenues, consisting of Base Rental Payment to be made by the City to the JPFA pursuant to a Facility Lease, dated as of September 1, 2014. The bonds were composed of \$7,200,000 serial bonds with interest rates ranging from 2% to 5% and maturity dates from 2015 through 2030, \$2,800,000 term bonds with an interest rate of 5.00% maturing in 2034. The bonds were issued to refund the JPFA's outstanding Community Center Lease Revenue Bonds, Series 2004. This difference between the cash flows required to service the old debt and the cash flows required to service the new debt was \$3.4 million. The amount outstanding at June 30, 2025 is \$6,140,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Payments
2026	\$ 495,000	\$ 282,738	\$ 777,738
2027	520,000	257,363	777,363
2028	550,000	233,706	783,706
2029	570,000	211,650	781,650
2030	590,000	185,500	775,500
2031-2035	3,415,000	444,125	3,859,125
Total	<u>\$ 6,140,000</u>	<u>\$ 1,615,082</u>	<u>\$ 7,755,082</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2021 Pension Obligation Bond

On August 1, 2021, the City of Commerce issued \$27,875,000 Taxable Pension Obligation Bonds to pay all or a portion of the City’s unfunded accrued actuarial liability to the California Public Employee’s Retirement System with respect to the City’s defined benefit retirement plans for City employees. The interest is payable semi-annually on the February 1st and August 1st. The interest rate on the bonds varies from 0.667% to 2.839% and mature August 1, 2041. The amount outstanding at June 30, 2025 is \$26,350,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Payments
2026	\$ 1,535,000	\$ 602,692	\$ 2,137,692
2027	1,555,000	585,885	2,140,885
2028	1,575,000	564,705	2,139,705
2029	1,600,000	539,323	2,139,323
2030	1,630,000	510,548	2,140,548
2031-2035	8,695,000	2,002,820	10,697,820
2036-2040	7,705,000	861,672	8,566,672
2041-2042	2,055,000	55,841	2,110,841
Total	<u>\$ 26,350,000</u>	<u>\$ 5,723,486</u>	<u>\$ 32,073,486</u>

Finance Purchase

In September 19, 2024, the City of Commerce entered into a finance purchase arrangement to acquire two MCI buses. The total amount financed was \$1,411,037 with a term of 84 months and annual payments beginning September 19, 2024. The interest rate on the financing is 3.705%, and the agreement includes a \$1.00 purchase option at maturity on September 19, 2030. The amount outstanding at June 30, 2025 was \$1,236,261.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 183,408	\$ 57,355	\$ 240,763
2027	191,917	48,846	240,763
2028	200,821	39,942	240,763
2029	210,138	30,625	240,763
2030	219,887	20,876	240,763
2031	230,090	10,675	240,765
Total	<u>\$ 1,236,261</u>	<u>\$ 208,319</u>	<u>\$ 1,444,580</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Liabilities

The City has entered into lease agreements with Enterprise Fleet Management for vehicles with terms of 60-months. Lease payments are due on the 1st of each month. The calculated interest rates range from 2.822% to 3.651%. In the event of default, the lease shall be deemed terminated. Outstanding lease liabilities at June 30, 2025 was in the amount of \$1,136,382.

Future lease payments under the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 291,482	\$ 36,255	\$ 327,737
2027	302,135	25,602	327,737
2028	308,095	14,587	322,682
2029	219,882	4,054	223,936
2030	14,788	83	14,871
Total	<u>\$ 1,136,382</u>	<u>\$ 80,581</u>	<u>\$ 1,216,963</u>

Subscription Liabilities

The City has entered into subscription for information technology arrangements. The terms of the arrangements range from 36 to 72 months with an implicit interest rates of 2.93 to 3.69%. Outstanding subscription liabilities at June 30, 2025 was in the amount of \$554,907.

Principal and interest to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 168,586	\$ 14,551	\$ 183,137
2027	160,506	8,680	169,186
2028	106,154	4,568	110,722
2029	53,822	2,457	56,279
2030	55,839	438	56,277
Total	<u>\$ 544,907</u>	<u>\$ 30,694</u>	<u>\$ 575,601</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (as restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Business-type Activities:						
Compensated absences*	\$ 1,259,465	\$ -	\$ (274,340)	\$ 985,125	\$ 367,172	\$ 617,953
Claims payable	65,679	14,374	(7,270)	72,783	16,157	56,626
Total business-type activities	<u>\$ 1,325,144</u>	<u>\$ 14,374</u>	<u>\$ (281,610)</u>	<u>\$ 1,057,908</u>	<u>\$ 383,329</u>	<u>\$ 674,579</u>

* The change in the compensated absences liability is presented as a net change.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

Summary of changes in long-term liabilities for fiduciary activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Successor Agency:						
2016 A & B Tax Allocation						
Refunding Bonds	\$ 23,460,000	\$ -	\$ (6,960,000)	\$ 16,500,000	\$ 1,655,000	\$ 14,845,000
2018 Tax Allocation Bonds	11,510,000	-	-	11,510,000	4,630,000	6,880,000
Pollution Redeption Obligation	4,710,900	-	(1,335,300)	3,375,600	1,170,200	2,205,400
Due to City of Commerce	3,014,695	-	(3,014,695)	-	-	-
Subtotal	<u>42,695,595</u>	<u>-</u>	<u>(11,309,995)</u>	<u>31,385,600</u>	<u>7,455,200</u>	<u>23,930,400</u>
Premium on bonds:						
2016 Tax Allocation Refunding Bonds	799,784	-	(72,707)	727,077	72,707	654,370
2018 Tax Allocation Bonds	1,110,823	-	(370,274)	740,549	370,274	370,275
Subtotal	<u>1,910,607</u>	<u>-</u>	<u>(442,981)</u>	<u>1,467,626</u>	<u>442,981</u>	<u>1,024,645</u>
Total successor agency	<u>\$ 44,606,202</u>	<u>\$ -</u>	<u>\$ (11,752,976)</u>	<u>\$ 32,853,226</u>	<u>\$ 7,898,181</u>	<u>\$ 24,955,045</u>

2016 A & B Tax Allocation Refunding Bonds

In March 2016, the Successor Agency to the Commerce Community Development Commission issued \$41,625,000 in Tax Allocation Refunding Bonds. The bonds were issued for the purpose of refunding certain obligations of the former Commerce Community Development Commission’s 2003 Series A-1 Tax Allocation Bonds, 2003 Series A-H Tax Allocation Bonds, 2003 Series A-E Tax Allocation Bonds, and the Series 1998A Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liabilities have been removed from the Statement of Fiduciary Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$585,557. This amount is being amortized over the remaining life of either the old or new the debt, whichever has a shorter life. Interest on the bonds accrues at rates between 3.0% and 5.0% and are payable on February 1 and August 1. Bonds mature in various amounts ranging from \$755,000 to \$6,960,000 through 2035. The amount outstanding at June 30, 2025 is \$16,500,000.

The annual debt service requirements are as follows:

Year Ending June 30,	2016 A		2016 B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 900,000	\$ 654,328	\$ 755,000	\$ 11,797	\$ 1,655,000	\$ 666,125
2027	1,710,000	577,281	-	-	1,710,000	577,281
2028	1,760,000	490,531	-	-	1,760,000	490,531
2029	1,620,000	406,031	-	-	1,620,000	406,031
2030	1,700,000	323,031	-	-	1,700,000	323,031
2031-2035	6,725,000	706,384	-	-	6,725,000	706,384
2036	1,330,000	20,781	-	-	1,330,000	20,781
Total	<u>\$ 15,745,000</u>	<u>\$ 3,178,367</u>	<u>\$ 755,000</u>	<u>\$ 11,797</u>	<u>\$ 16,500,000</u>	<u>\$ 3,190,164</u>

2018 Tax Allocation Bonds

In March 2018, the Successor Agency to the Commerce Community Development Commission (CDC) issued \$29,720,000 in Tax Allocation Refunding Bonds. The bonds were issued for the purpose of refunding certain obligations of the former Commerce Community Development Commission’s 2007 Tax Allocation Bonds and 2007 JPFA Revenue Bonds.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2018 Tax Allocation Bonds (Continued)

As a result, the refunded bonds are considered to be defeased and the liabilities have been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$6,846,417. This amount is recorded as a deferred loss on refunding and being amortized over the remaining life of either the old or new the debt, whichever has a shorter life. Interest on the bonds accrues at 5.0% and are payable on February 1 and August 1. Bonds mature in various amounts ranging from \$1,845,000 to \$5,035,000 through 2027. The amount outstanding at June 30, 2025 is \$11,510,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 4,630,000	\$ 459,750	\$ 5,089,750
2027	1,845,000	287,385	2,132,385
2028	5,035,000	115,385	5,150,385
Total	<u>\$ 11,510,000</u>	<u>\$ 862,520</u>	<u>\$ 12,372,520</u>

Pollution Remediation Obligation

The Successor Agency to the former Commerce Community Development Commission is engaged in ongoing environmental remediation activities at the former Specific Plating facility, located at 1350 South Eastern Avenue. This site is being addressed under the oversight of the California Department of Toxic Substances Control (“DTSC”) through a Voluntary Cleanup Agreement. The Successor Agency contracted GSI Environmental Inc. to perform the environmental work. Initial remediation activities began under a June 1, 2018 agreement. These activities were approved for funding through the Recognized Obligation Payment Schedule (“ROPS”) as an enforceable obligation of the former Redevelopment Agency. All costs associated with the remediation are eligible for reimbursement from Redevelopment Property Tax Trust Fund (“RPTTF”) allocations. The City will continue to evaluate and report updated cost estimates and obligations as additional information becomes available. The amount outstanding at June 30, 2025 is \$3,375,600.

The annual obligation requirements are as follows:

Year Ending June 30,	Principal
2026	\$ 1,170,200
2027	1,330,200
2028	875,200
Total	<u>\$ 3,375,600</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

Due to City of Commerce

The Successor Agency assumed a City Loan for the purchase of property originally executed on March 3, 1992, between the former Redevelopment Agency and the City of Commerce. The loan was recognized as an enforceable obligation of the former Redevelopment Agency and approved through the Recognized Obligation Payment Schedule (“ROPS”) process. The loan was payable from property tax revenues allocated to the Redevelopment Property Tax Trust Fund (“RPTTF”) and distributed by the County of Los Angeles Auditor-Controller pursuant to approved ROPS. The related loan payable to the City of Commerce was fully repaid as of June 30, 2025.

Pledged Revenue

The Successor Agency has pledged tax revenues to the repayment of the former Redevelopment Agency’s debts through the final maturity of the loans, or early retirement of the loans, whichever comes first. Tax revenues consist of property tax revenues allocated to the Redevelopment Property Tax Trust Fund (“RPTTF”) for the Successor Agency that is maintained by the County of Los Angeles Auditor and Controller. The amounts so allocated are those that would have been allocated to the RDA had the RDA not been dissolved. The Auditor and Controller (“A&C”) then distributes RPTTF revenues to the Successor Agency based on Recognized Obligation Payment Schedules (“ROPS”) as approved by the California State Department of Finance (“DOF”) and after deducting amounts for A&C administrative costs and amounts required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the loans. Each ROPS covers a six-month period and includes the applicable debt service payments on the loans. The RPTTF revenue distributed to the Successor Agency in fiscal year 2025 was \$12,365,917. The total amount of pledged revenues related to outstanding enforceable obligations as of June 30, 2025 was \$8,296,772.

Note 8 – Self Insurance Programs

A. General Liability

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (the “CJPIA”). The CJPIA is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Self Insurance Programs (Continued)

A. General Liability (Continued)

Primary Self-Insurance Programs of the Authority

Liability coverage includes auto liability, employment practices liability, public officials' errors and omissions, bodily injury, personal injury, third party property damage, advertising injury, and employee benefit administration liability. The City has a retained limit of \$250,000 per occurrence. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the CJPIA's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Purchased Insurance

The City also participates in the following coverage programs provided by the CJPIA:

Property Insurance

This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. The total insured value of scheduled City property is \$152,544,954. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

This coverage is part of the Property Protection Program. The City has total insured values of \$5,214,622 scheduled for coverage under this program. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Pollution Legal Liability Insurance Program

The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The CJPIA has an aggregate limit of \$20 million.

Crime Insurance

Formerly called Blanket Fidelity Bond, this policy covers faithful performance, depositor's forgery, theft of money and securities, and computer fraud related to the transfer of money. The policy limit is \$1,000,000, and the deductible is \$2,500.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Self Insurance Programs (Continued)

B. Workers’ Compensation

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City uses the General and Transit Funds to account for and finance risks for workers’ compensation. Excess insurance is provided by Municipal Insurance Cooperative JPA (“MIC”). This policy is designed to cover claims in excess of the City’s retention of \$1,000,000 per occurrence, for Workers’ Compensation. Under this policy, the City recovers claims in excess of the self-insured retention of \$250,000 per occurrence, and provides workers’ compensation coverage up to \$750,000 per occurrence.

The claims and judgements liability reported in the General and Transit Funds are based on the requirements of Governmental Accounting Standards Board Statements Nos. 10 and 30, which requires that a liability for claims and judgements be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2025, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$1,432,729 of which \$531,947 represents the current portion.

During the past three fiscal (claims) years, none of the above programs of protection have had any settlements or judgements that exceeded pooled or insured coverage. There have been no significant reductions in insured liability coverage in the prior year.

Changes in the Workers’ Compensation claims and judgments payable amounts for the three years ended June 30, 2025 are as follows:

Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year		Balance at Fiscal Year End
		Claims and Changes in Estimates	Claim Payments	
2023	\$ 680,445	\$ 809,006	\$ (512,893)	\$ 976,558
2024	976,558	463,046	(514,688)	924,916
2025	924,916	1,102,147	(594,334)	1,432,729

Note 9 – Defined Benefit Pension Plans

A. General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from <https://www.calpers.ca.gov/page/forms-publications>.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Below is the summary of the plans' provisions and benefits in effect for the year ended June 30, 2025, for which the City has contracted:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.750%
Required contribution during measurement period	11.660%	11.660%

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

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.

Employees Covered by Benefit Terms

At June 30, 2023, valuation date, the following employees were covered by the benefit terms:

	Miscellaneous
Active employees	149
Transferred members	43
Terminated members	37
Retired Employees and Beneficiaries	230
Total	459

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liabilities

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2024 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	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, 2.30% thereafter

¹The mortality table used 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.

Change of Assumption

There was no changes in assumptions in 2024.

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. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

B. Net Pension Liabilities (Continued)

Long-term Expected Rate of Return (Continued)

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

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
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%	0.5
Investment Grade Corporates	10.00%	1.56
High yield	5.00%	2.27
Emerging Market Debt	5.00%	2.48
Private equity	5.00%	3.57
Real assets	15.00%	3.21
Leverage	-5.00%	(0.59)
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management Study.

Discount Rate

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

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

C. Changes in the Net Pension Liability

The following table shows the change in net pension liability over the measurement period:

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (Valuation Date)	\$ 135,186,155	\$ 119,408,388	\$ 15,777,767
Changes Recognized for the Measurement Period:			
Service Cost	2,093,660	-	2,093,660
Interest on the total pension liability	9,041,219	-	9,041,219
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,393,542)	-	(1,393,542)
Contributions from the employer	-	1,414,883	(1,414,883)
Contributions from employees	-	923,064	(923,064)
Net investment income	-	11,106,208	(11,106,208)
Benefit payments, including refunds of employee contributions	(7,614,586)	(7,614,586)	-
Administrative expenses	-	(97,163)	97,163
Net Changes during July 1, 2023 to June 30, 2024	2,126,751	5,732,406	(3,605,655)
Balance at June 30, 2024 (Measurement Date)	<u>\$ 137,312,906</u>	<u>\$ 125,140,794</u>	<u>\$ 12,172,112</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the City'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:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
	Miscellaneous Plan	<u>\$ 29,402,073</u>	<u>\$ 12,172,112</u>

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.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension expense in the amount of \$3,419,258. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 981,564	\$ -
Changes of assumptions	119,457	-
Difference between expected and actual experience	317,039	(1,028,022)
Net difference between projected and actual earning on pension plan investments	2,349,844	-
Total	\$ 3,767,904	\$ (1,028,022)

The amounts above are net of outflows and inflows recognized in the 2023-2024 measurement period expense.

The expected average remaining service lifetime (“EARSLS”) 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 EARSLS for risk pool for the 2023-2024 measurement period is 3.3 years, which was obtained by dividing the total service years of 1,494 (the sum of remaining service lifetimes of the active employees) by 459 (the total number of participants: active, inactive, and retired).

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$981,564 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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

Measurement Period Ending June 30	Deferred Outflows/ (Inflows) of Resources
2025	\$ 279,772
2026	2,640,020
2027	(549,315)
2028	(612,159)
2029	-
Thereafter	-
	\$ 1,758,318

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Other Postemployment Benefits (“OPEB”) Plan

A. General Information about the OPEB Plan

Plan Description

The City administers an agent multiple employers defined benefit plan with medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. After age 65, Medicare automatically becomes the primary provider of health coverage. The City’s defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City’s cost of health coverage as the secondary provider. The City’s defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees’ health coverage.

Employees Covered by Benefit Term

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a PERS pension. As of the June 30, 2024 measurement date, the following participants were covered by the benefit terms:

Active employees	157
Retirees and beneficiaries	139
Inactive with deferred benefits	14
Total	310

Contributions

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). In fiscal year 2014-15, the City opened an irrevocable trust with PARS for funding the obligation. For the year ending June 30, 2025, the City contributed \$2,159,379 for current premiums and implied subsidy.

B. Net OPEB Liability

The City's net OPEB liability is based on a June 30, 2024 valuation with liabilities and assets measured as of June 30, 2024.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rates	4.01% per annum as of June 30, 2024 3.74% per annum as of June 30, 2023
General Inflation	2.5% per annum
Salary Increases	2.75% per annum, in aggregate
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Scale MP-2021 Projection Scale
Healthcare Cost Trend Rates	Non-Medicare - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 5.45% for 2027, decreasing to an ultimate rate of 3.45% in 2076.

Change in Assumptions

The discount rate was changed from 3.74% at June 30, 2023 to 4.01% at June 30, 2024 measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.01%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Expected Long-Term Rates of Return

Asset Class	Target Allocation PARS-Moderate	Expected Real Rate of Return
Global Equity	50%	4.56%
Fixed Income	45%	0.78%
Cash	5%	(0.50%)
Total	100%	
Assumed Long-term rate of inflation is 2.5%.		
Long-term expected rate of return is 5.50%.		

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

C. Changes in the Net OPEB Liability

The following presents the changes in the net OPEB liability for the governmental activities’ Retiree Health Plan:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023	\$ 63,025,590	\$ 3,595,202	\$ 59,430,388
Changes recognized for the measurement period:			
Service cost	2,208,203	-	2,208,203
Interest on the total OPEB liability	2,401,411	-	2,401,411
Difference between expected and actual experience	402,546	-	402,546
Changes of assumptions	(3,769,569)	-	(3,769,569)
Contributions from the employer	-	2,053,891	(2,053,891)
Net investment income	-	409,620	(409,620)
Benefit payments, including refunds of employee contributions	(2,049,915)	(2,049,915)	-
Administrative expense	-	(13,260)	13,260
Net Changes during July 1, 2023 to June 30, 2024	(807,324)	400,336	(1,207,660)
Balance at June 30, 2024 (Measurement Date)	\$ 62,218,266	\$ 3,995,538	\$ 58,222,728

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

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.01%) or one percentage point higher (5.01%) follows:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (3.01%)	Current Discount Rate (4.01%)	Discount Rate + 1% (5.01%)
\$ 68,058,681	\$ 58,222,728	\$ 50,270,983

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

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

Plan's Net OPEB Liability/(Asset)		
1% Decrease	Current Trend Rate	1% Increase
\$ 49,423,895	\$ 58,222,728	\$ 69,305,480

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized an OPEB expense of \$2,525,051. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 2,159,379	\$ -
Changes of assumptions	251,531	6,051,280
Difference between expected and actual experience	329,356	1,086,164
Net difference between projected and actual earnings on plan investments	-	24,721
Total	\$ 2,740,266	\$ 7,162,165

Deferred outflows of resources related to OPEB resulting from City’s contributions subsequent to the measurement date in the amount of \$2,159,379 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows /(Inflows) of Resources
2026	\$ (2,352,153)
2017	(1,882,078)
2028	(1,339,122)
2029	(701,832)
2030	(306,093)
Thereafter	-
	\$ (6,581,278)

Note 11 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan is available to all employees and permits them to defer a portion of their salary until future years. Participation in the plan is optional and compensation, once deferred, is not available to employees until termination, retirement, death, or unforeseeable emergency.

The ICMA Retirement Corporation, one of the City’s two deferred compensation plan administrators, holds all plan assets in a trust account for the exclusive benefit of the plan participants. Aetna Life Insurance and Annuity Company, the other plan administrator, maintains all of the plan assets in an annuity contract for the exclusive benefit of the plan participants. The amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such account for the exclusive benefit of the City employee participant and their beneficiaries.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Deferred Compensation Plan (Continued)

While the City has the power and authority to administer and adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The assets of the plan are not owned by the City and the City has no liability for losses under the plan.

Note 12 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 is reported as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds		
			Transit	CNG/LNG	Water
Total capital assets, net	\$ 117,174,261	\$ 16,121,755	\$ 12,722,836	\$ 2,720,546	\$ 678,373
Capital related debt	(9,619,724)	-	-	-	-
Retentions payable	(1,437,256)	-	-	-	-
Net investment in capital assets	<u>\$ 106,117,281</u>	<u>\$ 16,121,755</u>	<u>\$ 12,722,836</u>	<u>\$ 2,720,546</u>	<u>\$ 678,373</u>

Note 13 – Classification of Fund Balances

At June 30, 2025, fund balances are classified in the governmental funds as follows:

	General	General City Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid items and deposits	\$ 468,840	\$ -	\$ -	\$ 468,840
Land held for development	19,535,000	-	-	19,535,000
Total nonspendable	<u>20,003,840</u>	<u>-</u>	<u>-</u>	<u>20,003,840</u>
Restricted:				
Community development projects	-	-	60,011	60,011
Public safety	-	-	234,032	234,032
Low and moderate housing	-	-	2,228,603	2,228,603
Transportation	-	-	726,767	726,767
Public works	-	-	2,036,654	2,036,654
Capital projects	-	3,342,193	-	3,342,193
Debt service	-	-	2,201	2,201
Pension	3,529,621	-	-	3,529,621
Total restricted	<u>3,529,621</u>	<u>3,342,193</u>	<u>5,288,268</u>	<u>12,160,082</u>
Committed:				
Capital projects	12,796,957	-	-	12,796,957
Community development	-	-	1,974,109	1,974,109
Total committed	<u>12,796,957</u>	<u>-</u>	<u>1,974,109</u>	<u>14,771,066</u>
Unassigned (deficit)	<u>115,692,504</u>	<u>(2,189,927)</u>	<u>-</u>	<u>113,502,577</u>
Total fund balances	<u>\$ 152,022,922</u>	<u>\$ 1,152,266</u>	<u>\$ 7,262,377</u>	<u>\$ 160,437,565</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Tax Abatement

The City enters into various tax abatement agreements for the purpose of attracting or retaining businesses within the City’s jurisdiction. The Successor Agency has also entered into various tax abatement agreements that was also for the purpose of attracting or retaining businesses within the jurisdiction of the former Redevelopment Agency of the City.

The City has an agreement with a transportation/logistics company to pay that company a percentage of all sales tax revenue generated in excess of \$40,000,000. During the fiscal year, the City abated sales tax revenue of \$535,731 to that fuel distributor.

Note 15 – Commitments and Contingencies

Under the terms of federal, county, and state grants, periodic audits are required and certain costs may be questioned as not appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. If expenditures were disallowed, the City believes such disallowances, if any, would be immaterial.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have material adverse effect on the financial position of the City.

Note 16 – Individual Fund Disclosure

Funds with deficit fund balances at June 30, 2025 are as follows:

Funds	Amount
Proprietary Funds:	
Transit	\$ (14,259,027)

The City plans to eliminate the deficit fund balances by utilizing surplus revenue from the City’s CNG/LNG station.

Note 17 – Certain Risk Disclosures

The City derives approximately 40 percent of its General Fund revenues from gaming operations located within the City. These revenues primarily consist of license taxes generated by cardroom activities and represent a significant revenue concentration. In September 2024, the State of California enacted SB 549 into law, granting federally recognized tribal governments the legal standing to file lawsuits against commercial cardrooms on alleged violations of exclusive gaming rights. Based on preliminary scenario-based planning, management estimates that the potential annualized impact to General Fund revenues could range from approximately \$8.0 million to \$18.0 million. As of June 30, 2025, and the outcome of SB 549–related matters remains uncertain, no revenue reductions have been recognized in the accompanying financial statements.

To mitigate this risk, the City maintains strong reserve levels and liquidity, has implemented enhanced expenditure monitoring and identified potential cost containment measures, and is pursuing revenue diversification strategies, including consideration of a local transactions and use tax measure. Management will continue to monitor developments and evaluate financial impacts as additional information becomes available.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 18 – Restatement of Beginning Net Position and Fund Balances

Restatement of beginning net position and fund balances are as follows:

	June 30, 2024 As Previously Reported	Changes Within the Financial Reporting Entity	Impelmentation of GASB 101	June 30, 2024 As Restated
Government-Wide				
Governmental Activities	\$ 173,911,636	\$ -	\$ (1,904,177)	\$ 172,007,459
Business-Type Activities	(2,916,328)	-	(589,096)	(3,505,424)
Total primary government	<u>\$ 170,995,308</u>	<u>\$ -</u>	<u>\$ (2,493,273)</u>	<u>\$ 168,502,035</u>
Governmental Funds:				
Major Funds:				
General Fund	\$ 155,757,029	\$ -	\$ -	\$ 155,757,029
General City Capital Projects Fund	-	8,289,681	-	8,289,681
Nonmajor Funds	14,842,099	(8,289,681)	-	6,552,418
Total Governmental Funds	<u>\$ 170,599,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,599,128</u>
Proprietary Funds:				
Major Funds:				
Transit Fund	\$ (10,698,819)	\$ -	\$ (589,096)	\$ (11,287,915)
CNG/LNG Fund	4,011,986	-	-	4,011,986
Water Fund	3,770,505	-	-	3,770,505
Total Proprietary Funds	<u>\$ (2,916,328)</u>	<u>\$ -</u>	<u>\$ (589,096)</u>	<u>\$ (3,505,424)</u>

Changes Within the Financial Reporting Entity

The General City Capital Projects Fund changed from a nonmajor fund to a major fund (\$8,289,681).

Implementation of GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ended June 30, 2025, the City 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 year 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 to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed. The effect of the restatement is as shown above.

Note 19 – Subsequent Event

On February 6, 2026, the California Attorney General finalized new gaming regulations, effective April 1, 2026, restricting certain gaming activities, including blackjack-style games and the use of third-party proposition player services. This regulatory development would materially affect cardroom operations and related City revenues.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 19 – Subsequent Event (Continued)

On February 24, 2026, the City declared a fiscal emergency pursuant to Article XII C, Section 2(b) of the California Constitution. Casino related revenues currently account for approximately forty percent (40%) of the City's General Fund and generate in excess of \$30 million annually. These revenues support essential City services including law enforcement, emergency response, youth and senior programming, library services, park maintenance, infrastructure improvements, and community services. In response to the anticipated revenue loss, the City called for a consolidated special election to be held on June 2, 2026 for 1/4 cent (0.25%) Transaction and Use Tax measure, which is estimated to generate approximately \$4.5 million annually for general government use.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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City of Commerce
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 44,050,278	\$ 44,050,278	\$ 46,675,178	\$ 2,624,900
Casino license tax	29,370,000	29,370,000	30,563,683	1,193,683
Licenses and permits	5,433,950	5,433,950	7,283,632	1,849,682
Intergovernmental	388,300	541,585	2,891,286	2,349,701
Charges for services	1,872,797	1,880,996	2,050,164	169,168
Activity fees	188,502	253,639	514,423	260,784
Fines, forfeitures, and penalties	1,308,200	1,308,200	1,567,406	259,206
Use of money and property	1,000,000	1,000,000	2,653,525	1,653,525
Miscellaneous	300,603	300,603	1,161,678	861,075
Total revenues	<u>83,912,630</u>	<u>84,139,251</u>	<u>95,360,975</u>	<u>11,221,724</u>
EXPENDITURES:				
Current:				
General government	16,266,859	18,156,544	17,288,849	867,695
Community development	1,208,769	1,212,769	395,225	817,544
Public safety	28,281,781	28,790,868	28,214,076	576,792
Public works	18,683,460	30,361,430	17,218,908	13,142,522
Library	3,571,101	3,802,453	3,800,511	1,942
Parks, recreation and culture	9,941,609	10,909,245	9,980,942	928,303
Capital outlay	11,613,162	34,828,034	20,610,886	14,217,148
Debt service:				
Principal retirement	253,060	253,060	615,793	(362,733)
Interest and fiscal charges	-	-	125,717	(125,717)
Total expenditures	<u>89,819,801</u>	<u>128,314,403</u>	<u>98,250,907</u>	<u>30,063,496</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,907,171)</u>	<u>(44,175,152)</u>	<u>(2,889,932)</u>	<u>41,285,220</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	800,000	505,226	(294,774)
Transfers out	(2,145,000)	(3,863,201)	(3,885,901)	(22,700)
Proceeds from sale of assets	-	-	303,401	303,401
Issuance of lease liabilities	-	-	314,626	314,626
Issuance of subscription liabilities	-	-	506,936	506,936
Issuance of finance purchase	-	-	1,411,537	1,411,537
Total other financing sources (uses)	<u>(1,345,000)</u>	<u>(3,063,201)</u>	<u>(844,175)</u>	<u>2,219,026</u>
NET CHANGE IN FUND BALANCE	<u>\$ (7,252,171)</u>	<u>\$ (47,238,353)</u>	<u>(3,734,107)</u>	<u>\$ 43,504,246</u>
FUND BALANCE:				
Beginning of year			155,757,029	
End of year			<u>\$ 152,022,922</u>	

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City of Commerce
Required Supplementary Information
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2025

Budget and Budgetary Accounting

The City of Commerce, a general-law city in the State of California, does not legally require a budget. Each May, the City Administrator submits a proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. Budgetary controls are maintained at the fund level. Management may transfer amounts within the function level within a fund without the approval of City Council. Additional appropriations during the year may be submitted to the City Council for review and approval.

The City prepares its budgets on the basis of estimated revenues and expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis substantially consistent with generally accepted accounting principles. Encumbrance accounting is utilized during the fiscal year, whereby purchase orders, contracts and other commitments are recorded in order to control appropriations. However, at fiscal year end, all appropriations lapse. Accordingly, encumbrances are cancelled and generally are re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.

Annual budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. In fiscal year 2024-2025, no budget was adopted for the Supplemental Law Enforcement Special Revenue Fund, State Gas Tax Special Revenue Fund, Community Development Block Grant Special Revenue Fund, Air Quality Management District Special Revenue Fund, and Housing Special Revenue Fund. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2014-15	2015-16	2016-17	2017-18	2018-19
Total pension liability					
Service cost	\$ 1,550,187	\$ 1,662,850	\$ 1,989,007	\$ 2,000,050	\$ 2,088,263
Interest	6,869,505	7,177,076	7,385,664	7,644,908	8,029,232
Changes in benefit terms	-	-	-	-	-
Changes of assumptions	(1,650,414)	-	6,078,010	(762,647)	-
Differences between expected and actual experience	1,062,228	512,205	(490,554)	299,589	1,265,886
Benefit payments, including refunds of employee contributions	(4,937,517)	(4,997,904)	(5,226,953)	(5,355,765)	(5,803,808)
Net change in total pension liability	2,893,989	4,354,227	9,735,174	3,826,135	5,579,573
Total pension liability - beginning	92,079,312	94,973,301	99,327,528	109,062,702	112,888,837
Total pension liability - ending (a)	\$ 94,973,301	\$ 99,327,528	\$ 109,062,702	\$ 112,888,837	\$ 118,468,410
Pension fiduciary net position					
Contributions - employer	\$ 1,515,782	\$ 1,895,010	\$ 2,034,184	\$ 2,265,421	\$ 2,665,962
Contributions - employee	720,100	788,933	756,795	847,735	989,676
Net investment income	1,670,372	364,679	7,980,374	6,641,333	5,407,865
Benefit payments, including refunds of employee contributions	(4,937,517)	(4,997,904)	(5,226,953)	(5,355,765)	(5,803,808)
Administrative expense	(84,670)	(45,842)	(108,109)	(122,573)	(59,018)
Other miscellaneous income/ (expense) ¹	-	-	-	(232,961)	193
Net change in plan fiduciary net position	(1,115,933)	(1,995,124)	5,436,291	4,043,190	3,200,870
Plan fiduciary net position - beginning²	76,334,230	75,218,297	73,223,173	78,659,464	82,702,654
Plan fiduciary net position - ending (b)	\$ 75,218,297	\$ 73,223,173	\$ 78,659,464	\$ 82,702,654	\$ 85,903,524
Plan net pension liability - ending (a) - (b)	\$ 19,755,004	\$ 26,104,355	\$ 30,403,238	\$ 30,186,183	\$ 32,564,886
Plan fiduciary net position as a percentage of the total pension liability	79.20%	73.72%	72.12%	73.26%	72.51%
Covered payroll³	\$ 10,161,824	\$ 10,861,205	\$ 11,673,945	\$ 11,973,479	\$ 12,462,034
Plan net pension liability as a percentage of covered payroll	194.40%	240.34%	260.44%	252.11%	261.31%

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment.

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total pension liability					
Service cost	\$ 1,971,408	\$ 1,956,630	\$ 1,927,809	\$ 2,054,622	\$ 2,093,660
Interest	8,283,613	8,519,425	8,595,249	8,897,361	9,041,219
Changes in benefit terms	-	-	-	134,927	-
Changes of assumptions	-	-	3,703,131	-	-
Differences between expected and actual experience	(470,235)	(381,995)	(1,759,700)	893,471	(1,393,542)
Benefit payments, including refunds of employee contributions	(6,258,294)	(6,876,834)	(7,101,261)	(7,371,582)	(7,614,586)
Net change in total pension liability	3,526,492	3,217,226	5,365,228	4,608,799	2,126,751
Total pension liability - beginning	118,468,410	121,994,902	125,212,128	130,577,356	135,186,155
Total pension liability - ending (a)	\$ 121,994,902	\$ 125,212,128	\$ 130,577,356	\$ 135,186,155	\$ 137,312,906
Pension fiduciary net position					
Contributions - employer	\$ 3,010,008	\$ 3,280,476	\$ 28,816,820	\$ 1,817,957	\$ 1,414,883
Contributions - employee	826,978	756,081	729,151	772,426	923,064
Net investment income	4,257,013	19,560,972	(9,324,793)	6,969,578	11,106,208
Benefit payments, including refunds of employee contributions	(6,258,294)	(6,876,834)	(7,101,261)	(7,371,582)	(7,614,586)
Administrative expense	(121,103)	(87,525)	(64,942)	(86,262)	(97,163)
Other miscellaneous income/ (expense) ¹	-	-	-	-	-
Net change in plan fiduciary net position	1,714,602	16,633,170	13,054,975	2,102,117	5,732,406
Plan fiduciary net position - beginning²	85,903,524	87,618,126	104,251,296	117,306,271	119,408,388
Plan fiduciary net position - ending (b)	\$ 87,618,126	\$ 104,251,296	\$ 117,306,271	\$ 119,408,388	\$ 125,140,794
Plan net pension liability - ending (a) - (b)	\$ 34,376,776	\$ 20,960,832	\$ 13,271,085	\$ 15,777,767	\$ 12,172,112
Plan fiduciary net position as a percentage of the total pension liability	71.82%	83.26%	89.84%	88.33%	91.14%
Covered payroll³	\$ 11,854,528	\$ 11,937,948	\$ 10,627,391	\$ 11,094,073	\$ 11,366,234
Plan net pension liability as a percentage of covered payroll	289.99%	175.58%	124.88%	142.22%	107.09%

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment.

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 1,895,010	\$ 2,034,184	\$ 2,265,421	\$ 2,665,962	\$ 3,010,008
Contributions in relation to the actuarially determined contribution ¹	<u>(1,895,010)</u>	<u>(2,034,184)</u>	<u>(2,265,421)</u>	<u>(2,665,962)</u>	<u>(3,010,008)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll ²	<u>\$ 10,861,205</u>	<u>\$ 11,673,945</u>	<u>\$ 11,973,479</u>	<u>\$ 12,462,034</u>	<u>\$ 11,854,528</u>
Contributions as a percentage of covered payroll ²	17.45%	17.42%	18.92%	21.39%	25.39%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Includes one year's payroll growth using 2.80 percent growth assumption for fiscal year ended June 30, 2022 through 2024; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

City of Commerce
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Actuarially determined contribution	\$ 3,280,476	\$ 3,587,818	\$ 1,817,957	\$ 1,414,883	\$ 981,564
Contributions in relation to the actuarially determined contribution ¹	<u>(3,280,476)</u>	<u>(28,816,820)</u>	<u>(1,817,957)</u>	<u>(1,414,883)</u>	<u>(981,564)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (25,229,002)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	<u>\$ 11,937,948</u>	<u>\$ 10,627,391</u>	<u>\$ 11,094,073</u>	<u>\$ 11,366,234</u>	<u>\$ 11,684,489</u>
Contributions as a percentage of covered payroll ²	27.48%	271.16%	16.39%	12.45%	8.40%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Includes one year's payroll growth using 2.80 percent growth assumption for fiscal year ended June 30, 2022 through 2025; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll Growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	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.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
Service cost	\$ 2,234,000	\$ 2,300,649	\$ 2,029,528	\$ 2,529,281	\$ 2,548,186
Interest	2,294,000	2,509,423	2,386,306	2,361,171	1,834,245
Changes of assumptions	(3,068,000)	(6,043,482)	5,977,722	(1,405,720)	922,287
Differences between expected and actual experience	-	(4,522,194)	-	(2,772,589)	-
Benefit payments, including refunds	(1,666,000)	(1,698,028)	(1,676,840)	(1,721,539)	(1,741,680)
Net change in total OPEB liability	(206,000)	(7,453,632)	8,716,716	(1,009,396)	3,563,038
Total OPEB liability - beginning of the year	61,964,000	61,758,000	54,304,368	63,021,084	62,011,688
Total OPEB liability - end of the year (a)	<u>\$ 61,758,000</u>	<u>\$ 54,304,368</u>	<u>\$ 63,021,084</u>	<u>\$ 62,011,688</u>	<u>\$ 65,574,726</u>
OPEB fiduciary net position					
Contributions - employer	\$ 2,166,402	\$ 1,698,028	\$ 1,679,352	\$ 1,724,623	\$ 1,744,592
Contributions - employee	225,000	172,173			
Net investment income			168,198	103,963	705,834
Benefit payments, including refunds	(1,666,000)	(1,698,028)	(1,676,840)	(1,721,539)	(1,741,680)
Administrative expense	(6,000)	(7,181)	(7,348)	(10,844)	(11,713)
Net change in plan fiduciary net position	719,402	164,992	163,362	96,203	697,033
Plan fiduciary net position - beginning of year	2,035,000	2,754,402	2,919,394	3,082,756	3,178,959
Plan fiduciary net position - end of year (b)	<u>\$ 2,754,402</u>	<u>\$ 2,919,394</u>	<u>\$ 3,082,756</u>	<u>\$ 3,178,959</u>	<u>\$ 3,875,992</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ 59,003,598</u>	<u>\$ 51,384,974</u>	<u>\$ 59,938,328</u>	<u>\$ 58,832,729</u>	<u>\$ 61,698,734</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>4.46%</u>	<u>5.38%</u>	<u>4.89%</u>	<u>5.13%</u>	<u>5.91%</u>
Covered employee payroll	<u>\$ 13,175,000</u>	<u>\$ 13,074,368</u>	<u>\$ 13,377,980</u>	<u>\$ 13,641,362</u>	<u>\$ 13,267,936</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>447.85%</u>	<u>393.02%</u>	<u>448.04%</u>	<u>431.28%</u>	<u>465.02%</u>

¹ Historical information is presented for measurement periods after GASB 75 implementation in 2016-17. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes of assumptions: In 2024, the accounting discount rate increase from 3.74 percent to 4.01 percent. In 2023, the accounting discount rate increase from 3.65 percent to 3.74 percent. In 2022, the accounting discount rate increase from 2.79 percent to 3.65 percent. In addition, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, the accounting discount rate increased from 2.88 percent to 2.79 percent. In 2020, the accounting discount rate decreased from 3.65 percent to 2.88 percent. In 2019, the accounting discount rate decreased from 4.30 percent to 3.65 percent. In 2018, the accounting discount rate increased from 3.97 percent to 4.30 percent.

Changes of benefit terms: There were no changes of benefit terms in 2024.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	2021-22	2022-23	2023-24
Total OPEB liability			
Service cost	\$ 2,681,620	\$ 2,198,169	\$ 2,208,203
Interest	1,877,929	2,282,557	2,401,411
Changes of assumptions	(5,168,431)	(834,174)	(3,769,569)
Differences between expected and actual experience	(1,775,473)	-	402,546
Benefit payments, including refunds	(1,894,094)	(1,917,239)	(2,049,915)
Net change in total OPEB liability	(4,278,449)	1,729,313	(807,324)
Total OPEB liability - beginning of the year	65,574,726	61,296,277	63,025,590
Total OPEB liability - end of the year (a)	<u>\$ 61,296,277</u>	<u>\$ 63,025,590</u>	<u>\$ 62,218,266</u>
OPEB fiduciary net position			
Contributions - employer	\$ 1,897,101	\$ 1,921,107	\$ 2,053,891
Contributions - employee	-	-	-
Net investment income	(510,825)	248,095	409,620
Benefit payments, including refunds	(1,894,094)	(1,917,239)	(2,049,915)
Administrative expense	(12,519)	(12,416)	(13,260)
Net change in plan fiduciary net position	(520,337)	239,547	400,336
Plan fiduciary net position - beginning of year	3,875,992	3,355,655	3,595,202
Plan fiduciary net position - end of year (b)	<u>\$ 3,355,655</u>	<u>\$ 3,595,202</u>	<u>\$ 3,995,538</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ 57,940,622</u>	<u>\$ 59,430,388</u>	<u>\$ 58,222,728</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>5.47%</u>	<u>5.70%</u>	<u>6.42%</u>
Covered employee payroll	<u>\$ 13,267,936</u>	<u>\$ 12,958,676</u>	<u>\$ 15,020,484</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>436.70%</u>	<u>458.61%</u>	<u>387.62%</u>

Notes to Schedule:

Changes of assumptions: In 2024, the accounting discount rate increase from 3.74 percent to 4.01 percent. In 2023, the accounting discount rate increase from 3.65 percent to 3.74 percent. In 2022, the accounting discount rate increase from 2.79 percent to 3.65 percent. In addition, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, the accounting discount rate increased from 2.88 percent to 2.79 percent. In 2020, the accounting discount rate decreased from 3.65 percent to 2.88 percent. In 2019, the accounting discount rate decreased from 4.30 percent to 3.65 percent. In 2018, the accounting discount rate increased from 3.97 percent to 4.30 percent.

Changes of benefit terms: There were no changes of benefit terms in 2024.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	<u>2016-17¹</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 4,715,000	\$ 4,975,000	\$ 3,805,000	\$ 4,051,000	\$ 3,870,000
Contributions in relation to the actuarially determined contribution	<u>(2,166,402)</u>	<u>(1,698,000)</u>	<u>(1,679,352)</u>	<u>(1,724,623)</u>	<u>(1,744,592)</u>
Contribution deficiency (excess)	<u>\$ 2,548,598</u>	<u>\$ 3,277,000</u>	<u>\$ 2,125,648</u>	<u>\$ 2,326,377</u>	<u>\$ 2,125,408</u>
Covered employee payroll	\$ 13,175,000	\$ 13,074,000	\$ 13,377,980	\$ 13,641,362	\$ 13,267,936
Contributions as a percentage of covered employee payroll	16.44%	12.99%	12.55%	12.64%	13.15%

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Actuarially determined contribution	\$ 4,074,000	\$ 4,443,000	\$ 4,715,000	\$ 5,459,000
Contributions in relation to the actuarially determined contribution	<u>(1,897,101)</u>	<u>(1,921,107)</u>	<u>(2,053,891)</u>	<u>(2,159,379)</u>
Contribution deficiency (excess)	<u>\$ 2,176,899</u>	<u>\$ 2,521,893</u>	<u>\$ 2,661,109</u>	<u>\$ 3,299,621</u>
Covered employee payroll	\$ 13,267,936	\$ 12,958,676	\$ 15,020,484	\$ 15,510,386
Contributions as a percentage of covered employee payroll	14.30%	14.82%	13.67%	13.92%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were derived from the June 30, 2024 valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	18-year fixed period for 2024/25
Asset valuation method	Fair value of assets
Discount rate	5.50%
General inflation	2.50%
Medical trend	Non-Medicare - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser) - 6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 5.45% for 2027, 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.

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SUPPLEMENTARY INFORMATION

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City of Commerce
Budgetary Comparison Schedule - General Fund
General City Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 7,300,000	\$ 759,519	\$ (6,540,481)
Total revenues	<u>-</u>	<u>7,300,000</u>	<u>759,519</u>	<u>(6,540,481)</u>
EXPENDITURES:				
Current:				
Public works	-	2,185,530	2,446,021	(260,491)
Capital outlay	-	8,289,175	6,421,814	1,867,361
Total expenditures	<u>-</u>	<u>10,474,705</u>	<u>8,867,835</u>	<u>1,606,870</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(3,174,705)</u>	<u>(8,108,316)</u>	<u>(4,933,611)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	970,901	970,901	-
Total other financing sources	<u>-</u>	<u>970,901</u>	<u>970,901</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (2,203,804)</u>	<u>(7,137,415)</u>	<u>\$ (4,933,611)</u>
FUND BALANCE:				
Beginning of year			<u>8,289,681</u>	
End of year			<u>\$ 1,152,266</u>	

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GENERAL FUND

General Fund:

The General Fund is the primary fund used to account for and report all financial resources not accounted for and reported in another fund.

General Operating Fund – The account for primary operating revenues and expenditure of the City not legally restricted as to use. It supports the general operations and administrative functions of the organization.

Measure AA General Fund – To account for revenues collected through a sales tax committed for capital improvement purposes in accordance with Measure AA requirements.

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City of Commerce
Combining Balance Sheet
General Fund
June 30, 2025

	General Operating Fund	Measure AA General Fund	Total
ASSETS			
Cash and investments	\$ 97,799,176	\$ 17,787,910	\$ 115,587,086
Restricted cash and investment	3,529,621	67,109	3,596,730
Receivables:			
Accounts	4,313,147	-	4,313,147
Interest	817,207	-	817,207
Due from other governments	4,491,976	2,881,884	7,373,860
Due from other funds	14,504,522	-	14,504,522
Prepaid items and deposits	468,840	-	468,840
Land held for development	19,535,000	-	19,535,000
Total assets	\$ 145,459,489	\$ 20,736,903	\$ 166,196,392
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,446,173	\$ 5,738,049	\$ 10,184,222
Salaries and benefits payable	912,838	-	912,838
Deposits payable	874,513	-	874,513
Retentions payable	-	1,222,216	1,222,216
Total liabilities	6,233,524	6,960,265	13,193,789
Deferred inflows of resources:			
Unavailable revenue	-	979,681	979,681
Total deferred inflows of resources	-	979,681	979,681
Fund balances:			
Nonspendable	20,003,840	-	20,003,840
Restricted	3,529,621	-	3,529,621
Committed	-	12,796,957	12,796,957
Unassigned	115,692,504	-	115,692,504
Total fund balances	139,225,965	12,796,957	152,022,922
Total liabilities, deferred inflows of resources, and fund balances	\$ 145,459,489	\$ 20,736,903	\$ 166,196,392

City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2025

	General Operating Fund	Measure AA General Fund	Total
REVENUES:			
Taxes	\$ 37,655,841	\$ 9,019,337	\$ 46,675,178
Casino license tax	30,563,683	-	30,563,683
Licenses and permits	7,283,632	-	7,283,632
Intergovernmental	2,015,616	875,670	2,891,286
Charges for services	2,050,164	-	2,050,164
Activity fees	514,423	-	514,423
Fines, forfeitures, and penalties	1,567,406	-	1,567,406
Use of money and property	2,162,165	491,360	2,653,525
Miscellaneous	790,409	371,269	1,161,678
Total revenues	84,603,339	10,757,636	95,360,975
EXPENDITURES:			
Current:			
General government	17,288,849	-	17,288,849
Community development	395,225	-	395,225
Public safety	28,214,076	-	28,214,076
Public works	10,861,001	6,357,907	17,218,908
Library	3,800,511	-	3,800,511
Parks, recreation and culture	9,980,942	-	9,980,942
Capital outlay	954,870	19,656,016	20,610,886
Debt service:			
Principal retirement	345,887	269,906	615,793
Interest and fiscal charges	49,582	76,135	125,717
Total expenditures	71,890,943	26,359,964	98,250,907
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,712,396	(15,602,328)	(2,889,932)
OTHER FINANCING SOURCES (USES):			
Transfers in	505,226	-	505,226
Transfers out	(3,885,901)	-	(3,885,901)
Proceeds from sale of assets	303,401	-	303,401
Issuance of lease liabilities	314,626	-	314,626
Issuance of subscription liabilities	258,665	248,271	506,936
Issuance of finance purchase	-	1,411,537	1,411,537
Total other financing sources (uses)	(2,503,983)	1,659,808	(844,175)
NET CHANGES IN FUND BALANCES	10,208,413	(13,942,520)	(3,734,107)
FUND BALANCES:			
Beginning of year	129,017,552	26,739,477	155,757,029
End of year	<u>\$ 139,225,965</u>	<u>\$ 12,796,957</u>	<u>\$ 152,022,922</u>

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Operating Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 35,550,278	\$ 35,550,278	\$ 37,655,841	\$ 2,105,563
Casino license tax	29,370,000	29,370,000	30,563,683	1,193,683
Licenses and permits	5,433,950	5,433,950	7,283,632	1,849,682
Intergovernmental	388,300	541,585	2,015,616	1,474,031
Charges for services	1,872,797	1,880,996	2,050,164	169,168
Activity fees	188,502	253,639	514,423	260,784
Fines, forfeitures, and penalties	1,308,200	1,308,200	1,567,406	259,206
Use of money and property	1,000,000	1,000,000	2,162,165	1,162,165
Miscellaneous	300,603	300,603	790,409	489,806
Total revenues	<u>75,412,630</u>	<u>75,639,251</u>	<u>84,603,339</u>	<u>8,964,088</u>
EXPENDITURES:				
Current:				
General government	16,266,859	18,156,544	17,288,849	867,695
Community development	1,208,769	1,212,769	395,225	817,544
Public safety	28,281,781	28,790,868	28,214,076	576,792
Public works	8,754,608	9,609,864	10,861,001	(1,251,137)
Library	3,571,101	3,802,453	3,800,511	1,942
Parks, recreation and culture	9,941,609	10,909,245	9,980,942	928,303
Capital outlay	7,000	782,000	954,870	(172,870)
Debt service:				
Principal retirement	-	-	345,887	(345,887)
Interest and fiscal charges	-	-	49,582	(49,582)
Total expenditures	<u>68,031,727</u>	<u>73,263,743</u>	<u>71,890,943</u>	<u>1,372,800</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,380,903</u>	<u>2,375,508</u>	<u>12,712,396</u>	<u>10,336,888</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	800,000	505,226	(294,774)
Transfers out	(2,145,000)	(3,863,201)	(3,885,901)	(22,700)
Proceeds from sale of assets	-	-	303,401	303,401
Issuance of lease liabilities	-	-	314,626	314,626
Issuance of subscription liabilities	-	-	258,665	258,665
Total other financing sources (uses)	<u>(1,345,000)</u>	<u>(3,063,201)</u>	<u>(2,503,983)</u>	<u>559,218</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,035,903</u>	<u>\$ (687,693)</u>	10,208,413	<u>\$ 10,896,106</u>
FUND BALANCE:				
Beginning of year			129,017,552	
End of year			<u>\$ 139,225,965</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure AA General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 8,500,000	\$ 8,500,000	\$ 9,019,337	\$ 519,337
Intergovernmental	-	-	875,670	875,670
Use of money and property	-	-	491,360	491,360
Miscellaneous	-	-	371,269	371,269
Total revenues	<u>8,500,000</u>	<u>8,500,000</u>	<u>10,757,636</u>	<u>2,257,636</u>
EXPENDITURES:				
Current:				
Public works	9,928,852	20,751,566	6,357,907	14,393,659
Capital outlay	11,606,162	34,046,034	19,656,016	14,390,018
Debt service:				
Principal retirement	253,060	253,060	269,906	(16,846)
Interest and fiscal charges	-	-	76,135	(76,135)
Total expenditures	<u>21,788,074</u>	<u>55,050,660</u>	<u>26,359,964</u>	<u>28,690,696</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,288,074)</u>	<u>(46,550,660)</u>	<u>(15,602,328)</u>	<u>30,948,332</u>
OTHER FINANCING SOURCES:				
Issuance of subscription liabilities	-	-	248,271	248,271
Issuance of finance purchase	-	-	1,411,537	1,411,537
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,659,808</u>	<u>1,659,808</u>
NET CHANGE IN FUND BALANCE	<u>\$ (13,288,074)</u>	<u>\$ (46,550,660)</u>	<u>(13,942,520)</u>	<u>\$ 32,608,140</u>
FUND BALANCE:				
Beginning of year			<u>26,739,477</u>	
End of year			<u>\$ 12,796,957</u>	

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Supplemental Law Enforcement - To account for the City's allocation from the State under Assembly Bill 3229, which supplements frontline law enforcement costs used to supplement existing police services.

State Gas Tax - To account for gasoline allocations made by the State of California. These revenues are restricted by the State to expenditures for street-related purposes only.

Community Development Block Grant (CDBG) - To account for CDBG allocations received and expenditures incurred for allowable projects; primarily home improvements of eligible households.

Air Quality Management District - To account for clean air fees collected by the State and distributed by the Southern California Air Quality Management District to cities for clean air projects.

Housing - To account for the housing activities of the City that were previously accounted for in the low- and moderate-income housing redevelopment agency fund.

Art in Public Places - To account for the revenues and expenditures designated for public art projects throughout the City.

Community Benefits - To account for unpaid past fees collected from Synergy Business Management to assist the Senior Rent Subsidy Program and provide other discounts for the benefit of the senior residents.

Stormwater Management - To account for the revenues and expenditures associated with stormwater management.

Nonmajor Debt Service Funds:

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Community Center - To account for the payment of principal and interest on the City's general debt issuances.

Pension Obligation Bond - To account for the payment of principal and interest related to the 2021 pension obligation bond issue.

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City of Commerce
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Debt Service Funds			Total
	Special Revenue Funds	Community Center	Pension Obligation Bonds	
ASSETS				
Cash and investments	\$ 6,219,611	\$ -	\$ -	\$ 6,219,611
Cash and investments with fiscal agents	-	2,201	-	2,201
Receivables:				
Interest	296,554	-	-	296,554
Loans	207,783	-	-	207,783
Due from other governments	89,064	-	-	89,064
Land held for development	726,000	-	-	726,000
Total assets	\$ 7,539,012	\$ 2,201	\$ -	\$ 7,541,213
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 118,750	\$ -	\$ -	\$ 118,750
Salaries and benefits payable	2,150	-	-	2,150
Due to other funds	120	-	-	120
Unearned revenue	157,816	-	-	157,816
Total liabilities	278,836	-	-	278,836
Fund Balances:				
Restricted:				
Community development projects	60,011	-	-	60,011
Public safety	234,032	-	-	234,032
Low and moderate housing	2,228,603	-	-	2,228,603
Transportation	726,767	-	-	726,767
Public works	2,036,654	-	-	2,036,654
Debt service	-	2,201	-	2,201
Committed:				
Community development	1,974,109	-	-	1,974,109
Total fund balances	7,260,176	2,201	-	7,262,377
Total liabilities and fund balances	\$ 7,539,012	\$ 2,201	\$ -	\$ 7,541,213

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City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Debt Service Funds		Formerly Nonmajor Fund	Total
		Community Center	Pension Obligation Bonds	General City Capital Projects Fund	
REVENUES:					
Licenses and permits	\$ 231,230	\$ -	\$ -		\$ 231,230
Intergovernmental	1,883,063	-	-		1,883,063
Use of money and property	194,066	1,619	-		195,685
Miscellaneous	49,868	-	-		49,868
Total revenues	2,358,227	1,619	-		2,359,846
EXPENDITURES:					
Current:					
General government	67,212	-	-		67,212
Community development	23,876	-	-		23,876
Public safety	174,075	-	-		174,075
Public works	530,564	-	-		530,564
Parks, recreation and culture	346,911	-	-		346,911
Capital outlay	-	-	-		-
Debt service:					
Principal retirement	-	470,000	1,525,000		1,995,000
Interest and fiscal charges	-	306,862	615,161		922,023
Total expenditures	1,142,638	776,862	2,140,161		4,059,661
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,215,589	(775,243)	(2,140,161)		(1,699,815)
OTHER FINANCING SOURCES (USES):					
Transfers in	120	774,719	2,140,161		2,915,000
Transfers out	(505,226)	-	-		(505,226)
Total other financing sources (uses)	(505,106)	774,719	2,140,161		2,409,774
NET CHANGES IN FUND BALANCES	710,483	(524)	-		709,959
FUND BALANCES:					
Beginning of year, as previously reported	6,549,693	2,725	-	8,289,681	14,842,099
Change in the financial reporting entity (nonmajor fund to major)	-	-	-	(8,289,681)	(8,289,681)
Beginning of year, as restated (Note 15)	6,549,693	2,725	-	-	6,552,418
End of year	\$ 7,260,176	\$ 2,201	\$ -	\$ -	\$ 7,262,377

City of Commerce
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2025

	Special Revenue Funds				
	Supplement Law Enforcement	State Gas Tax	Community Development Block Grant	Air Quality Management District	Housing
ASSETS					
Cash and investments	\$ 234,032	\$ 576,356	\$ 120	\$ 61,347	\$ 999,411
Receivables:					
Interest	-	-	-	-	296,554
Loans	-	-	-	-	207,783
Due from other governments	-	89,064	-	-	-
Property held for resale	-	-	-	-	726,000
Total assets	\$ 234,032	\$ 665,420	\$ 120	\$ 61,347	\$ 2,229,748
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,145
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	120	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	120	-	1,145
Fund Balances:					
Restricted:					
Community development projects	-	-	-	-	-
Public safety	234,032	-	-	-	-
Low and moderate housing	-	-	-	-	2,228,603
Transportation	-	665,420	-	61,347	-
Public works	-	-	-	-	-
Committed:					
Community development	-	-	-	-	-
Total fund balances	234,032	665,420	-	61,347	2,228,603
Total liabilities and fund balances	\$ 234,032	\$ 665,420	\$ 120	\$ 61,347	\$ 2,229,748

(Continued)

City of Commerce
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2025

	Special Revenue Funds			
	Art in Public Places	Community Benefits	Stormwater Management	Total Special Revenue Funds
ASSETS				
Cash and investments	\$ 1,974,109	\$ 64,022	\$ 2,310,214	\$ 6,219,611
Receivables:				
Interest	-	-	-	296,554
Loans	-	-	-	207,783
Due from other governments	-	-	-	89,064
Property held for resale	-	-	-	726,000
Total assets	<u>\$ 1,974,109</u>	<u>\$ 64,022</u>	<u>\$ 2,310,214</u>	<u>\$ 7,539,012</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,011	\$ 113,594	\$ 118,750
Salaries and benefits payable	-	-	2,150	2,150
Due to other funds	-	-	-	120
Unearned revenue	-	-	157,816	157,816
Total liabilities	<u>-</u>	<u>4,011</u>	<u>273,560</u>	<u>278,836</u>
Fund Balances:				
Restricted:				
Community development projects	-	60,011	-	60,011
Public safety	-	-	-	234,032
Low and moderate housing	-	-	-	2,228,603
Transportation	-	-	-	726,767
Public works	-	-	2,036,654	2,036,654
Committed:				
Community development	1,974,109	-	-	1,974,109
Total fund balances	<u>1,974,109</u>	<u>60,011</u>	<u>2,036,654</u>	<u>7,260,176</u>
Total liabilities and fund balances	<u>\$ 1,974,109</u>	<u>\$ 64,022</u>	<u>\$ 2,310,214</u>	<u>\$ 7,539,012</u>

(Concluded)

City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Supplement Law Enforcement	State Gas Tax	Community Development Block Grant	Air Quality Management District	Housing
REVENUES:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	193,665	686,419	-	15,990	-
Use of money and property	6,465	15,921	-	1,695	49,869
Miscellaneous	-	-	-	-	-
Total revenues	200,130	702,340	-	17,685	49,869
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Community development	-	-	120	-	18,631
Public safety	174,075	-	-	-	-
Public works	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Total expenditures	174,075	-	120	-	18,631
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,055	702,340	(120)	17,685	31,238
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	120	-	-
Transfers out	-	(500,000)	-	(5,226)	-
Total other financing sources (uses)	-	(500,000)	120	(5,226)	-
NET CHANGES IN FUND BALANCES	26,055	202,340	-	12,459	31,238
FUND BALANCES:					
Beginning of year	207,977	463,080	-	48,888	2,197,365
End of year	\$ 234,032	\$ 665,420	\$ -	\$ 61,347	\$ 2,228,603

(Continued)

City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Total Special Revenue Funds
	Art in Public Places	Community Benefits	Stormwater Management	
REVENUES:				
Licenses and permits	\$ 146,730	\$ 84,500	\$ -	\$ 231,230
Intergovernmental	-	-	986,989	1,883,063
Use of money and property	54,531	1,769	63,816	194,066
Miscellaneous	-	-	49,868	49,868
Total revenues	201,261	86,269	1,100,673	2,358,227
EXPENDITURES:				
Current:				
General government	67,212	-	-	67,212
Community development	5,125	-	-	23,876
Public safety	-	-	-	174,075
Public works	-	-	530,564	530,564
Parks, recreation and culture	-	346,911	-	346,911
Total expenditures	72,337	346,911	530,564	1,142,638
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	128,924	(260,642)	570,109	1,215,589
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	120
Transfers out	-	-	-	(505,226)
Total other financing sources (uses)	-	-	-	(505,106)
NET CHANGES IN FUND BALANCES	128,924	(260,642)	570,109	710,483
FUND BALANCES:				
Beginning of year	1,845,185	320,653	1,466,545	6,549,693
End of year	<u>\$ 1,974,109</u>	<u>\$ 60,011</u>	<u>\$ 2,036,654</u>	<u>\$ 7,260,176</u>

(Concluded)

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Art in Public Places Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 146,730	\$ 146,730
Use of money and property	-	-	54,531	54,531
Total revenues	-	-	201,261	201,261
EXPENDITURES:				
Current:				
General Government	-	148,410	67,212	(81,198)
Community development	-	4,833	5,125	292
Total expenditures	-	153,243	72,337	(80,906)
NET CHANGE IN FUND BALANCE	\$ -	\$ (153,243)	128,924	\$ 282,167
FUND BALANCE:				
Beginning of year			1,845,185	
End of year			<u>\$ 1,974,109</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Benefits Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 84,500	\$ 84,500
Use of money and property	-	-	1,769	1,769
Total revenues	<u>-</u>	<u>-</u>	<u>86,269</u>	<u>86,269</u>
EXPENDITURES:				
Current:				
Parks, recreation and culture	-	350,000	346,911	3,089
Total expenditures	<u>-</u>	<u>350,000</u>	<u>346,911</u>	<u>3,089</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (350,000)</u>	<u>(260,642)</u>	<u>\$ 89,358</u>
FUND BALANCE:				
Beginning of year			<u>320,653</u>	
End of year			<u>\$ 60,011</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Stormwater Management Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 990,000	\$ 986,989	\$ (3,011)
Use of money and property	-	28,635	63,816	35,181
Miscellaneous	-	-	49,868	49,868
Total revenues	<u>-</u>	<u>1,018,635</u>	<u>1,100,673</u>	<u>82,038</u>
EXPENDITURES:				
Current:				
Public works	-	953,586	530,564	423,022
Total expenditures	<u>-</u>	<u>953,586</u>	<u>530,564</u>	<u>423,022</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 65,049</u>	570,109	<u>\$ 505,060</u>
FUND BALANCE:				
Beginning of year			<u>1,466,545</u>	
End of year			<u>\$ 2,036,654</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Center Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,619	\$ 1,619
Total revenues	<u>-</u>	<u>-</u>	<u>1,619</u>	<u>1,619</u>
EXPENDITURES:				
Debt service:				
Principal retirement	-	470,000	470,000	-
Interest and fiscal charges	-	306,862	306,862	-
Total expenditures	<u>-</u>	<u>776,862</u>	<u>776,862</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(776,862)</u>	<u>(775,243)</u>	<u>1,619</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	774,719	774,719
Total other financing sources	<u>-</u>	<u>-</u>	<u>774,719</u>	<u>774,719</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (776,862)</u>	<u>(524)</u>	<u>\$ 776,338</u>
FUND BALANCE:				
Beginning of year			<u>2,725</u>	
End of year			<u>\$ 2,201</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Pension Obligation Bonds Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Debt service:				
Principal retirement	\$ -	\$ 1,525,000	\$ 1,525,000	\$ -
Interest and fiscal charges	-	620,247	615,161	5,086
Total expenditures	<u>-</u>	<u>2,145,247</u>	<u>2,140,161</u>	<u>5,086</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	2,140,161	2,140,161
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,140,161</u>	<u>2,140,161</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (2,145,247)</u>	<u>-</u>	<u>\$ 2,145,247</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds:

Trust Funds are used to account for the activities of the Redevelopment Obligation Retirement Funds, and other Successor Agency funds, which accumulates resources for obligations previously incurred by the former Commerce Redevelopment Agency.

Redevelopment Property Tax Trust Fund - To account for property tax allocated to the Successor Agency to pay the enforceable obligations listed on the Recognized Obligation Payment Schedule ("ROPS").

Successor Agency Trust Fund - To account for the housing activities of the former community development commission taken over by the Successor Agency.

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City of Commerce
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2025

	Successor Agency		Total
	Redevelopment Property Tax Trust Fund	Successor Agency Trust Fund	
ASSETS			
Current assets:			
Cash and investments	\$ 15,243,452	\$ -	\$ 15,243,452
Receivables:			
Accounts, net	-	10,915	10,915
Lease receivable, due in one year	-	23,947	23,947
Total current assets	<u>15,243,452</u>	<u>34,862</u>	<u>15,278,314</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	988	988
Lease receivable, due in more than one year	-	963,295	963,295
Property held for resale	-	44,407,092	44,407,092
Total noncurrent assets	<u>-</u>	<u>45,371,375</u>	<u>45,371,375</u>
Total assets	<u>15,243,452</u>	<u>45,406,237</u>	<u>60,649,689</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	-	1,691,341	1,691,341
Total deferred outflows of resources	<u>-</u>	<u>1,691,341</u>	<u>1,691,341</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	2,324,945	2,324,945
Salaries and benefits payable	-	1,438	1,438
Long-term debt, due within one year	-	7,898,181	7,898,181
Total current liabilities	<u>-</u>	<u>10,224,564</u>	<u>10,224,564</u>
Noncurrent liabilities:			
Due to City of Commerce	-	-	-
Long-term debt, due in more than one year	-	24,955,045	24,955,045
Total noncurrent liabilities	<u>-</u>	<u>24,955,045</u>	<u>24,955,045</u>
Total liabilities	<u>-</u>	<u>35,179,609</u>	<u>35,179,609</u>
DEFERRED INFLOWS OF RESOURCES			
Leases related	-	811,777	811,777
Total deferred inflows of resources	<u>-</u>	<u>811,777</u>	<u>811,777</u>
NET POSITION			
Held in trust for Successor Agency	<u>\$ 15,243,452</u>	<u>\$ 11,106,192</u>	<u>\$ 26,349,644</u>

City of Commerce
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2025

	Successor Agency			Total
	Redevelopment Property Tax Trust Fund	Successor Agency Trust Fund	Eliminations	
ADDITIONS:				
Redevelopment property tax trust fund	\$ 8,296,772	\$ -	\$ -	\$ 8,296,772
Investment income	421,074	149,702	-	570,776
Rental income	-	428,497	-	428,497
Miscellaneous income	-	14,209	-	14,209
Total additions	8,717,846	592,408	-	9,310,254
DEDUCTIONS:				
Administrative expenses	-	346,135	-	346,135
Interest and fiscal charges	-	1,562,294	-	1,562,294
Total deductions	-	1,908,429	-	1,908,429
TRANSFERS:				
Transfers in	-	12,365,917	(12,365,917)	-
Transfers out	(12,365,917)	-	12,365,917	-
Total transfers	(12,365,917)	12,365,917	-	-
CHANGES IN NET POSITION	(3,648,071)	11,049,896	-	7,401,825
NET POSITION:				
Beginning of year	18,891,523	56,296	-	18,947,819
End of year	\$ 15,243,452	\$ 11,106,192	\$ -	\$ 26,349,644

STATISTICAL SECTION

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City of Commerce
Index to the Statistical Section
For the Year Ended June 30, 2024

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City of Commerce
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 69,045,438	\$ 84,719,037	\$ 81,609,386	\$ 82,699,502	\$ 87,603,633
Restricted	1,695,259	1,706,688	1,876,124	2,048,261	2,038,137
Unrestricted	<u>44,026,277</u>	<u>42,451,641</u>	<u>7,083,848</u>	<u>11,612,066</u>	<u>4,908,821</u>
Total governmental activities net position	<u>114,766,974</u>	<u>128,877,366</u>	<u>90,569,358</u>	<u>96,359,829</u>	<u>94,550,591</u>
Business-type activities:					
Net investment in capital assets	12,812,420	12,305,690	11,644,934	13,413,120	13,066,918
Unrestricted (deficit)	<u>(6,730,545)</u>	<u>(6,948,259)</u>	<u>(16,115,502)</u>	<u>(14,607,134)</u>	<u>(15,245,267)</u>
Total business-type activities net position (deficit)	<u>6,081,875</u>	<u>5,357,431</u>	<u>(4,470,568)</u>	<u>(1,194,014)</u>	<u>(2,178,349)</u>
Primary government:					
Net investment in capital assets	81,857,858	97,024,727	93,254,320	96,112,622	100,670,551
Restricted	1,695,259	1,706,688	1,876,124	2,048,261	2,038,137
Unrestricted (deficit)	<u>37,295,732</u>	<u>35,503,382</u>	<u>(9,031,654)</u>	<u>(2,995,068)</u>	<u>(10,336,446)</u>
Total primary government net position	<u>\$ 120,848,849</u>	<u>\$ 134,234,797</u>	<u>\$ 86,098,790</u>	<u>\$ 95,165,815</u>	<u>\$ 92,372,242</u>

Source: City of Commerce Finance Department

City of Commerce
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
Governmental activities:					
Net investment in capital assets	\$ 83,964,506	\$ 80,664,261	\$ 82,888,826	\$ 85,825,193	\$ 106,117,281
Restricted	2,098,713	2,422,583	10,532,686	16,561,635	16,977,993
Unrestricted	2,725,740	43,817,601	61,339,590	71,524,808	65,277,419
Total governmental activities net position	<u>88,788,959</u>	<u>126,904,445</u>	<u>154,761,102</u>	<u>173,911,636</u>	<u>188,372,693</u>
Business-type activities:					
Net investment in capital assets	13,584,738	18,237,717	19,289,578	17,679,317	16,121,755
Unrestricted (deficit)	<u>(15,339,653)</u>	<u>(18,380,192)</u>	<u>(19,305,776)</u>	<u>(20,595,645)</u>	<u>(21,886,039)</u>
Total business-type activities net position (deficit)	<u>(1,754,915)</u>	<u>(142,475)</u>	<u>(16,198)</u>	<u>(2,916,328)</u>	<u>(5,764,284)</u>
Primary government:					
Net investment in capital assets	97,549,244	98,901,978	102,178,404	103,504,510	122,239,036
Restricted	2,098,713	2,422,583	10,532,686	16,561,635	16,977,993
Unrestricted (deficit)	<u>(12,613,913)</u>	<u>25,437,409</u>	<u>42,033,814</u>	<u>50,929,163</u>	<u>43,391,380</u>
Total primary government net position	<u>\$ 87,034,044</u>	<u>\$ 126,761,970</u>	<u>\$ 154,744,904</u>	<u>\$ 170,995,308</u>	<u>\$ 182,608,409</u>

Source: City of Commerce Finance Department

City of Commerce
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 16,097,044	\$ 17,143,378	\$ 19,705,680	\$ 22,493,477	\$ 14,923,956
Public safety	18,994,377	20,528,705	21,462,109	21,457,403	22,513,602
Public works	10,080,047	7,753,735	13,955,387	13,705,539	16,343,439
Community development	4,550,938	3,111,106	3,189,480	2,112,054	2,444,173
Parks and Recreation	9,917,064	11,936,131	12,835,675	13,083,293	12,836,798
Library	3,210,975	3,774,862	4,275,731	3,627,221	4,719,709
Interest on long-term debt	4,196,186	1,870,823	2,036,161	365,743	347,944
Total governmental activities expenses	<u>67,046,631</u>	<u>66,118,740</u>	<u>77,460,223</u>	<u>76,844,730</u>	<u>74,129,621</u>
Business-type activities:					
Transit	5,322,991	4,919,636	6,191,022	5,747,313	7,123,822
CNG/LNG	1,564,009	1,657,378	2,027,056	1,941,685	2,283,888
Water	711,572	695,715	637,396	611,098	482,240
Cable Television	258,221	301,827	359,704	-	-
Total business-type activities expenses	<u>7,856,793</u>	<u>7,574,556</u>	<u>9,215,178</u>	<u>8,300,096</u>	<u>9,889,950</u>
Total primary government expenses	<u>74,903,424</u>	<u>73,693,296</u>	<u>86,675,401</u>	<u>85,144,826</u>	<u>84,019,571</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	-	-	-	-	-
Public safety	1,481,520	1,560,967	1,536,732	1,639,854	1,355,125
Public works	3,395,581	2,753,032	3,027,305	4,063,390	4,470,153
Community development	20,462	89,950	40,000	88,882	339,948
Library	18,940	10,638	17,380	5,155	12,581
Parks and recreation	594,096	647,552	674,476	2,858,857	1,188,201
Operating grants and contributions	2,208,545	2,549,722	2,757,719	4,106,368	5,477,203
Capital grants and contributions	18,508,737	12,503,266	4,620,744	290,533	295,545
Total governmental activities program revenues	<u>26,227,881</u>	<u>20,115,127</u>	<u>12,674,356</u>	<u>13,053,039</u>	<u>13,138,756</u>
Business-type activities:					
Charges for services:					
Transit	-	-	-	-	-
CNG/LNG	1,398,775	1,480,555	1,930,926	1,483,555	2,871,693
Water	845,000	845,000	845,000	845,000	845,000
Cable Television	49,402	53,950	53,748	-	-
Operating grants and contributions	3,140,870	2,801,867	3,138,934	6,046,775	3,748,452
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>5,434,047</u>	<u>5,181,372</u>	<u>5,968,608</u>	<u>8,375,330</u>	<u>7,465,145</u>
Total primary government program revenues	<u>31,661,928</u>	<u>25,296,499</u>	<u>18,642,964</u>	<u>21,428,369</u>	<u>20,603,901</u>
Net revenues (expenses):					
Governmental activities	(40,818,750)	(46,003,613)	(64,785,867)	(63,791,691)	(60,990,865)
Business-type activities	(2,422,746)	(2,393,184)	(3,246,570)	75,234	(2,424,805)
Total net revenues (expenses)	<u>\$ (43,241,496)</u>	<u>\$ (48,396,797)</u>	<u>\$ (68,032,437)</u>	<u>\$ (63,716,457)</u>	<u>\$ (63,415,670)</u>

Source: City of Commerce Finance Department

City of Commerce
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
Expenses:					
Governmental activities:					
General government	\$ 19,230,660	\$ 12,888,535	\$ 17,061,923	\$ 16,528,267	\$ 18,426,470
Public safety	23,367,758	24,691,709	24,304,792	27,821,008	28,147,984
Public works	12,613,431	9,664,523	16,442,212	14,532,596	22,399,581
Community development	3,626,129	3,252,267	4,965,052	5,308,728	592,402
Parks and Recreation	6,659,835	7,330,089	9,579,307	10,843,894	11,674,460
Library	3,067,205	2,539,074	3,532,582	3,890,316	3,884,185
Interest on long-term debt	327,503	679,503	1,065,145	906,354	1,026,161
Total governmental activities expenses	<u>68,892,521</u>	<u>61,045,700</u>	<u>76,951,013</u>	<u>79,831,163</u>	<u>86,151,243</u>
Business-type activities:					
Transit	7,059,103	9,731,130	10,440,610	10,904,732	10,374,611
CNG/LNG	2,725,050	2,906,790	4,179,857	2,934,201	2,902,782
Water	215,971	197,721	128,392	212,107	119,712
Cable Television	-	-	-	-	-
Total business-type activities expenses	<u>10,000,124</u>	<u>12,835,641</u>	<u>14,748,859</u>	<u>14,051,040</u>	<u>13,397,105</u>
Total primary government expenses	<u>78,892,645</u>	<u>73,881,341</u>	<u>91,699,872</u>	<u>93,882,203</u>	<u>99,548,348</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	-	-	-	606,771	809,102
Public safety	1,392,108	1,507,851	2,192,585	1,422,520	1,558,010
Public works	6,422,295	6,446,246	7,423,325	5,999,141	6,967,911
Community development	536,975	261,721	500,865	473,057	136,138
Library	-	45,514	12,053	16,118	9,396
Parks and recreation	363,964	702,740	1,549,472	1,216,862	596,126
Operating grants and contributions	4,632,926	9,590,128	5,129,104	5,144,051	9,720,037
Capital grants and contributions	9,999	92,991	5,997	7,825	2,497,819
Total governmental activities program revenues	<u>13,358,267</u>	<u>18,647,191</u>	<u>16,813,401</u>	<u>14,886,345</u>	<u>22,294,539</u>
Business-type activities:					
Charges for services:					
Transit	-	-	122,333	-	50,070
CNG/LNG	3,215,859	2,858,149	4,005,725	2,895,747	2,727,409
Water	845,000	845,000	774,583	771,492	771,492
Cable Television	-	-	-	-	-
Operating grants and contributions	4,931,427	9,828,325	6,467,805	6,874,935	7,315,494
Capital grants and contributions	-	532,271	2,662,122	-	37,935
Total business-type activities program revenues	<u>8,992,286</u>	<u>14,063,745</u>	<u>14,032,568</u>	<u>10,542,174</u>	<u>10,902,400</u>
Total primary government program revenues	<u>22,350,553</u>	<u>32,710,936</u>	<u>30,845,969</u>	<u>25,428,519</u>	<u>33,196,939</u>
Net revenues (expenses):					
Governmental activities	(55,534,254)	(42,398,509)	(60,137,612)	(64,944,818)	(63,856,704)
Business-type activities	(1,007,838)	1,228,104	(716,291)	(3,508,866)	(2,494,705)
Total net revenues (expenses)	<u>\$ (56,542,092)</u>	<u>\$ (41,170,405)</u>	<u>\$ (60,853,903)</u>	<u>\$ (68,453,684)</u>	<u>\$ (66,351,409)</u>

Source: City of Commerce Finance Department

City of Commerce
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Casino license tax	\$ 25,012,715	\$ 25,780,700	\$ 28,217,260	\$ 27,658,745	\$ 20,260,767
Property taxes	2,322,486	2,481,617	4,680,877	4,563,560	4,548,892
Sales tax	27,795,167	26,979,330	28,702,600	32,166,106	27,005,166
Franchise taxes	1,052,568	952,432	1,024,506	1,089,138	1,055,508
Transient occupancy taxes	2,843,656	3,063,406	3,269,164	3,145,415	2,613,232
Motor vehicle in lieu, unrestricted	1,177,552	1,242,958	6,877	6,272	10,306
Investment income	5,372,963	2,413,906	2,410,372	576,337	495,961
Miscellaneous revenues (expenses)	1,179,131	(1,137,872)	3,370,780	1,661,221	1,819,994
Extraordinary gain (loss)	-	-	(8,515,224)	6,308,116	-
Transfers	(2,160,387)	(1,662,472)	(1,656,133)	(2,000,747)	(1,425,000)
Total governmental activities	<u>64,595,851</u>	<u>60,114,005</u>	<u>61,511,079</u>	<u>75,174,163</u>	<u>56,384,826</u>
Business-type activities:					
Investment income	-	6,268	5,219	8,689	15,470
Miscellaneous revenues (expenses)	-	-	-	-	-
Transfers	2,160,387	1,662,472	1,656,133	2,000,747	1,425,000
Special Items	-	-	-	1,191,884	-
Total business-type activities	<u>2,160,387</u>	<u>1,668,740</u>	<u>1,661,352</u>	<u>3,201,320</u>	<u>1,440,470</u>
Total primary government	<u>66,756,238</u>	<u>61,782,745</u>	<u>63,172,431</u>	<u>78,375,483</u>	<u>57,825,296</u>
Changes in net position					
Governmental activities	23,777,101	14,110,392	(3,274,788)	11,382,472	(4,606,039)
Business-type activities	(262,359)	(724,444)	(1,585,218)	3,276,554	(984,335)
Total primary government	<u>\$ 23,514,742</u>	<u>\$ 13,385,948</u>	<u>\$ (4,860,006)</u>	<u>\$ 14,659,026</u>	<u>\$ (5,590,374)</u>

Source: City of Commerce Finance Department

City of Commerce
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Casino license tax	\$ 8,848,685	\$ 26,653,916	\$ 31,572,956	\$ 31,436,082	\$ 30,563,683
Property taxes	5,184,180	4,766,079	4,627,743	5,110,125	6,353,396
Sales tax	29,411,394	40,590,324	40,480,501	38,642,346	35,672,946
Franchise taxes	1,114,535	1,271,376	1,598,267	1,613,037	1,592,865
Transient occupancy taxes	1,717,154	2,634,216	3,139,541	3,164,668	3,055,971
Motor vehicle in lieu, unrestricted	9,438	14,814	12,688	15,289	-
Investment income	481,994	1,834,343	4,566,293	2,441,907	2,163,787
Miscellaneous revenues (expenses)	3,020,230	2,313,868	809,831	787,653	819,290
Extraordinary gain (loss)	1,410,012	273,000	1,186,724		
Transfers	(1,425,000)	221,583	-	-	-
Total governmental activities	49,772,622	80,573,519	87,994,544	83,211,107	80,221,938
Business-type activities:					
Investment income	6,272	320,470	817,087	156,062	235,845
Miscellaneous revenues (expenses)	-	63,866	25,206		
Transfers	1,425,000	-	-	-	-
Special Items	-	-	-	-	-
Total business-type activities	1,431,272	384,336	842,293	156,062	235,845
Total primary government	51,203,894	80,957,855	88,836,837	83,367,169	80,457,783
Changes in net position					
Governmental activities	(5,761,632)	38,175,010	27,856,932	18,266,289	16,365,234
Business-type activities	423,434	1,612,440	126,002	(3,352,804)	(2,258,860)
Total primary government	\$ (5,338,198)	\$ 39,787,450	\$ 27,982,934	\$ 14,913,485	\$ 14,106,374

Source: City of Commerce Finance Department

City of Commerce
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General fund:					
Nonspendable	\$ 11,474,577	\$ 9,529,236	\$ 9,348,695	\$ 17,036,179	\$ 22,002,880
Restricted	-	-	-	2,796,801	2,913,821
Committed	-	-	-	-	-
Unassigned	52,400,666	55,268,246	59,647,840	53,018,952	39,498,623
Total general fund	<u>\$ 63,875,243</u>	<u>\$ 64,797,482</u>	<u>\$ 68,996,535</u>	<u>\$ 72,851,932</u>	<u>\$ 64,415,324</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 6,409,884	\$ -
Restricted	43,739,182	40,512,561	2,092,277	2,566,806	3,972,844
Committed	15,622,958	14,994,703	16,059,636	19,580,713	18,617,305
Unassigned (deficit)	(23,495,816)	(18,936,253)	(11,755,176)	(7,928,488)	(1,407,626)
Total all other governmental funds	<u>\$ 35,866,324</u>	<u>\$ 36,571,011</u>	<u>\$ 6,396,737</u>	<u>\$ 20,628,915</u>	<u>\$ 21,182,523</u>

Source: City of Commerce Finance Department

City of Commerce
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
General fund:					
Nonspendable	\$ 20,230,513	\$ 20,279,764	\$ 20,069,590	\$ 19,831,422	\$ 20,003,840
Restricted	3,309,427	2,900,437	3,024,041	3,267,339	3,529,621
Committed	-	-	-	26,739,477	12,796,957
Unassigned	37,888,039	57,281,481	87,773,147	105,918,791	115,692,504
Total general fund	<u>\$ 61,427,979</u>	<u>\$ 80,461,682</u>	<u>\$ 110,866,778</u>	<u>\$ 155,757,029</u>	<u>\$ 152,022,922</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	5,280,588	5,815,236	6,073,685	11,696,321	8,630,461
Committed	20,922,336	26,671,452	34,246,929	3,145,778	1,974,109
Unassigned (deficit)	(915,970)	8,691,715	(465)	-	(2,189,927)
Total all other governmental funds	<u>\$ 25,286,954</u>	<u>\$ 41,178,403</u>	<u>\$ 40,320,149</u>	<u>\$ 14,842,099</u>	<u>\$ 8,414,643</u>

Source: City of Commerce Finance Department

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 35,191,429	\$ 34,719,747	\$ 37,684,024	\$ 40,970,492	\$ 35,233,104
Casino license tax	25,012,715	25,780,700	28,217,260	27,658,745	20,060,305
Licenses and permits	3,094,043	2,593,315	2,811,786	3,533,999	3,937,691
Fines and forfeitures	1,500,460	1,571,605	1,554,112	1,645,009	1,367,724
Investment income	5,376,602	2,442,142	2,410,372	576,337	495,961
Rental income	65,804	107,310	256,456	2,650,024	1,770,027
Intergovernmental	10,533,532	15,151,211	13,918,486	5,607,209	5,779,860
Charges for services	442,178	331,457	394,724	361,727	110,177
Activity Fees	387,652	433,274	433,813	458,610	231,657
Other	956,288	1,232,109	3,940,461	2,290,119	1,750,094
Total revenues	<u>82,560,703</u>	<u>84,362,870</u>	<u>91,621,494</u>	<u>85,752,271</u>	<u>70,736,600</u>
Expenditures					
Current:					
General government	15,910,208	16,416,508	16,594,325	19,905,892	17,482,692
Public safety	18,717,286	20,010,785	20,871,826	21,424,472	22,513,602
Public works	29,308,208	21,221,420	12,614,426	13,332,466	17,680,994
Community development	5,510,293	3,015,986	3,084,391	3,391,322	3,328,344
Library	3,640,566	3,764,624	3,808,597	4,080,542	4,185,953
Parks, recreation and culture	9,563,855	10,613,121	10,804,067	11,853,187	11,220,212
Capital outlay	-	-	4,301,838	-	-
Debt service:					
Principal retirement	46,690,000	3,925,000	4,075,000	355,000	370,000
Interest and fiscal charges	4,954,788	2,243,768	2,098,092	430,414	412,803
Payment to bond escrow agent	-	-	5,050,414	-	-
Total expenditures	<u>134,295,204</u>	<u>81,211,212</u>	<u>83,302,976</u>	<u>74,773,295</u>	<u>77,194,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,734,501)</u>	<u>3,151,658</u>	<u>8,318,518</u>	<u>10,978,976</u>	<u>(6,458,000)</u>
Other financing sources (uses):					
Transfers in	2,259,463	1,676,324	1,535,053	2,164,640	5,520,251
Transfers out	(4,419,850)	(3,201,056)	(3,191,186)	(4,262,726)	(6,945,251)
Issuance of debt	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Gain on property held for resale	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Payment to bond escrow agent	-	-	(32,637,606)	-	-
Total other financing sources (uses)	<u>(2,160,387)</u>	<u>(1,524,732)</u>	<u>(34,293,739)</u>	<u>(2,098,086)</u>	<u>(1,425,000)</u>
Extraordinary/ Special Items					
Successor Agency land acquired by City	-	-	-	6,409,884	-
Net change in fund balances	<u>\$ (53,894,888)</u>	<u>\$ 1,626,926</u>	<u>\$ (25,975,221)</u>	<u>\$ 15,290,774</u>	<u>\$ (7,883,000)</u>
Ratio of debt service expenditures to noncapital expenditures	38.5%	7.6%	14.2%	1.1%	1.0%

Source: City of Commerce Finance Department

City of Commerce
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues:					
Taxes	\$ 37,436,701	\$ 49,276,809	\$ 49,846,052	\$ 48,530,176	\$ 46,675,178
Casino license tax	9,049,147	26,653,916	31,572,956	31,436,082	30,563,683
Licenses and permits	5,660,787	5,453,634	7,693,813	6,574,738	7,514,862
Fines and forfeitures	1,392,108	1,553,365	2,204,638	1,438,638	1,567,406
Investment income	504,795	1,851,079	4,754,686	2,852,191	2,849,210
Rental income	1,690,928	634,348	-	-	-
Intergovernmental	3,412,514	8,427,721	3,726,875	3,106,606	5,533,868
Charges for services	1,268,381	2,665,125	2,756,672	2,562,317	2,050,164
Activity Fees	43,829	272,415	359,118	527,460	514,423
Other	4,662,651	2,336,248	839,260	914,980	1,211,546
Total revenues	<u>65,121,841</u>	<u>99,124,660</u>	<u>103,754,070</u>	<u>97,943,188</u>	<u>98,480,340</u>
Expenditures					
Current:					
General government	15,495,586	42,406,606	15,151,561	14,880,371	17,356,061
Public safety	23,389,362	24,716,722	24,308,966	27,821,553	28,388,151
Public works	11,008,151	9,741,623	14,616,394	11,925,095	20,195,493
Community development	3,450,539	3,662,523	4,791,751	5,135,427	419,101
Library	2,921,776	2,887,478	3,029,171	3,482,413	3,800,511
Parks, recreation and culture	5,531,729	7,275,835	7,097,239	9,190,122	10,327,853
Capital outlay	-	-	5,361,900	7,603,439	27,032,700
Debt service:					
Principal retirement	390,000	486,291	472,776	699,446	2,610,793
Interest and fiscal charges	392,612	641,488	975,630	969,253	1,047,740
Payment to bond escrow agent	-	339,089	-	-	-
Total expenditures	<u>62,579,755</u>	<u>92,157,655</u>	<u>75,805,388</u>	<u>81,707,119</u>	<u>111,178,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,542,086</u>	<u>6,967,005</u>	<u>27,948,682</u>	<u>16,236,069</u>	<u>(12,698,063)</u>
Other financing sources (uses):					
Transfers in	2,439,538	9,317,962	2,600,078	2,448,161	4,391,127
Transfers out	(3,864,538)	(9,096,379)	(2,600,078)	(2,448,161)	(4,391,127)
Issuance of debt	-	-	-	1,426,398	2,233,099
Issuance of bonds	-	27,875,000	-	-	-
Gain on property held for resale	-	273,000	1,186,724	-	-
Proceeds from sale of assets	-	-	-	-	303,401
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(1,425,000)</u>	<u>28,369,583</u>	<u>1,186,724</u>	<u>1,426,398</u>	<u>2,536,500</u>
Extraordinary/ Special Items					
Successor Agency land acquired by City	-	-	-	-	-
Net change in fund balances	<u>\$ 1,117,086</u>	<u>\$ 35,336,588</u>	<u>\$ 29,135,406</u>	<u>\$ 17,662,467</u>	<u>\$ (10,161,563)</u>
Ratio of debt service expenditures to noncapital expenditures	1.3%	1.6%	2.1%	2.3%	4.3%

Source: City of Commerce Finance Department

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

Fiscal Year Ended June 30	City		Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured		
2016	\$ 4,128,859	\$ 663,524	\$ 4,792,383	0.068%
2017	4,411,177	648,456	5,059,633	0.068%
2018	4,592,262	666,905	5,259,168	0.068%
2019	4,706,339	702,582	5,408,921	0.068%
2020	5,054,122	720,534	5,774,656	0.068%
2021	5,384,842	704,478	6,089,320	0.068%
2022	5,534,390	676,463	6,210,853	0.068%
2023	5,885,461	724,227	6,609,687	0.068%
2024	6,304,730	813,537	7,118,267	0.068%
2025	6,784,493	861,538	7,646,031	0.068%

NOTE:

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

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. County of Los Angeles Department of Auditor-Controller

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

	2015/16	2016/17	2017/18	2018/19	2019/20
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	-	-	-	-	-
Downey Unified School District	-	-	-	-	-
LA CCD DS 2008 Series F	-	-	-	-	-
LA Community College District	0.03575	0.03596	0.04599	0.04621	0.02717
LAUSD	0.12971	0.13110	0.12219	0.12323	0.12552
MWD	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.08715	0.14705	0.13514	0.13921	0.09306
Total Direct & Overlapping (2) Tax Rates	1.25611	1.31761	1.30682	1.31215	1.24925
City's Share of 1% Levy Per Prop 13 (3)	0.06793	0.06793	0.06793	0.06793	0.06793
Redevelopment Rate (4)	-	-	-	-	-
Total Direct Rate (5)	0.06817	0.06817	0.06815	0.06832	0.06813

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. The ERAF portion of the City's Levy has been subtracted where known.

(4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. County of Los Angeles Department of Auditor-Controller

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

	2020/21	2021/22	2022/23	2023/24	2024/25
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	-	-	-	-	-
Downey Unified School District	-	-	-	-	-
LA CCD DS 2008 Series F	-	-	-	-	-
LA Community College District	0.04016	0.04376	0.02488	0.06023	0.05136
LAUSD	0.13993	0.11323	0.12107	0.12422	0.12802
MWD	0.00350	0.00350	0.00350	0.00350	0.00700
Montebello Unified School District	0.09706	0.09031	0.12770	0.11275	0.09160
Total Direct & Overlapping (2) Tax Rates	1.28065	1.25080	1.27715	1.30070	1.27798
City's Share of 1% Levy Per Prop 13 (3)	0.06793	0.06793	0.06793	0.06793	0.06793
Redevelopment Rate (4)	-	-	-	-	-
Total Direct Rate (5)	0.06814	0.06817	0.06815	0.06815	0.06812

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. The ERAF portion of the City's Levy has been subtracted where known.

(4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. County of Los Angeles Department of Auditor-Controller

**City of Commerce
Principal Property Tax Payers
Current Year and Nine Years Ago**

2024/25			2015/16		
Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Craig Realty Group Citadel LLC	\$ 325,189,941	4.48%	Craig Realty Group Citadel LLC	\$186,325,010	3.81%
Dart Warehouse Corp (Pending Appeals on Parcels)	225,651,614	2.27%	AMB Institutional Alliance Fund I LP	176,735,106	3.21%
Liberty Property LP	170,751,646	1.75%	California Commerce Club Inc.	100,045,196	2.29%
Prologis LP	165,057,590	1.73%	LIT Commerce Distribution Center LLC	92,500,925	1.98%
Rexford Industrial Realty LP	131,461,593	1.63%	Rreef America Reit II Corporation	87,059,909	1.69%
Rexford Industrial-5300 Sheila LLC (Pending Appeals on Parcels)	127,289,641	1.55%	Prologis USLV NEWCA 6 LLC	81,892,726	1.53%
AMB Institutional Alliance Fund II LP	125,931,081	1.54%	VON'S Companies Inc	71,102,506	1.39%
California Commerce Club Inc.	118,848,793	1.50%	99 Cents Only Stores	63,345,184	1.31%
Rreef America Reit II Corporation	112,679,108	1.40%	TELACU	60,946,011	1.17%
LIT Commerce Distribution Center LLC	109,135,421	1.38%	Terreno Garfield LLC	54,763,391	1.17%
	<u>\$1,611,996,428</u>	<u>19.23%</u>		<u>\$974,715,964</u>	<u>19.55%</u>

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

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. County of Los Angeles Department of Auditor-Controller

**City of Commerce
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2016	\$ 1,838,006	\$ 1,811,369	98.55%	28,534	\$ 1,839,903	100.10%
2017	1,814,622	1,792,768	98.80%	50,388	1,843,156	101.57%
2018	1,951,337	1,936,177	99.22%	65,548	2,001,725	102.58%
2019	2,204,661	2,260,554	102.54%	9,655	2,270,209	102.97%
2020	2,028,219	2,010,999	99.15%	26,875	2,037,874	100.48%
2021	2,079,925	2,102,809	101.10%	3,991	2,106,800	101.29%
2022	2,222,252	2,127,092	95.72%	99,151	2,226,243	100.18%
2023	2,180,356	2,223,028	101.96%	56,479	2,279,507	104.55%
2024	2,301,968	2,358,447	102.45%	-	2,358,447	102.45%
2025	2,367,728	2,284,441	96.48%	83,287	2,367,728	100.00%

Sources:

1. City of Commerce Finance Department
2. County of Los Angeles Assessor

City of Commerce
Card Club License Fee by Category
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	2016	2017	2018	2019	2020
Gross Card Room -- Gaming Revenue	\$ 24,883	\$ 25,661	\$ 28,097	\$ 27,539	\$ 19,960
Monthly License Fee	120	120	120	120	100
Total	<u>\$ 25,003</u>	<u>\$ 25,781</u>	<u>\$ 28,217</u>	<u>\$ 27,659</u>	<u>\$ 20,060</u>
Monthly Percentage applied	(a)	(a)	(a)	(a)	(a)

(a) The percentage varies depending on the monthly gross revenue. Detailed information is available upon request from the City of Commerce Finance Department.

Each licensee (in this case, the Commerce Casino) shall pay to the city a monthly license fee of ten thousand dollars plus an amount based upon the total monthly gross revenue of the card game business licensed, according to the schedule presented on the next page.

Notes: The Tax is based upon the following formula as provided for in the agreement between the City and the Commerce Casino.

Source: City of Commerce - Finance Department

City of Commerce
Card Club License Fee by Category (Continued)
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	2021	2022	2023	2024	2025
Gross Card Room -- Gaming Revenue	\$ 8,959	\$ 26,534	\$ 31,453	\$ 31,316	\$ 30,444
Monthly License Fee	90	120	120	120	120
Total	<u>\$ 9,049</u>	<u>\$ 26,654</u>	<u>\$ 31,573</u>	<u>\$ 31,436</u>	<u>\$ 30,564</u>
Monthly Percentage applied	(a)	(a)	(a)	(a)	(a)

(a) The percentage varies depending on the monthly gross revenue. Detailed information is available upon request from the City of Commerce Finance Department.

Each licensee (in this case, the Commerce Casino) shall pay to the city a monthly license fee of ten thousand dollars plus an amount based upon the total monthly gross revenue of the card game business licensed, according to the schedule presented on the next page.

Notes: The Tax is based upon the following formula as provided for in the agreement between the City and the Commerce Casino.

Source: City of Commerce - Finance Department

City of Commerce
Direct and Overlapping Card Club Rates
Last Ten Fiscal Years

Monthly Gross Card Club Revenue	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
First \$0 to \$1,600,000	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Next \$1,600,001 to \$8,500,000	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
Next \$8,500,001 to \$12,000,000	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
Next \$12,000,001 to \$16,000,000	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%
Over \$16,000,000	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
									Average Rate	12.9%

Notes: The Tax is based upon the above formula as provided for in the agreement between the City and the Commerce Casino.

Source: City of Commerce - Finance Department

City of Commerce
Principal Card Club Remitter
Current Year and Nine Years Ago

Tax Remitter	2025			2016		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Commerce Casino	\$ 30,443,683	1	100.00%	\$ 24,882,715	1	100.00%
Total	\$ 30,443,683		100.00%	\$ 24,882,715		100.00%

Source: City of Commerce - Finance Department

City of Commerce
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
	Pension Obligation Bonds	Tax Allocation Bonds ¹	Finance Purchase	Leases	Subscriptions					
2016	\$ -	\$ 55,109,280	\$ -	\$ -	\$ -	\$ -	\$ 55,109,280	\$55,109,280	27.18%	4,198
2017	-	51,124,046	-	-	-	-	51,124,046	51,124,046	24.91%	3,913
2018	-	9,993,812	-	-	-	-	9,993,812	9,993,812	4.93%	765
2019	-	9,578,578	-	-	-	-	9,578,578	9,578,578	4.49%	736
2020	-	9,148,344	-	-	-	-	9,148,344	9,148,344	3.94%	711
2021	-	8,698,110	-	-	-	-	8,698,110	8,698,110	3.48%	680
2022	27,875,000	8,227,876	-	128,389	-	-	36,231,265	36,231,265	13.50%	2,984
2023	27,875,000	7,742,642	-	123,292	-	-	35,740,934	35,740,934	13.02%	2,970
2024	27,875,000	7,232,408	-	1,097,928	202,316	-	36,407,652	36,407,652	12.13%	3,003
2025	26,350,000	6,702,174	1,236,261	1,136,382	544,907	-	35,969,724	35,969,724	11.21%	2,961

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

¹ The City issued over \$72 million of tax allocation bonds in 2007 (not all was new monies).

² These ratios are calculated using personal income and population for the prior calendar year.

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. City of Commerce Finance Department

City of Commerce
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Pension Obligation Bonds	Tax Allocation Bonds	Total		
2016	\$ -	\$ 51,124,046	\$ 51,124,046	0.97%	3,895
2017	-	9,993,812	9,993,812	0.18%	765
2018	-	9,578,578	9,578,578	0.17%	733
2019	-	9,148,344	9,148,344	0.15%	703
2020	-	8,698,110	8,698,110	0.14%	676
2021	27,875,000	8,227,876	36,102,876	0.55%	2,822
2022	27,875,000	7,742,642	35,617,642	0.50%	2,934
2023	27,875,000	7,232,408	35,107,408	0.46%	2,917
2024	26,350,000	6,702,174	33,052,174	0.43%	2,726
2025	26,350,000	6,702,174	33,052,174	0.43%	2,721

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

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

Source: City of Commerce - Finance Department

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City of Commerce
Direct and Overlapping Debt
June 30, 2025

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
Total Direct Debt	\$ 35,969,724	100.000%	\$ 35,969,724
Metropolitan Water District	17,155,000	0.188%	32,251
Los Angeles Unified School District	11,745,405,000	0.055%	6,459,973
Los Angeles City Community College District	4,919,505,000	0.644%	31,681,612
Montebello Unified School District	228,369,179	30.932%	70,639,154
Total Overlapping Debt	16,910,434,179		108,812,990
Total Direct and Overlapping Debt	\$ 16,946,403,903		\$ 144,782,714
2024/25 Assessed Valuation:	\$ 3,968,772,926		
Debt to Assessed Valuation Ratios:	Direct Debt	0.91%	
	Overlapping Debt	2.74%	
	Total Debt	3.65%	

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

Source: California Municipal Statistics

City of Commerce
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 4,792,383,111	\$ 5,059,632,808	\$ 5,259,167,690	\$ 5,408,920,657	\$ 5,774,656,000
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,198,095,778	1,264,908,202	1,314,791,923	1,352,230,164	1,443,664,000
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	179,714,367	189,736,230	197,218,788	202,834,525	216,549,600
Total net debt applicable to limit: General obligation bonds	55,109,280	51,124,046	9,993,812	9,578,578	9,148,344
Legal debt margin	<u>\$ 124,605,087</u>	<u>\$ 138,612,184</u>	<u>\$ 187,224,976</u>	<u>\$ 193,255,947</u>	<u>\$ 207,401,256</u>
Total debt applicable to the limit as a percentage of debt limit	30.7%	26.9%	5.1%	4.7%	4.2%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources:

1. City of Commerce Finance Department
2. HDL 2023-24 ACFR Statistical Reports
3. County of Los Angeles Department of Auditor-Controller

City of Commerce
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2021	2022	2023	2024	2025
Assessed valuation	\$ 6,089,319,551	\$ 6,210,852,946	\$ 6,609,687,340	\$ 7,118,266,894	\$ 7,646,030,931
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,522,329,888	1,552,713,237	1,652,421,835	1,779,566,724	1,911,507,733
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	228,349,483	232,906,985	247,863,275	266,935,009	286,726,160
Total net debt applicable to limit: General obligation bonds	8,698,110	8,227,876	7,742,642	7,232,408	6,702,174
Legal debt margin	<u>\$ 219,651,373</u>	<u>\$ 224,679,109</u>	<u>\$ 240,120,633</u>	<u>\$ 259,702,601</u>	<u>\$ 280,023,986</u>
Total debt applicable to the limit as a percentage of debt limit	3.8%	3.5%	3.1%	2.7%	2.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources:

1. City of Commerce Finance Department
2. HDL 2023-24 ACFR Statistical Reports
3. County of Los Angeles Department of Auditor-Controller

City of Commerce
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2015	13,127	\$ 202,739	\$ 15,444	9.8%
2016	13,064	205,233	15,709	7.7%
2017	13,067	202,639	15,507	6.1%
2018	13,021	213,295	16,380	6.7%
2019	12,868	231,904	18,021	5.3%
2020	12,792	250,173	19,556	12.8%
2021	12,140	268,439	22,112	7.7%
2022	12,036	274,582	22,813	5.3%
2023	12,124	300,161	24,758	5.4%
2024	12,146	320,754	26,408	3.7%

Sources:

1. HDL 2023-24 ACFR Statistical Reports
2. State Department of Finance
3. U.S. Bureau of Economic Analysis
4. State of California Employment Development Department

**City of Commerce
Principal Employers
Current Year and Nine Years Ago**

Employer	2025		2016	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
The Commerce Casino & Hotel	2,148	4.07%	2,448	3.77%
Parsec, Inc.	943	1.79%		
ONTRAC	942	1.78%		
County of Los Angeles	800	1.52%	2,500	3.85%
Wine Warehouse	758	1.44%	379	0.58%
Mission Foods	647	1.23%		
BNSF Railway Company	601	1.14%		
Fedex Ground Package System, INC	380	0.72%		
Monogram Aerospace Fasteners	344	0.65%		
4 Earth Farms	343	0.65%		
American Internation Industries			998	1.54%
99 Cents Only Stores #914			539	0.83%
Smart & Final Stores LLC			508	0.78%
Gibson Overseas, Inc.			395	0.61%
Unified Grocers Inc.			377	0.58%
UPS Ground Freight, Inc.			351	0.54%
OnTrac			350	0.54%

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

Sources:

1. City of Commerce Finance Department
2. State of California Employment Development Department

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	39	39	38	38	39	28	30	33	36	34
Public safety ¹	-	1	-	-	-	-	-	-	-	-
Community services	28	29	28	21	11	11	22	15	17	22
Public Works & Development Services	13	17	21	26	55	43	51	53	54	43
Park & Recreation	136	136	135	139	122	113	182	121	186	194
Library Services	39	39	39	43	45	42	27	36	42	44
Transportation	34	34	34	40	33	35	53	64	67	71
Total	<u>289</u>	<u>295</u>	<u>295</u>	<u>307</u>	<u>305</u>	<u>272</u>	<u>365</u>	<u>322</u>	<u>402</u>	<u>408</u>

¹ Police and fire services were provided by the County.

Source: City of Commerce Annual Adopted Budget

**City of Commerce
Capital Asset Statistics
by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	-	-	-	-	-	-	-	-	-	-
Fire:										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public services:										
Streets (miles)	133.80	133.80	133.80	133.80	133.80	133.80	133.80	133.80	133.80	133.80
Streetlights	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193
Traffic signals	80	80	80	80	80	80	80	80	80	80
Parks and recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Community centers	2	2	2	2	2	2	2	2	3	4
Water:										
Water mains (miles)	173.90	173.90	173.90	173.90	173.90	173.90	173.90	173.90	173.90	173.90
Maximum daily capacity (thousands of gallons)	12,850	12,850	12,850	12,850	12,850	12,850	12,850	12,850	12,850	12,850
Wastewater:										
Sanitary sewers (miles)	181.75	181.75	181.75	181.75	181.75	181.75	181.75	181.75	181.75	181.75
Storm sewers (miles)	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50
Maximum daily treatment capacity (thousands of gallons)	7,015	7,015	7,015	7,015	7,015	7,015	7,015	7,015	7,015	7,015
Library:										
Libraries	4	4	4	4	4	4	4	4	4	4

Source: City of Commerce Annual Adopted Budget

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