



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024
CITY OF COMMERCE, CALIFORNIA



2024

City of Commerce

Commerce, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Prepared by:
Finance Department

City of Commerce
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

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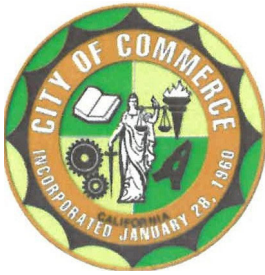
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CITY OF COMMERCE

Ernie Hernandez
City Manager

June 30, 2025

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 (City) for the fiscal year ended June 30, 2024. 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 principles 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, 2024, 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, 2024, are fairly presented in conformity with GAAP. The independent report is presented as the first component of the financial section of this report.

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.

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.

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 50.0% 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.

The City, strategically located at the intersection of Santa Ana and I-710 Freeways, will witness some major transformation in the near future: the Citadel is working towards a 25-acre expansion project along the Telegraph Corridor, and Comstock Reality Partners is seeking to complete a 17-acre mixed-use project (Modelo), inclusive of 850 residential units sprouting up at the southern end of the city.

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.

Over the past two years, the City has experienced an extraordinary recovery and return to economic normalcy after the initial economic impacts associated with the pandemic. The City's General Fund closed FY 2023/24 with a net \$155.8 million surplus due to a variety of factors discussed in the MD&A.

General Fund revenues (not including transfers in) decreased by 5.5% from the prior year. Card Club revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 33.0% of General Fund revenues in FY 2023/24. For FY 2023/24, card club receipts of \$31.44 million were slightly lower (\$136,874) than the prior year's collection, reflecting the continued rebound and continuity in the cardroom gaming industry.

The City also relies heavily on sales tax revenues to support General Fund operations, comprising approximately 40.6% of General Fund revenues in FY 2023/24. For FY 2023/24 sales tax receipts of \$38.6 million decreased \$1.84 million from the prior year's collection. Sales tax revenues, which draw most of its support from Citadel sales, witnessed a considerable decrease across all categories. In addition, the City's 1/2 cent Measure AA Sales Tax, which is exclusively allotted towards the City's Capital Improvement Program, continued to perform well - generating approximately \$9.74 million.

As with most municipalities, services are provided directly by employees to the City's residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the City's expenditures. Salaries are largely dictated by regional market forces as evidenced by fierce competition for talent in the Los Angeles Basin Area, and inflationary pressures nationwide.

FY 2023/24 denoted the initial year of a three-year Memorandum of Understanding between the and the bargaining units. While important for the consistent delivery of high-quality services for the City, the final year wage increase (scheduled to take effect July 1, 2025) of 4.0% will impact on the existing positive balance between revenues and expenditures.

On a positive note, the City stayed the course with a pragmatic budgetary plan for fiscal year 2024/25 and has effectively added to the reserves that were used during the pandemic while, at the same time, also rebuilding services that were curtailed during the pandemic. The challenge continues to be how to prudently and effectively rebuild and reimagine the delivery of City services in this new post-pandemic inflationary environment.

Despite healthy revenues, City continues to be mindful of how quickly things can turnaround. City Council continues to seek Commerce's growth in revenue base by strategizing, investing and reinvesting to ensure that this organization and community are sustainable today, and in the future.

Long-term financial planning

Long-term financial planning is an integral part of the City's fiscal management as it ensures sustainable growth, resilience, and effective governance. It is even more critical now given the current and projected economic uncertainty. The City is projected to implement a formal long-term financial model for the General Fund in the upcoming fiscal year. This model will be aimed as a five-year planning forecast, due to the volatile nature of tax revenues linked to retail/gambling-based: this economy makes it very difficult to predict revenues with any certainty beyond five years. Nonetheless, the financial model will be invaluable in the development of the operating budget. The hope is that the financial model would incorporate recession and more aggressive economic scenarios to understand the potential additional impact on General Fund reserves.

This model will continue to be refined in FY 2025/26 leading into the future years operating budgets to articulate fiscally pragmatic assumptions for revenues.

Another modification to the budget process will be the City transition from a one-year budget cycle to a two-year financial plan. The first year will represent the adopted annual budget and the second year will serve as a financial plan and a starting point for the following year. Two-year financial plans take more time to produce in the first year, but it forces the organization and staff to take a longer-term view of its operations at a more detailed level than a financial model that they might not otherwise do. Staff are hoping that the concept will be embraced and additional discipline required to incorporate a second year into its budget/planning documents.

The City's current financial forecast for operating revenues and expenditures is based primarily on anticipated commercial, industrial and residential development. The forecast produces an evaluation of the City's financial position as projected growth triggers increased service demands. The forecast is currently being adjusted on a regular basis to consider the impacts of the three-year MOU's that will be entering its final year effective July 1, 2025, and current inflationary impacts on the City's revenue sources.

Our current projections anticipate that the City will experience another surplus for the fiscal year ending 6/30/2025. Again, the Council was very mindful as it adopted the FY 2024-25 budget plan that, among several priorities, incorporates the growth of City reserves as a keystone to the plan.

Currently, the City's General Fund reserve is over \$100 million, which comfortably exceeds the policy of 60 days of annual operating expense.

In addition, the City's Capital Improvement Program (CIP) is a component of the annual budget process that addresses the City's short and long-term capital needs. Just as important, the CIP emphasizes a plan of action that effectively maintains the existing infrastructure to a sound physical standard, as well as providing new facilities to support current growth and complement new development.

As a result of these future challenges and opportunities, the Financial Forecast becomes even more of an important tool going forward. This document will continue to be a framework in the annual budget preparation, as well as throughout the fiscal year, to assess any state and local economic/political action that might impact the City of Commerce.

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.

Pension and other postemployment benefits

The City of Commerce is a member of the California Public Employees Retirement System (CalPERS). CalPERS sets the contribution rates for the City's represented and non-represented employee groups. Participants are required to contribute 7% of their annual covered salary - up until July 1, 2015; the City was making a portion of the contributions required of City employees on their behalf and for their account. The City employees now contribute the entire 7%. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State law. The employer contribution rate is established and may be amended by CalPERS.

In early 2018 the City Council approved the establishment of an irrevocable trust for both pension stabilization and other employee pension benefits. The pension trust fund allows the City to set aside funds for future employee pension costs and potentially earn a higher rate of return on these funds. To date, and if necessary, the trust funds have accumulated approximately \$7.6 million to fund future pension costs.

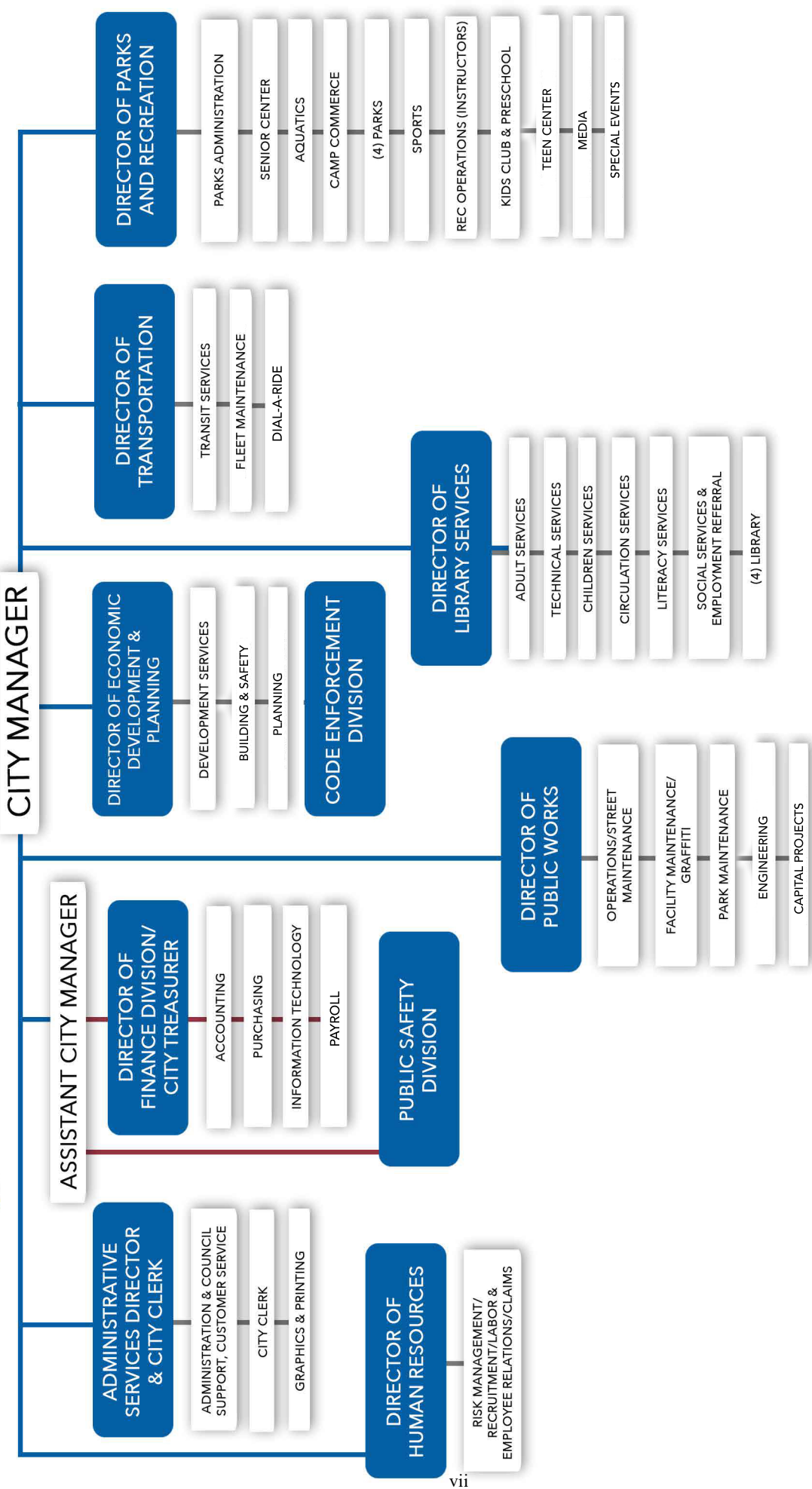
In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,

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

Ernie Hernandez
City Manager
City of Commerce

CITY OF COMMERCE CITY COUNCIL



CITY OF COMMERCE, CALIFORNIA
Officials of the City of Commerce
June 30, 2024

CITY COUNCIL

Hugo A. Argumedo – Mayor
Ivan Altamirano – Vice Mayor
Mireya Garcia – Councilmember
Kevin Lainez – Councilmember
Oralia Y. Rebollo – Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Manager – **Ernie Hernandez**
Director of Administrative Services and City Clerk – **Lena Sofia Shumway**
City Attorney – **Noel Tapia**
Director of Human Resources – **Ela Pappo**
Director of Public Works – **Gina Nila**
Acting Director of Economic Development and Planning – **Louis Morales**
Director of Parks and Recreation – **Gregory Alaniz**
Director of Library Services – **Sonia Bautista**
Director of Transportation – **Claude McFerguson**

**INDEPENDENT AUDITORS' REPORT**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, 2024, 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, 2024, 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 Auditors' 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.

Other Matter***Report on Summarized Comparative Information***

We have previously audited the City's 2023 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 August 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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, 2023, 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.

Auditors' 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 auditors' 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, and the Schedules of Contributions - Pensions, the Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Contributions – Other Postemployment Benefits, be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 auditors' 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, 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 Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
June 30, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Commerce
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

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, 2024. 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 \$170,995,308. 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 2023-2024 period equaled \$305,921,856, an increase of \$16,234,944 from the prior year. This growth is due primarily to an increase in cash as a result of a net surplus.
- Deferred outflows of resources equaled \$12,846,692, a decrease of \$2,639,322 from the prior year. This decrease is due primarily to market fluctuations of investments in trust funds and actuarial assumptions for benefits.
- The City's liabilities equaled \$133,301,296, an increase of \$3,687,966 from the prior year. The major impact is in the increase of net pension and other post-employment benefits liability. This increase represents actuarial assumptions for pension and other post-employment benefits liabilities.
- Deferred inflows of resources equaled \$14,471,994, a decrease of \$5,005,829 from the prior year. This decrease is due primarily to market fluctuations of investments in trust funds and actuarial assumptions for benefits.
- The City's total net position increased by \$14,913,485. The major impacts are an increase in total assets, primarily cash as noted above, and the decrease in net benefits liabilities, as compared to the prior year. This increase in net position is offset by the decrease in the deferred outflow of resources.
- At the close of the current fiscal year, the City's net position of governmental activities were \$173,911,636, an increase of \$18,266,289 from the prior year. This increase is primarily due to the items noted above.
- Total governmental activities revenues from all sources in FY 2023-24 equaled \$98,097,452.
- Total costs for all governmental activities expenses in FY 2023-24 equaled \$79,831,163.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$105,918,791, or 136% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

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 flows 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, library, 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 state 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.

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.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

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 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.

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.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

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, 2024, total \$170,995,305. Following is a condensed version of the government-wide statement of net position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023 (as restated)	2024	2023 (as restated)	2024	2023 (as restated)
Assets:						
Current and other asset	\$ 175,353,373	\$ 154,937,907	\$ 11,727,010	\$ 15,665,659	\$ 187,080,383	\$ 170,603,566
Internal balances	6,804,311	9,039,201	-	-	6,804,311	9,039,201
Capital assets, net	94,357,845	90,754,567	17,679,317	19,289,578	112,037,162	110,044,145
Total assets	276,515,529	254,731,675	29,406,327	34,955,237	305,921,856	289,686,912
Deferred outflows of resources:						
Pension related	7,070,532	8,182,471	2,382,051	2,718,770	9,452,583	10,901,241
OPEB related	2,538,793	3,441,331	855,316	1,143,442	3,394,109	4,584,773
Total deferred outflows of resources	9,609,325	11,623,802	3,237,367	3,862,212	12,846,692	15,486,014
Liabilities:						
Current Liabilities	13,365,190	10,157,784	7,612,050	9,991,042	20,977,240	20,148,826
Long-term Liabilities	92,868,465	91,168,426	19,455,591	18,296,078	112,324,056	109,464,504
Total liabilities	106,233,655	101,326,210	27,067,641	28,287,120	133,301,296	129,613,330
Deferred inflows of resources:						
Pension related	500,675	1,063,243	168,677	353,281	669,352	1,416,524
OPEB related	4,669,522	6,676,938	1,573,154	2,218,530	6,242,676	8,895,468
Lease related	809,366	1,643,739	6,750,550	7,522,042	7,559,916	9,165,781
Total deferred inflows of resources	5,979,563	9,383,920	8,492,381	10,093,853	14,471,944	19,477,773
Net Position:						
Net investment in capital assets	85,825,193	82,888,633	17,679,317	19,289,578	103,504,510	102,178,211
Restricted	16,561,635	15,752,493	-	-	16,561,635	15,752,493
Unrestricted	71,524,808	57,004,221	(20,595,645)	(18,853,102)	50,929,163	38,151,119
Total net position (deficit)	\$ 173,911,636	\$ 155,645,347	\$ (2,916,328)	\$ 436,476	\$ 170,995,308	\$ 156,081,823

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 total net position of the City was \$170,995,308 as of June 30, 2024. The City's net position increased \$14,913,485 in the fiscal year ended June 30, 2024. The increase was split between an increase in the governmental activities of \$18,266,289 and a decrease in the business-type activities of (\$3,352,804). 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, 2024

The following is a condensed version of the City's changes in net position. 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	
	2024	2023 (as restated)	2024	2023 (as restated)	2024	2023 (as restated)
Revenues:						
Program revenues						
Charges for services	\$ 9,734,469	\$ 11,452,040	\$ 3,667,239	\$ 4,128,058	\$ 13,401,708	\$ 15,580,098
Operating grants & contributions	5,144,051	5,129,104	6,874,935	6,467,805	12,018,986	11,596,909
Capital grants & contributions	7,825	5,997	-	2,662,122	7,825	2,668,119
General revenues:						
Casino license tax	31,436,082	31,572,956	-	-	31,436,082	31,572,956
Property tax	5,110,125	4,627,743	-	-	5,110,125	4,627,743
Sales tax	38,642,346	40,480,501	-	-	38,642,346	40,480,501
Franchise taxes	1,613,037	1,598,267	-	-	1,613,037	1,598,267
Transient occupancy taxes	3,164,668	3,139,541	-	-	3,164,668	3,139,541
Motor vehicle in-lieu	15,289	12,688	-	-	15,289	12,688
Investment income	2,441,907	4,792,554	156,062	1,591,670	2,597,969	6,384,224
Miscellaneous revenue (expense)	787,653	809,831	-	25,206	787,653	835,037
Gain on sale of property	-	1,186,724	-	-	-	1,186,724
Total revenues	<u>98,097,452</u>	<u>104,807,946</u>	<u>10,698,236</u>	<u>14,874,861</u>	<u>108,795,688</u>	<u>119,682,807</u>
Expenses:						
General government	16,528,267	17,061,923	-	-	16,528,267	17,061,923
Community development	5,308,728	4,965,052	-	-	5,308,728	4,965,052
Public safety	27,821,008	24,304,792	-	-	27,821,008	24,304,792
Public works	14,532,596	16,442,212	-	-	14,532,596	16,442,212
Library	3,890,316	3,532,582	-	-	3,890,316	3,532,582
Parks recreation and culture	10,843,894	9,579,307	-	-	10,843,894	9,579,307
Interest on long-term debt	906,354	1,065,145	-	-	906,354	1,065,145
Transit	-	-	10,904,732	10,440,610	10,904,732	10,440,610
CNG/LNG	-	-	2,934,201	4,179,857	2,934,201	4,179,857
Water	-	-	212,107	128,393	212,107	128,393
Total expenses	<u>79,831,163</u>	<u>76,951,013</u>	<u>14,051,040</u>	<u>14,748,860</u>	<u>93,882,203</u>	<u>91,699,873</u>
Change in net position	18,266,289	27,856,933	(3,352,804)	126,001	14,913,485	27,982,934
Net position - beginning of year (as restated)	<u>155,645,347</u>	<u>127,788,414</u>	<u>436,476</u>	<u>310,475</u>	<u>156,081,823</u>	<u>128,098,889</u>
Net position - end 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>

Additional financial highlights are shown below:

The City's total revenues were \$108,795,688. A significant portion of governmental revenues came from charges for services (9.92%), casino license tax (32.05%), and sales tax (39.39%) of the total governmental revenues of \$98,097,452. A significant portion of the business-type revenues were collected from charges for services (34.28%) and operating grants & contributions (64.26%) of the total business-type revenues of \$10,698,236.

The total cost of all city programs and services during the fiscal year ended June 30, 2024, was \$93,882,203. The break down by activity as a percentage of total expenses for selected programs are as follows: Public safety (police and fire) 29.63%; General Government 17.61%; Public works 15.48%; Parks and Recreation 11.55%; and Business-type activities accounted for 14.97% of total costs. The remaining three areas, all less than 6% each, comprise the balance.

Change in net position represents an increase of \$14,913,485 for the year, as compared to last year's change, representing an increase of \$27,982,934. Total net position at the end of the year was \$170,995,308. The City has ample amounts to provide for its outstanding indebtedness.

Governmental activities experienced an increase in net position of \$18,226,289. This is primarily due to an increase in governmental revenues as highlighted above.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

Business-type activities consist of the Transit, Water, and CNG/LNG Funds. The financial goal of the City's business-type activities is to operate on a more, or less, "break-even" basis without making significant profit or needing general tax subsidies. For the fiscal year ended June 30, 2024, this goal was not met, with the City's total business-type activities having realized an overall decrease in net position of \$3,352,804. This decrease in net position is primarily due to a decrease in charges for services and a decrease in capital grants and contributions. This represents less revenue from CNG/LNG fuel sales and the California State Trade Expansion Program no longer received to offset capital expenditures and labor costs.

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, 2024	Balance at June 30, 2023 (as restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Balances:				
General Fund	\$ 155,757,029	\$ 138,446,520	\$ 17,310,509	12.5%
Nonmajor Governmental Funds	14,842,099	14,490,141	351,958	-2.4%
Total Fund Balances	<u>\$ 170,599,128</u>	<u>\$ 152,936,661</u>	<u>\$ 17,662,467</u>	<u>11.5%</u>

The General fund balance increased by \$17,310,509. The general fund balance increased as a result of the net surplus generated during the fiscal year. The net surplus was driven by overall revenues exceeding expenses. Main revenue drivers include, taxes, license & permits, and casino tax revenue.

The Nonmajor Governmental fund balance increased by \$351,958 which is consistent with grant and loan receivables and capital projects expenditures in the City.

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, 2024	Balance at June 30, 2023 (as restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position (Deficit):				
Transit	\$ (10,698,819)	\$ (6,669,022)	\$ (4,029,797)	-60.4%
CNG/LNG	4,011,986	4,044,979	(32,993)	-0.8%
Water	3,770,505	3,060,519	709,986	-23.2%
Total Net Position	<u>\$ (2,916,328)</u>	<u>\$ 436,476</u>	<u>\$ (3,352,804)</u>	<u>768.2%</u>
Unrestricted Net Position (Deficit):				
Transit	\$ (24,786,713)	\$ (22,174,673)	\$ (2,612,040)	-11.8%
CNG/LNG	1,199,149	1,139,851	59,298	5.2%
Water	2,991,919	2,181,720	810,199	-37.1%
Total Unrestricted Net Position (Deficit)	<u>\$ (20,595,645)</u>	<u>\$ (18,853,102)</u>	<u>\$ (1,742,543)</u>	<u>-9.2%</u>

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

The Transit Fund net position decreased by \$4,029,797 and unrestricted net position decreased by \$2,612,040. The key factor in the decrease of nets assets is due to the recognition of the Transit Funds portion of the other post-employment benefit liability and decrease in capital assets.

The Water Fund net position increased \$709,986 and unrestricted net position increased by \$810,199. 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 issuance of debt totaled \$97,102,871. This is a 4.75% decrease when compared to last year's revenue total of \$101,942,975. The largest revenue source was taxes, which includes both sales taxes and property taxes at \$48,530,176 which decreased 2.64% or \$1,207,814 compared to the prior year. Casino license tax totaled \$31,436,082, down by \$136,874 or .43% 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 \$12,243,236, above expectations for property and sales tax, casino tax, charges for services, and lease revenue and interest income.

General Fund expenditures totaled \$79,792,362, including transfer out, and were over budgeted totals for the fiscal year by \$487,036, due primarily to an overall increase in operational expenses from wages and benefits to maintenance and repairs, supplies, partially offset by less transfer-out than anticipated. Overall increase in operational expenses are notably seen in general government, public works, parks, recreation and culture.

Capital Assets

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

	Balance at June 30, 2024	Balance at June 30, 2023 (as restated)	Amount Increase (Decrease)	Precent Increase (Decrease)
Governmental Activities:				
Land	\$ 12,946,340	\$ 12,946,340	\$ -	0.0%
Construction in progress	7,979,927	3,228,383	4,751,544	147.2%
Buildings	43,210,991	43,210,991	-	0.0%
Improvements other than buildings	21,174,610	20,719,853	454,757	2.2%
Infrastructure	137,427,822	136,885,795	542,027	0.4%
Right to use assets	1,817,541	391,143	1,426,398	364.7%
Machinery and equipment	8,451,671	8,022,958	428,713	5.3%
Less accumulated depreciation and amortization	(138,651,057)	(134,650,896)	(4,000,161)	3.0%
Net capital assets	<u>\$ 94,357,845</u>	<u>\$ 90,754,567</u>	<u>\$ 3,603,278</u>	<u>4.0%</u>

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

	Balance at June 30, 2024	Balance at June 30, 2023 (as restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
Business Activities:				
Land	\$ 2,755,498	\$ 2,755,498	\$ -	0.0%
Machinery and equipment	19,635,165	19,635,165	-	0.0%
Water rights	2,141,222	2,141,222	-	0.0%
Building and improvements	13,112,526	13,112,526	-	0.0%
Less accumulated depreciation and amortization	(19,965,094)	(18,354,833)	(1,610,261)	8.8%
Net capital assets	<u>\$ 17,679,317</u>	<u>\$ 19,289,578</u>	<u>\$ (1,610,261)</u>	<u>-8.3%</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 increased respectively from completion of projects. Business-type activity capital assets saw no activity other than an increase in depreciation, as primary projects were completed in the prior fiscal year. 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, 2023 (as restated)	Additions	Reductions	Balance at June 30, 2024
Governmental Activities:				
2014 Lease Revenue Bonds	\$ 7,060,000	\$ -	\$ (450,000)	\$ 6,610,000
Premium on bond	682,642	-	(60,234)	622,409
2021 Pension Obligation Bond	27,875,000	-	-	27,875,000
Lease Liability	123,292	1,140,385	(165,749)	1,097,928
Subscription Liability	-	286,013	(83,697)	202,316
Compensated absences	2,971,762	1,691,305	(1,444,263)	3,218,804
Claims Payable	865,296	417,462	(423,521)	859,237
Total Long-Term Obligations - Governmental Activities	<u>39,577,992</u>	<u>3,535,165</u>	<u>(2,627,464)</u>	<u>40,485,693</u>
Business Activities:				
Compensated Absences	628,965	310,500	(269,096)	670,369
Claims Payable	111,262	-	(45,583)	65,679
Total Long-Term Obligations - Business-Type Activities	<u>740,227</u>	<u>310,500</u>	<u>(314,679)</u>	<u>736,048</u>
Total Long-Term Obligations	<u>\$ 40,318,219</u>	<u>\$ 3,845,665</u>	<u>\$ (2,942,143)</u>	<u>\$ 41,221,741</u>

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. Information on the long-term liabilities is discussed further in Note 7 of the Financial Statements.

City of Commerce
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The adopted General Fund budget for fiscal year 2024-25 reflects projected revenues in excess of operating expenditures by \$5.0 million and includes the addition of significant budget enhancements largely in the following three areas: Wage & Benefit increase, support of public safety initiatives, and continuing to restore programs that were impacted during the COVID era. In addition, the City continues to inject significant investment in capital and infrastructure projects. Based on the City's continued practice of forecasting revenues conservatively, the overall result projects a fiscal year 2024-25 General Fund surplus of \$7.5 million. Major City tax revenues have recovered from pandemic-depressed levels and projected large development activity in the City will bring in significant one-time and ongoing revenues for several years to come. Nonetheless, expenditure continues to mount with the growing cost of goods, services and personnel, enhanced public safety measures, improvements and maintenance of infrastructure, and other Council priorities. Financial forecasts indicate that General Fund operating expenditures and transfers are anticipated to exceed operating revenue sometime in the future, underscoring the importance of examining expenditure reduction and revenue generation opportunities to mitigate the use of reserves to balance the budget. As it has historically, the City will work to ensure that adequate ongoing revenue can support recurring expenditures, and that one-time inflows of funds are only relied upon for one-time costs. The overall goals underlying the city's financial policies include fiscal responsibility, flexibility, and adherence to the highest accounting and management practices.

As mentioned earlier, the city stayed the course with a pragmatic budgetary plan for fiscal year 2024/25 and has effectively restored (and exceeded) the level of reserves that existed pre-pandemic while, at the same time, also rebuilding services that were curtailed during the pandemic. The challenge continues to be how to prudently and effectively rebuild and reimagine the delivery of City services in this new post-pandemic inflationary environment. Options and strategies to navigate these challenges will be discussed as we move forward.

Despite healthy revenues, City continues to be mindful how quickly things can turnaround – meaning, the City Council continues to seek in expanding Commerce's revenue base by strategizing, investing and reinvesting to ensure that this organization and community are sustainable today, and in the future.

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, 2024
(with comparative information for the prior year)

	Primary Government		Total	
	Governmental Activities	Business-Type Activities	2024	2023 (as restated)
ASSETS				
Current assets:				
Cash and investments	\$ 126,532,532	\$ 3,349,214	\$ 129,881,746	\$ 112,476,244
Receivables:				
Accounts	4,268,321	370,644	4,638,965	4,356,141
Interest	545,508	-	545,508	247,096
Lease receivable, current	1,207,549	740,946	1,948,495	1,363,855
Due from other governments	8,623,201	650,469	9,273,670	9,424,864
Due from other funds	6,804,311	-	6,804,311	9,039,201
Due from Successor Agency	2,557,410	457,285	3,014,695	3,014,695
Prepaid items and deposits	296,422	-	296,422	534,590
Total current assets	150,835,254	5,568,558	156,403,812	140,456,686
Noncurrent assets:				
Restricted cash and investments:				
Cash with fiscal agent	5,146,628	-	5,146,628	5,146,630
PARS 115 trust	3,267,339	-	3,267,339	3,024,041
Lease receivable, noncurrent	-	6,158,452	6,158,452	8,106,947
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	20,926,267	2,755,498	23,681,765	18,930,221
Depreciable, net	72,109,383	14,466,704	86,576,087	90,509,330
Amortizable, net	1,322,195	457,115	1,779,310	604,594
Total capital assets	94,357,845	17,679,317	112,037,162	110,044,145
Total noncurrent assets	125,680,275	23,837,769	149,518,044	149,230,226
Total assets	276,515,529	29,406,327	305,921,856	289,686,912
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	7,070,532	2,382,051	9,452,583	10,901,241
OPEB related	2,538,793	855,316	3,394,109	4,584,773
Total deferred outflows of resources	9,609,325	3,237,367	12,846,692	15,486,014

City of Commerce
Statement of Net Position (Continued)
June 30, 2024
(with comparative information for the prior year)

	Primary Government		Total	
	Governmental Activities	Business-Type Activities	2024	2023
LIABILITIES				
Current liabilities:				
Accounts payable	7,624,884	409,696	8,034,580	6,976,494
Salaries and benefits payable	642,980	165,129	808,109	740,919
Deposits payable	725,535	-	725,535	736,970
Unearned revenue	157,816	-	157,816	246,106
Due to other funds	-	6,804,311	6,804,311	9,039,201
Accrued interest	341,049	-	341,049	343,714
Compensated absences - due within one year	1,054,630	211,257	1,265,887	935,792
Claims payable - due within one year	463,603	21,657	485,260	536,097
Long-term debt - due within one year	2,354,693	-	2,354,693	593,533
Total current liabilities	13,365,190	7,612,050	20,977,240	20,148,826
Noncurrent liabilities:				
Compensated absences - due in more than one year	2,164,174	459,112	2,623,286	2,664,935
Claims payable - due in more than one year	395,634	44,022	439,656	440,461
Long-term debt - due in more than one year	34,052,959	-	34,052,959	35,147,401
Net pension liability	11,801,768	3,975,999	15,777,767	13,271,085
Net OPEB liability	44,453,930	14,976,458	59,430,388	57,940,622
Total noncurrent liabilities	92,868,465	19,455,591	112,324,056	109,464,504
Total liabilities	106,233,655	27,067,641	133,301,296	129,613,330
DEFERRED INFLOWS OF RESOURCES				
Pension related	500,675	168,677	669,352	1,416,524
OPEB related	4,669,522	1,573,154	6,242,676	8,895,468
Lease related	809,366	6,750,550	7,559,916	9,165,781
Total deferred inflows of resources	5,979,563	8,492,381	14,471,944	19,477,773
NET POSITION				
Net investment in capital assets	85,825,193	17,679,317	103,504,510	102,178,211
Restricted for:				
Community development projects	2,165,838	-	2,165,838	1,971,043
Public safety	207,977	-	207,977	206,348
Low and moderate housing	2,197,365	-	2,197,365	2,166,321
Transportation	675,448	-	675,448	282,084
Capital projects	8,044,943	-	8,044,943	8,099,929
Debt service	2,725	-	2,725	2,727
Pension	3,267,339	-	3,267,339	3,024,041
Total restricted	16,561,635	-	16,561,635	15,752,493
Unrestricted (deficit)	71,524,808	(20,595,645)	50,929,163	38,151,119
Total net position (deficit)	\$ 173,911,636	\$ (2,916,328)	\$ 170,995,308	\$ 156,081,823

City of Commerce
Statement of Activities
For the Year Ended June 30, 2024
(with comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 16,528,267	\$ 606,771	\$ 12,337	\$ -	\$ 619,108
Community development	5,308,728	473,057	312,321	-	785,378
Public safety	27,821,008	1,422,520	187,339	7,825	1,617,684
Public works	14,532,596	5,999,141	2,884,575	-	8,883,716
Library	3,890,316	16,118	152,901	-	169,019
Parks, recreation and culture	10,843,894	1,216,862	1,594,578	-	2,811,440
Interest and fiscal charges	906,354	-	-	-	-
Total governmental activities	79,831,163	9,734,469	5,144,051	7,825	14,886,345
Business-type Activities:					
Transit	10,904,732	-	6,874,935	-	6,874,935
CNG/LNG	2,934,201	2,895,747	-	-	2,895,747
Water	212,107	771,492	-	-	771,492
Total business-type activities	14,051,040	3,667,239	6,874,935	-	10,542,174
Total primary government	\$ 93,882,203	\$ 13,401,708	\$ 12,018,986	\$ 7,825	\$ 25,428,519

City of Commerce
Statement of Activities (Continued)
For the Year Ended June 30, 2024
(with comparative information for the prior year)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Governmental Activities	Business-Type Activities	Total	
			2024	2023 (as restated)
Governmental activities:				
General government	\$ (15,909,159)	\$ -	\$ (15,909,159)	\$ (16,880,634)
Community development	(4,523,350)	-	(4,523,350)	(4,338,754)
Public safety	(26,203,324)	-	(26,203,324)	(22,006,210)
Public works	(5,648,880)	-	(5,648,880)	(6,180,700)
Library	(3,721,297)	-	(3,721,297)	(3,414,326)
Parks, recreation and culture	(8,032,454)	-	(8,032,454)	(6,478,103)
Interest and fiscal charges	(906,354)	-	(906,354)	(1,065,145)
Total governmental activities	(64,944,818)	-	(64,944,818)	(60,363,872)
Business-type Activities:				
Transit	-	(4,029,797)	(4,029,797)	(1,188,350)
CNG/LNG	-	(38,454)	(38,454)	(174,132)
Water	-	559,385	559,385	(128,393)
Total business-type activities	-	(3,508,866)	(3,508,866)	(1,490,875)
Total primary government	(64,944,818)	(3,508,866)	(68,453,684)	(61,854,747)
General revenues and transfers:				
General revenues:				
Taxes:				
Property taxes	5,110,125	-	5,110,125	4,627,743
Sales taxes	38,642,346	-	38,642,346	40,480,501
Franchise taxes	1,613,037	-	1,613,037	1,598,267
Transient occupancy taxes	3,164,668	-	3,164,668	3,139,541
Casino license tax	31,436,082	-	31,436,082	31,572,956
Total taxes	79,966,258	-	79,966,258	81,419,008
Vehicle license - unrestricted	15,289	-	15,289	12,688
Investment income	2,441,907	156,062	2,597,969	6,384,224
Miscellaneous	787,653	-	787,653	835,037
Gain on sale of property	-	-	-	1,186,724
Total general revenues	83,211,107	156,062	83,367,169	89,837,681
Changes in net position	18,266,289	(3,352,804)	14,913,485	27,982,934
Beginning of year, as previously presented as of June 30, 2023	154,761,102	(16,198)	154,744,904	126,761,970
Error corrections	884,245	452,674	1,336,919	1,336,919
Beginning of year, as restated (Note 17)	155,645,347	436,476	156,081,823	128,098,889
Net position (deficit) - end of year	\$ 173,911,636	\$ (2,916,328)	\$ 170,995,308	\$ 156,081,823

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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, 2024
(with comparative information for the prior year)

	Major Fund		Nonmajor	Total Governmental Funds
	General		Governmental	
	Fund		Funds	
				2023
				(as restated)
ASSETS				
Cash and investments	\$ 119,863,208	\$ 6,669,324	\$ 126,532,532	\$ 106,223,894
Restricted cash and investment	3,267,339	-	3,267,339	3,024,041
Cash and investments with fiscal agents	-	5,146,628	5,146,628	5,146,630
Receivables:				
Accounts	4,211,071	57,250	4,268,321	3,948,498
Interest	260,085	285,423	545,508	266,971
Loans, net	-	207,783	207,783	207,783
Leases	1,207,549	-	1,207,549	1,842,108
Due from other governments	7,046,713	1,576,488	8,623,201	8,485,301
Due from other funds	6,861,214	-	6,861,214	9,047,166
Due from Successor Agency	2,557,410	-	2,557,410	2,557,410
Prepaid items and deposits	296,422	-	296,422	534,590
Land held for development	19,535,000	3,165,680	22,700,680	22,700,680
Total assets	\$ 165,106,011	\$ 17,108,576	\$ 182,214,587	\$ 163,985,072
LIABILITIES, DEFERRED INFLOWS OF				
RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,009,327	\$ 615,557	\$ 7,624,884	\$ 6,390,792
Salaries and benefits payable	641,274	1,706	642,980	579,129
Deposits payable	725,535	-	725,535	736,970
Due to other funds	-	56,903	56,903	7,965
Unearned revenue	-	157,816	157,816	246,106
Total liabilities	8,376,136	831,982	9,208,118	7,960,962
Deferred inflows of resources:				
Unavailable revenue	163,480	1,434,495	1,597,975	1,443,711
Lease related	809,366	-	809,366	1,643,738
Total deferred inflows of resources	972,846	1,434,495	2,407,341	3,087,449
Fund balances:				
Nonspendable	19,831,422	-	19,831,422	20,069,590
Restricted	3,267,339	11,696,321	14,963,660	14,317,533
Committed	26,739,477	3,145,778	29,885,255	34,246,929
Unassigned	105,918,791	-	105,918,791	84,302,609
Total fund balances	155,757,029	14,842,099	170,599,128	152,936,661
Total liabilities, deferred inflows of				
resources, and fund balances	\$ 165,106,011	\$ 17,108,576	\$ 182,214,587	\$ 163,985,072

City of Commerce
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 170,599,128
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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	\$ 20,926,267	
Capital assets, depreciable	72,109,383	
Intangible assets, being amortized	1,322,195	94,357,845

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds.	(341,049)
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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	\$ (35,107,408)	
Lease and subscription liabilities	(1,300,244)	
Compensated absences	(3,218,804)	
Claims payable	(859,237)	(40,485,693)

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	\$ 7,070,532	
Net pension liabilities	(11,801,768)	
Pension related deferred inflows of resources	(500,675)	(5,231,911)

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	\$ 2,538,793	
Net OPEB liabilities	(44,453,930)	
OPEB related deferred inflows of resources	(4,669,522)	(46,584,659)

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	1,597,975
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Net position of governmental activities	\$ 173,911,636
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City of Commerce
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024
(with comparative information for the prior year)

	Major Fund		Formerly Major Fund	Total Governmental Funds
	General Fund	Nonmajor Governmental Funds	Measure AA Special Revenue Fund	2023 (as restated)
				2024
REVENUES:				
Taxes	\$ 48,530,176	\$ -		\$ 48,530,176 \$ 49,846,052
Casino license tax	31,436,082	-		31,436,082 31,572,956
Licenses and permits	5,954,753	619,985		6,574,738 7,693,813
Intergovernmental	1,214,421	1,892,185		3,106,606 3,726,875
Charges for services	2,562,317	-		2,562,317 2,756,672
Activity fees	527,460	-		527,460 359,118
Fines, forfeitures, and penalties	1,438,638	-		1,438,638 2,204,638
Use of money and property	2,592,057	260,134		2,852,191 4,754,686
Miscellaneous	914,980	-		914,980 839,260
Total revenues	95,170,884	2,772,304		97,943,188 103,754,070
EXPENDITURES:				
Current:				
General government	14,880,371	-		14,880,371 15,151,561
Community development	4,741,253	394,174		5,135,427 4,791,751
Public safety	27,635,843	185,710		27,821,553 24,308,966
Public works	10,485,633	1,439,462		11,925,095 14,616,394
Library	3,482,413	-		3,482,413 3,029,171
Parks, recreation and culture	8,754,461	435,661		9,190,122 7,097,239
Capital outlay	7,601,755	1,684		7,603,439 5,361,900
Debt service:				
Principal retirement	249,446	450,000		699,446 472,776
Interest and fiscal charges	18,615	950,638		969,253 975,630
Total expenditures	77,849,790	3,857,329		81,707,119 75,805,388
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,321,094	(1,085,025)		16,236,069 27,948,682
OTHER FINANCING SOURCES (USES):				
Transfers in	505,589	1,942,572		2,448,161 2,600,078
Transfers out	(1,942,572)	(505,589)		(2,448,161) (2,600,078)
Proceeds from sale of assets	-	-		- 1,186,724
Issuance of lease liabilities	1,140,385	-		1,140,385 -
Issuance of subscription liabilities	286,013	-		286,013 -
Total other financing sources (uses)	(10,585)	1,436,983		1,426,398 1,186,724
NET CHANGES IN FUND BALANCES	17,310,509	351,958		17,662,467 29,135,406
FUND BALANCES:				
Beginning of year, as previously reported as of June 30, 2023	110,866,778	14,501,187	25,818,962	151,186,927 122,051,521
Changes within the financial reporting entity (reclass to General Fund)	25,818,962	-	(25,818,962)	- -
Error corrections	1,760,780	(11,046)	-	1,749,734 1,749,734
Beginning of year, as restated (Note 17)	138,446,520	14,490,141	-	152,936,661 123,801,255
End of year	\$ 155,757,029	\$ 14,842,099	\$ -	\$ 170,599,128 \$ 152,936,661

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, 2024

Net change in fund balances - total governmental funds: \$ 17,662,467

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	\$ 7,603,439	
Depreciation and amortization	<u>(4,000,161)</u>	3,603,278

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.	(247,042)
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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.	6,059
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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 fund.	141,179
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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.	(2,389,863)
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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 bond 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	\$ 699,446	
Interest accrual on loans payables	2,665	
Amortization of bond premium	60,234	
Issuance of lease liabilities	(1,140,385)	
Issuance of subscription liabilities	<u>(286,013)</u>	(664,053)

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year.	<u>154,264</u>
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Change in net position of governmental activities	<u>\$ 18,266,289</u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Commerce
Statement of Net Position
Proprietary Funds
June 30, 2024

(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2024	2023 (as restated)
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 962,264	\$ 2,386,950	\$ 3,349,214	\$ 6,252,350
Receivables:					
Accounts	-	370,644	-	370,644	387,768
Lease receivable, due within one year	-	-	740,946	740,946	729,295
Due from other governments	650,469	-	-	650,469	939,563
Due from Successor Agency	-	-	457,285	457,285	457,285
Total current assets	650,469	1,332,908	3,585,181	5,568,558	8,766,261
Noncurrent assets:					
Lease receivable, due in more than one year	-	-	6,158,452	6,158,452	6,899,398
Capital assets:					
Nondepreciable	2,421,399	334,099	-	2,755,498	2,755,498
Depreciable, net	11,666,495	2,478,738	321,471	14,466,704	16,046,491
Amortizable, net	-	-	457,115	457,115	487,589
Total noncurrent assets	14,087,894	2,812,837	6,937,038	23,837,769	26,188,976
Total assets	14,738,363	4,145,745	10,522,219	29,406,327	34,955,237
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	2,382,051	-	-	2,382,051	2,718,770
OPEB related	855,316	-	-	855,316	1,143,442
Total deferred outflows of resources	3,237,367	-	-	3,237,367	3,862,212
LIABILITIES					
Current liabilities:					
Accounts payable	274,773	133,759	1,164	409,696	585,702
Salaries and benefits payable	165,129	-	-	165,129	161,790
Due to other funds	6,804,311	-	-	6,804,311	9,039,201
Compensated absences, due within one year	211,257	-	-	211,257	195,039
Claims payable, due within one year	21,657	-	-	21,657	9,310
Total current liabilities	7,477,127	133,759	1,164	7,612,050	9,991,042
Noncurrent liabilities:					
Compensated absences, due in more than one year	459,112	-	-	459,112	433,926
Claims payable, due in more than one year	44,022	-	-	44,022	101,952
Net pension liability	3,975,999	-	-	3,975,999	3,309,809
Net OPEB liability	14,976,458	-	-	14,976,458	14,450,391
Total noncurrent liabilities	19,455,591	-	-	19,455,591	18,296,078
Total liabilities	26,932,718	133,759	1,164	27,067,641	28,287,120
DEFERRED INFLOWS OF RESOURCES					
Pension related	168,677	-	-	168,677	353,281
OPEB related	1,573,154	-	-	1,573,154	2,218,530
Lease related	-	-	6,750,550	6,750,550	7,522,042
Total deferred inflows of resources	1,741,831	-	6,750,550	8,492,381	10,093,853
NET POSITION					
Net investment in capital assets	14,087,894	2,812,837	778,586	17,679,317	19,289,578
Unrestricted (deficit)	(24,786,713)	1,199,149	2,991,919	(20,595,645)	(18,853,102)
Total net position (deficit)	\$ (10,698,819)	\$ 4,011,986	\$ 3,770,505	\$ (2,916,328)	\$ 436,476

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, 2024
(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2024	2023 (as restated)
OPERATING REVENUES:					
Charges for services	\$ -	\$ 2,895,747	\$ -	\$ 2,895,747	\$ 4,128,058
Intergovernmental revenue	6,874,935	-	-	6,874,935	6,467,805
Leased water rights	-	-	771,492	771,492	774,583
Miscellaneous income	-	-	-	-	25,206
Total operating revenues	6,874,935	2,895,747	771,492	10,542,174	11,395,652
OPERATING EXPENSES:					
General and administrative	7,241,808	278,748	18,927	7,539,483	6,301,931
Cost of sales and service	2,245,167	2,563,162	92,967	4,901,296	6,836,667
Depreciation and amortization	1,417,757	92,291	100,213	1,610,261	1,610,262
Total operating expenses	10,904,732	2,934,201	212,107	14,051,040	14,748,860
OPERATING INCOME (LOSS)	(4,029,797)	(38,454)	559,385	(3,508,866)	(3,353,208)
NONOPERATING REVENUES:					
Interest income	-	5,461	150,601	156,062	817,087
Total nonoperating revenues	-	5,461	150,601	156,062	817,087
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(4,029,797)	(32,993)	709,986	(3,352,804)	(2,536,121)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	-	-	-	-	2,662,122
Total contributions and transfers	-	-	-	-	2,662,122
CHANGES IN NET POSITION	(4,029,797)	(32,993)	709,986	(3,352,804)	126,001
NET POSITION (DEFICIT):					
Beginning of year, as previously reported as of June 30, 2023	(6,557,760)	4,044,979	2,496,583	(16,198)	(142,199)
Error corrections	(111,262)	-	563,936	452,674	452,674
Beginning of year, as restated (Note 17)	(6,669,022)	4,044,979	3,060,519	436,476	310,475
End of year	<u>\$ (10,698,819)</u>	<u>\$ 4,011,986</u>	<u>\$ 3,770,505</u>	<u>\$ (2,916,328)</u>	<u>\$ 436,476</u>

City of Commerce
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024
(with comparative information for the prior year)

	Business-Type Activities - Enterprise Funds			Total	
	Transit	CNG/LNG	Water	2024	2023 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 6,874,935	\$ 2,912,871	\$ 1,500,787	\$ 11,288,593	\$ 12,222,692
Cash payments to suppliers for goods and services	(2,721,673)	(2,827,156)	(883,386)	(6,432,215)	(10,165,929)
Cash payments to employees for services	(5,969,780)	-	-	(5,969,780)	(5,386,272)
Net cash provided by (used in) operating activities	(1,816,518)	85,715	617,401	(1,113,402)	(3,329,509)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental noncapital grants					
Payment from other funds	1,816,518	-	-	1,816,518	2,320,268
Payment to other funds	-	-	(3,762,314)	(3,762,314)	-
Net cash provided by (used in) noncapital financing activities	1,816,518	-	(3,762,314)	(1,945,796)	2,320,268
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Receipt from capital grants	-	-	-	-	2,662,122
Acquisition of capital assets	-	-	-	-	(2,662,122)
Net cash used in capital and related financing activities	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	-	5,461	150,601	156,062	817,087
Net cash provided by investing activities	-	5,461	150,601	156,062	817,087
Net change in cash and cash equivalents	-	91,176	(2,994,312)	(2,903,136)	(192,154)
CASH AND CASH EQUIVALENTS:					
Beginning of year	-	871,088	5,381,262	6,252,350	4,760,684
End of year	<u>\$ -</u>	<u>\$ 962,264</u>	<u>\$ 2,386,950</u>	<u>\$ 3,349,214</u>	<u>\$ 6,252,350</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (4,029,797)	\$ (38,454)	\$ 559,385	\$ (3,508,866)	\$ (3,353,208)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation and amortization expenses	1,417,757	92,291	100,213	1,610,261	1,610,261
(Increase) decrease in:					
Accounts receivable	-	17,124	-	17,124	109,213
Lease receivable	-	-	729,295	729,295	717,827
Deferred outflows of resources - pensions	336,719	-	-	336,719	(2,042,867)
Deferred outflows of resources - OPEB	288,126	-	-	288,126	(175,100)
Increase (decrease) in:					
Accounts payable	(190,760)	14,754	-	(176,006)	(2,360,234)
Accrued payroll	3,339	-	-	3,339	69,284
Compensated absences	41,406	-	-	41,406	48,869
Claims payable	(45,583)	-	-	(45,583)	-
Net pension liability	666,188	-	-	666,188	(391,874)
Net other postemployment benefits liability	526,067	-	-	526,067	3,554,671
Deferred inflows of resources - pensions	1,219,873	-	-	1,219,873	1,100,573
Deferred inflows of resources - OPEB	(2,049,853)	-	-	(2,049,853)	(1,445,432)
Deferred inflows of resources - leases	-	-	(771,492)	(771,492)	(771,492)
Total adjustments	2,213,279	124,169	58,016	2,395,464	23,699
Net cash provided by (used in) operating activities	\$ (1,816,518)	\$ 85,715	\$ 617,401	\$ (1,113,402)	\$ (3,329,509)

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Commerce
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Funds	Total	
		2024	2023 (as restated)
ASSETS			
Current assets:			
Cash and investments	\$ 18,891,523	\$ 18,891,523	\$ 17,596,500
Receivables:			
Accounts	7,702	7,702	4,297
Loans, net	-	-	17,441
Lease receivable, due within one year	9,618	9,618	8,897
Total current assets	<u>18,908,843</u>	<u>18,908,843</u>	<u>17,627,135</u>
Noncurrent assets:			
Restricted cash and investments with fiscal agents	9,946	9,946	57,802
Lease receivable, due in more than one year	987,242	987,242	996,860
Property held for resale	44,407,092	44,407,092	44,407,092
Total noncurrent assets	<u>45,404,280</u>	<u>45,404,280</u>	<u>45,461,754</u>
Total assets	<u>64,313,123</u>	<u>64,313,123</u>	<u>63,088,889</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	2,405,260	2,405,260	3,119,180
Total deferred outflows of resources	<u>2,405,260</u>	<u>2,405,260</u>	<u>3,119,180</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,297,169	2,297,169	2,417,553
Salaries and benefits payable	1,297	1,297	1,337
Long-term debt, due within one year	8,738,281	8,738,281	8,004,427
Total current liabilities	<u>11,036,747</u>	<u>11,036,747</u>	<u>10,423,317</u>
Noncurrent liabilities:			
Due to City of Commerce	3,014,695	3,014,695	3,014,695
Long-term debt, due in more than one year	32,853,226	32,853,226	41,591,507
Total noncurrent liabilities	<u>35,867,921</u>	<u>35,867,921</u>	<u>44,606,202</u>
Total liabilities	<u>46,904,668</u>	<u>46,904,668</u>	<u>55,029,519</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	865,896	865,896	920,015
Total deferred inflows of resources	<u>865,896</u>	<u>865,896</u>	<u>920,015</u>
NET POSITION			
Held in trust for Successor Agency	<u>\$ 18,947,819</u>	<u>\$ 18,947,819</u>	<u>\$ 10,258,535</u>

City of Commerce
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Private Purpose Trust Funds	Total	
		2024	2023 (as restated)
ADDITIONS:			
Redevelopment property tax trust fund	\$ 10,081,187	\$ 10,081,187	\$ 13,750,031
Investment income	247,567	247,567	47,852
Rental income	698,779	698,779	953,441
Miscellaneous income	442,982	442,982	443,482
Total additions	11,470,515	11,470,515	15,194,806
DEDUCTIONS:			
Administrative expenses	572,951	572,951	2,204,786
Interest and fiscal charges	2,208,280	2,208,280	7,966,855
Total deductions	2,781,231	2,781,231	10,171,641
CHANGES IN NET POSITION	8,689,284	8,689,284	5,023,165
NET POSITION:			
Beginning of year, as previously reported as of June 30, 2023	19,519,834	19,519,834	14,496,669
Error corrections	(9,261,299)	(9,261,299)	(9,261,299)
Beginning of year, as restated (Note 17)	10,258,535	10,258,535	5,235,370
End of year	<u>\$ 18,947,819</u>	<u>\$ 18,947,819</u>	<u>\$ 10,258,535</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Commerce
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City of Commerce
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City of Commerce
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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 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, 2023, 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 charter 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, 2024

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, 2024

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.

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, 2024

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

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, 2024

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, 2024

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	5 years

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, 2024

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, 2024

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, 2024

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 allow for the accumulation and payout of all accumulated vacation pay and all or a portion of accumulated sick pay and/or compensatory pay when an employee retires or terminates. The long-term amount is included as a liability in the governmental activities of the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

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, 2024.

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.

The following timeframes are used for pension reporting:

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

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Pensions (Continued)

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized 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.

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.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position (Continued)

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.

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.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

W. Implementation of New GASB Pronouncement

During fiscal year ended June 30, 2024, the City has implemented GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note 17 for the reclassifications due to the implementation of GASB Statement No. 100.

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds.

The City had the following cash and investments at June 30, 2024:

	Governmental Activities	Business-Type Activities	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:				
Cash and investments	\$ 126,532,532	\$ 3,349,214	\$ 18,891,523	\$ 148,773,269
Restricted assets:				
Cash and investments with fiscal agent	8,413,967	-	9,946	8,423,913
Total cash and investments	\$ 134,946,499	\$ 3,349,214	\$ 18,901,469	\$ 157,197,182

The City's cash and investments at June 30, 2024 in more detail:

Cash on hand	\$ 2,711
Deposits with financial institutions	130,989,787
Investments	26,204,684
Total cash and investments	\$ 157,197,182

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.

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, 2024, the carrying amount of the City's demand deposits was \$130,989,787 the bank balance was \$131,534,228. The difference represents outstanding checks, deposits in transit, and other reconciling items.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

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, 2024

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, 2024:

Investment Type	Total	Measurement Input	
		Significant Other Observable Inputs (Level 1)	Uncategorized
Local Agency Investment Fund	\$ 22,924,674	\$ -	\$ 22,924,674
Held by PARS 115:			
Money Market Funds	109,571	109,571	-
Mutual Funds	3,157,768	3,157,768	-
Held by fiscal agent:			
Money market funds	12,671	-	12,671
Total investments	\$ 26,204,684	\$ 3,267,339	\$ 22,937,345

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	\$ 22,924,674	\$ 22,924,674
Held by PARS 115:		
Money Market Funds	109,571	109,571
Mutual Funds	3,157,768	3,157,768
Held by fiscal agent:		
Money Market Mutual Funds	12,671	12,671
Total investments	\$ 26,204,684	\$ 26,204,684

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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	\$ 22,924,674	\$ -	\$ 22,924,674
Held by PARS 115:			
Money Market Funds	109,571	-	109,571
Mutual Funds	3,157,768	-	3,157,768
Held by fiscal agent:			
Money market funds	12,671	12,671	-
Total investments	\$ 26,204,684	\$ 12,671	\$ 26,192,013

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, 2024

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, 2024, the City had \$22,924,674 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, 2024, the City had \$3,267,339 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

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, 2024, the restricted cash balance related to this transaction was \$5,143,903.

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, 2024 was \$207,783 and \$285,423, respectively.

In July 2019, the City entered into a Purchase and Sale Agreement between City Ventures Homebuilding, LLC and the City of Commerce 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, 2024, were:

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

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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 leases land and buildings to various companies.

For the year ended June 30, 2024, the City recognized \$834,372 in lease revenue and \$41,702 in interest revenue, and the outstanding net present value of the lease receivable amount is \$1,207,549.

At June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,207,549	\$ 18,397	\$ 1,225,946

At June 30, 2024, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2025	\$ 809,366

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, 2024, the City recognized \$771,492 in lease revenue and \$115,705 in interest revenue, and the outstanding net present value of the lease receivable amount is \$6,899,398.

At June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 740,946	\$ 104,054	\$ 845,000
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
2030–2034	3,074,389	94,361	3,168,750
Total	\$ 6,899,398	\$ 494,352	\$ 7,393,750

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

B. Business-Type Activities (Continued)

At June 30, 2024, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2025	\$ 771,492
2026	771,492
2027	771,492
2028	771,492
2029	771,492
2030–2034	2,893,090
Total	<u>\$ 6,750,550</u>

C. Fiduciary Activities

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

For the year ended June 30, 2024, the City recognized \$54,119 in lease revenue and \$75,214 in interest revenue, and the outstanding net present value of the lease receivable amount is \$996,860.

At June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 9,618	\$ 74,493	\$ 84,111
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
2030–2034	262,505	279,171	541,676
2035–2039	489,580	133,345	622,925
2040–2044	127,095	827	127,922
Total	<u>\$ 996,860</u>	<u>\$ 766,686</u>	<u>\$ 1,763,546</u>

At June 30, 2024, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2025	\$ 54,119
2026	54,119
2027	54,119
2028	54,119
2029	54,119
2030–2034	270,593
2035–2039	270,593
2040–2044	54,115
Total	<u>\$ 865,896</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 5 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2024, the City had the following due from/to other funds:

	Due To		Total
	Governmental Funds	Proprietary Funds	
	Nonmajor Governmental Funds	Transit Enterprise Fund	
Due From			
Governmental Funds:			
General Fund	\$ 56,903	\$ 6,804,311	\$ 6,861,214

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

B. Transfers

During the year ended June 30, 2024, the City had the following transfers:

Transfers Out	Transfers In		
	Governmental Funds		
	General Fund	Nonmajor Governmental Funds	Total
Governmental Funds:			
General Fund	\$ -	\$ 1,942,572	\$ 1,942,572
Nonmajor Governmental Funds	505,589	-	505,589
	\$ 505,589	\$ 1,942,572	\$ 2,448,161

Transfers of \$505,589 from Nonmajor Governmental Funds were made to the General Fund to provide funding for general government capital expenditures and rideshare costs.

The General Fund transferred a total of \$1,942,572 to the Nonmajor Governmental Funds 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, 2024

Note 6 – Capital Assets

A. Governmental Activities

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

	Balance July 1, 2023 (as restated)	Additions	Deletions	Reclassification	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 12,946,340	\$ -	\$ -	\$ -	\$ 12,946,340
Construction in progress	3,228,383	5,748,328	-	(996,784)	7,979,927
Total capital assets, not being depreciated	16,174,723	5,748,328	-	(996,784)	20,926,267
Capital assets, being depreciated:					
Buildings	43,210,991	-	-	-	43,210,991
Improvements	20,719,853	-	-	454,757	21,174,610
Machinery and equipment	8,022,958	428,713	-	-	8,451,671
Infrastructure	136,885,795	-	-	542,027	137,427,822
Total capital assets, being depreciated	208,839,597	428,713	-	996,784	210,265,094
Less accumulated depreciation for:					
Buildings	(31,655,903)	(1,104,677)	-	-	(32,760,580)
Improvements	(10,454,907)	(609,077)	-	-	(11,063,984)
Machinery and equipment	(6,484,499)	(331,743)	-	-	(6,816,242)
Infrastructure	(85,781,449)	(1,733,456)	-	-	(87,514,905)
Total accumulated depreciation	(134,376,758)	(3,778,953)	-	-	(138,155,711)
Total capital assets, being depreciated, net	74,462,839	(3,350,240)	-	996,784	72,109,383
Intangible capital assets, being amortized:					
Right-to-use lease assets - equipment	391,143	1,140,385	-	-	1,531,528
Right-to-use subscription assets - equipment	-	286,013	-	-	286,013
Total intangible capital assets, net	391,143	1,426,398	-	-	1,817,541
Less accumulated amortization for:					
Right-to-use lease assets - equipment	(274,138)	(164,202)	-	-	(438,340)
Right-to-use subscription assets - equipment	-	(57,006)	-	-	(57,006)
Total accumulated amortization	(274,138)	(221,208)	-	-	(495,346)
Total intangible capital assets, being amortized, net	117,005	1,205,190	-	-	1,322,195
Total capital assets, net	\$ 90,754,567	\$ 3,603,278	\$ -	\$ -	\$ 94,357,845

Depreciation and amortization expense was charged to functions/programs of governmental activities for the year ended June 30, 2024 as follows:

General government	\$ 886,466
Public works	1,844,486
Parks, recreation and culture	1,095,908
Library	173,301
Total	\$ 4,000,161

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Reclassification	Balance June 30, 2024
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	-	-	-	19,635,165
Total capital assets, being depreciated	<u>32,747,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,747,691</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,617,905)	(380,360)	-	-	(6,998,265)
Machinery and equipment	(10,083,295)	(1,199,427)	-	-	(11,282,722)
Total accumulated depreciation	<u>(16,701,200)</u>	<u>(1,579,787)</u>	<u>-</u>	<u>-</u>	<u>(18,280,987)</u>
Total capital assets, being depreciated, net	<u>16,046,491</u>	<u>(1,579,787)</u>	<u>-</u>	<u>-</u>	<u>14,466,704</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	(1,653,633)	(30,474)	-	-	(1,684,107)
Total accumulated amortization	<u>(1,653,633)</u>	<u>(30,474)</u>	<u>-</u>	<u>-</u>	<u>(1,684,107)</u>
Total intangible capital assets, being amortized, net	<u>487,589</u>	<u>(30,474)</u>	<u>-</u>	<u>-</u>	<u>457,115</u>
Total capital assets, net	<u>\$ 19,289,578</u>	<u>\$ (1,610,261)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,679,317</u>

Depreciation and amortization expense was charged to functions/programs of business-type activities for the year ended June 30, 2024 as follows:

Transit	\$ 1,417,757
CNG/LNG	92,291
Water	100,213
Total	<u>\$ 1,610,261</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023 (as restated)	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Governmental Activities:						
2014 JPFA Revenue Bonds	\$ 7,060,000	\$ -	\$ (450,000)	\$ 6,610,000	\$ 470,000	\$ 6,140,000
Premium on bond	682,642	-	(60,234)	622,408	60,234	562,174
2021 Pension Obligation Bond	27,875,000	-	-	27,875,000	1,525,000	26,350,000
Subtotal	35,617,642	-	(510,234)	35,107,408	2,055,234	33,052,174
Lease payable	123,292	1,140,385	(165,749)	1,097,928	229,753	868,175
Subscription payable	-	286,013	(83,697)	202,316	69,706	132,610
Compensated absences	2,971,762	1,691,305	(1,444,263)	3,218,804	1,054,630	2,164,174
Claims payable	865,296	417,462	(423,521)	859,237	463,603	395,634
Total governmental activities	\$ 39,577,992	\$ 3,535,165	\$ (2,627,464)	\$ 40,485,693	\$ 3,872,926	\$ 36,612,767

The General Fund has been used to liquidate the majority of the liability for compensated absences.

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, 2024 is \$6,610,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Payments
2025	\$ 470,000	\$ 306,863	\$ 776,863
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
2030-2034	3,250,000	610,750	3,860,750
2035	755,000	18,875	773,875
Total	<u>\$ 6,610,000</u>	<u>\$ 1,921,945</u>	<u>\$ 8,531,945</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024 is \$27,875,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Payments
2025	\$ 1,525,000	\$ 615,161	\$ 2,140,161
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
2030-2034	8,500,000	2,197,889	10,697,889
2035-2039	8,235,000	1,093,429	9,328,429
2040-2042	3,350,000	139,565	3,489,565
Total	<u>\$ 27,875,000</u>	<u>\$ 6,338,649</u>	<u>\$ 34,213,649</u>

Lease Liabilities

The City has entered into a lease agreement with Enterprise Fleet Management for 33 vehicles with terms of 60-months for a total monthly lease payment in the amount of \$28,677. Lease payments are due on the 1st of each month. The calculated interest rates range from 2.822% to 4.300%. In the event of default, the lease shall be deemed terminated. Outstanding lease liabilities at June 30, 2024 was in the amount of \$1,097,928.

Future lease payments under the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 229,753	\$ 35,613	\$ 265,366
2026	231,548	27,459	259,007
2027	239,977	19,031	259,008
2028	243,628	10,324	253,952
2029	153,022	2,185	155,207
Total	<u>\$ 1,097,928</u>	<u>\$ 94,612</u>	<u>\$ 1,192,540</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Subscription Liabilities

The City has entered into subscription for information technology arrangement. The terms of the arrangement range from 36 to 48 months with an implicit interest rates of 2.93 to 3.16%. Outstanding subscription liabilities at June 30, 2024 was in the amount of \$202,316.

Principal and interest to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 69,706	\$ 4,720	\$ 74,426
2026	72,902	2,534	75,436
2027	59,708	292	60,000
Total	<u>\$ 202,316</u>	<u>\$ 7,546</u>	<u>\$ 209,862</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Business-type Activities:						
Compensated absences	\$ 628,965	\$ 310,500	\$ (269,096)	\$ 670,369	\$ 211,257	\$ 459,112
Claims payable	111,262	-	(45,583)	65,679	21,657	44,022
Total business-type activities	<u>\$ 740,227</u>	<u>\$ 310,500</u>	<u>\$ (314,679)</u>	<u>\$ 736,048</u>	<u>\$ 232,914</u>	<u>\$ 503,134</u>

C. Fiduciary Activities

Summary of changes in long-term liabilities for fiduciary activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023 (as restated)	Additions	Deletions	Balance June 30, 2024	Due within One Year	Due in More Than One Year
Successor Agency:						
1994 Tax Allocation Refunding Bonds	\$ 55,000	\$ -	\$ (55,000)	\$ -	\$ -	\$ -
2016 A & B Tax Allocation Refunding Bonds	25,540,000	-	(2,080,000)	23,460,000	6,960,000	16,500,000
2018 Tax Allocation Bonds	15,315,000	-	(3,805,000)	11,510,000	-	11,510,000
Settlement Payable	572,030	-	(572,030)	-	-	-
Pollution Redeption Obligation	5,760,316	-	(1,049,416)	4,710,900	1,335,300	3,375,600
Due to City of Commerce	3,014,695	-	-	3,014,695	-	3,014,695
Subtotal	<u>50,257,041</u>	<u>-</u>	<u>(7,561,446)</u>	<u>42,695,595</u>	<u>8,295,300</u>	<u>34,400,295</u>
Premium on bonds:						
2016 Tax Allocation Refunding Bonds	872,491	-	(72,707)	799,784	72,707	727,077
2018 Tax Allocation Bonds	1,481,097	-	(370,274)	1,110,823	370,274	740,549
Subtotal	<u>2,353,588</u>	<u>-</u>	<u>(442,981)</u>	<u>1,910,607</u>	<u>442,981</u>	<u>1,467,626</u>
Total successor agency	<u>\$ 52,610,629</u>	<u>\$ -</u>	<u>\$ (8,004,427)</u>	<u>\$ 44,606,202</u>	<u>\$ 8,738,281</u>	<u>\$ 35,867,921</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

1994 Tax Allocation Refunding Bonds

In June 1994, the JPFA issued \$1,685,000 in revenue bonds at an average interest rate of 6.4%. The bonds were issued for the purposes of refunding the \$740,000 of Project No. 3 bonds, as well as to generate additional funds to sustain certain activities of Project No. 3.

These bonds are secured by the 1994 JPFA loan with the Commission. The loan payments from the project area to the JPFA coincide with the bond debt service payments. The bonds mature in various amounts ranging from \$70,000 to \$105,000 through the year 2024. During the year ended June 30, 2024, the bonds were fully paid off.

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, 2024 is \$23,460,000.

The annual debt service requirements are as follows:

Year Ending June 30,	2016 A		2016 B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ -	\$ 665,031	\$ 6,960,000	\$ 127,994	\$ 6,960,000	\$ 793,025
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
2030-2034	7,135,000	968,503	-	-	7,135,000	968,503
2035-2036	2,620,000	81,694	-	-	2,620,000	81,694
Total	<u>\$ 15,745,000</u>	<u>\$ 3,843,399</u>	<u>\$ 7,715,000</u>	<u>\$ 139,791</u>	<u>\$ 23,460,000</u>	<u>\$ 3,983,190</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, 2024

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, 2024 is \$11,510,000.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ -	\$ 575,500	\$ 575,500
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>\$ 1,438,020</u>	<u>\$ 12,948,020</u>

Settlement Payable

The Successor Agency to the former Commerce Community Development Commission entered into a settlement agreement with Justman Packaging & Display and related parties in connection with former redevelopment activities. Under the terms of the agreement, the Successor Agency agreed to reimburse Justman up to \$1,561,431 for eligible relocation-related costs. Payments were structured with specific deadlines, generally occurring either 60 days after the effective date of the agreement or 45 days after Justman’s vacancy from the subject property. All obligations under the agreement were approved by the Oversight Board and, where applicable, the California Department of Finance, and were paid from Redevelopment Property Tax Trust Fund (“RPTTF”) allocations. As of June 30, 2024, the Successor Agency had made total payments of \$1,551,350, and all obligations under the settlement were fully satisfied. No further liability remains outstanding.

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, 2024 is \$4,710,900.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

Pollution Remediation Obligation (Continued)

The annual obligation requirements are as follows:

Year Ending June 30,	Principal
2025	\$ 1,335,300
2026	1,170,200
2027	1,330,200
2028	875,200
Total	<u>\$ 4,710,900</u>

Pledged Revenues

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 2024 was \$10,081,187. Total debt outstanding was \$3,014,695.

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 124 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, 2024

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 \$143,968,167. 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 \$4,966,306 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 2023-24.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$924,916 of which \$485,260 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, 2024 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	
2022	\$ 647,041	\$ 519,181	\$ (485,777)	\$ 680,445
2023	680,445	809,006	(512,893)	976,558
2024	976,558	463,046	(514,688)	924,916

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, 2024

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 at June 30, 2024, 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	7.230%	7.750%
Required contribution during measurement period	11.350%	11.350%

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, 2022, valuation date, the following employees were covered by the benefit terms:

	Miscellaneous
Active employees	138
Transferred members	39
Terminated members	34
Retired Employees and Beneficiaries	233
Total	444

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 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 for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 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 CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Change of Assumption

There was no changes in assumptions in 2023.

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, 2024

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)
	100.00%	

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.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2022 (Valuation Date)	\$ 130,577,356	\$ 117,306,271	\$ 13,271,085
Changes Recognized for the Measurement Period:			
Service Cost	2,054,622	-	2,054,622
Interest on the total pension liability	8,897,361	-	8,897,361
Changes of benefit terms	134,927	-	134,927
Difference between expected and actual experience	893,471	-	893,471
Contributions from the employer	-	1,817,957	(1,817,957)
Contributions from employees	-	772,426	(772,426)
Net investment income	-	6,969,578	(6,969,578)
Benefit payments, including refunds of employee contributions	(7,371,582)	(7,371,582)	-
Administrative expenses	-	(86,262)	86,262
Net Changes during July 1, 2022 to June 30, 2023	4,608,799	2,102,117	2,506,682
Balance at June 30, 2023 (Measurement Date)	\$ 135,186,155	\$ 119,408,388	\$ 15,777,767

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	\$ 32,874,126	\$ 15,777,767	\$ 1,584,324

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, 2024

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, 2024, the City recognized pension expense in the amount of \$4,623,052. At June 30, 2024, 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	\$ 1,414,883	\$ -
Changes of assumptions	1,314,015	-
Difference between expected and actual experience	605,255	(669,352)
Net difference between projected and actual earning on pension plan investments	6,118,430	-
Total	<u>\$ 9,452,583</u>	<u>\$ (669,352)</u>

The amounts above are net of outflows and inflows recognized in the 2022-2023 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2022-2023 measurement period is 3.1 years, which was obtained by dividing the total service years of 1,397 (the sum of remaining service lifetimes of the active employees) by 444 (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 \$1,414,883 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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 Miscellaneous Plan
2024	\$ 2,190,137
2025	1,314,216
2026	3,674,464
2027	189,531
2028	-
Thereafter	-
	<u>\$ 7,368,348</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2023 measurement date, the following participants were covered by the benefit terms:

Active employees	147
Retirees and beneficiaries	143
Inactive with deferred benefits	13
Total	<u><u>303</u></u>

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, 2024, the City contributed \$2,053,891 for current premiums.

B. Net OPEB Liability

The City's net OPEB liability is based on a roll-forward of the June 30, 2022 valuation with liabilities and assets measured as of June 30, 2023.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 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	3.74% per annum as of June 30, 2023 3.65% per annum as of June 30, 2022
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 - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.

Change in Assumptions

The discount rate was changed from 3.65% at June 30, 2022 to 3.74% at June 30, 2023 measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.74%. 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, 2024

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	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2022	\$ 61,296,277	\$ 3,355,655	\$ 57,940,622
Changes recognized for the measurement period:			
Service cost	2,198,169	-	2,198,169
Interest on the total OPEB liability	2,282,557	-	2,282,557
Changes of assumptions	(834,174)	-	(834,174)
Contributions from the employer	-	1,921,107	(1,921,107)
Net investment income, net of administrative expense	-	248,095	(248,095)
Benefit payments, including refunds of employee contributions	(1,917,239)	(1,917,239)	-
Administrative expense	-	(12,416)	12,416
Net Changes during July 1, 2022 to June 30, 2023	1,729,313	239,547	1,489,766
Balance at June 30, 2023 (Measurement Date)	\$ 63,025,590	\$ 3,595,202	\$ 59,430,388

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 (2.74%) or one percentage point higher (4.74%) follows:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (2.74%)	Current Discount Rate (3.74%)	Discount Rate + 1% (4.74%)
\$ 69,709,368	\$ 59,430,388	\$ 51,173,174

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
\$ 49,842,590	\$ 59,430,388	\$ 71,625,708

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024, the City recognized an OPEB expense of \$2,081,529. At June 30, 2024, 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	\$ 2,053,891	\$ -
Changes of assumptions	1,153,327	(4,332,616)
Difference between expected and actual experience	-	(1,910,060)
Difference between projected and actual earnings on plan investments	186,891	-
Total	<u>\$ 3,394,109</u>	<u>\$ (6,242,676)</u>

Deferred outflows of resources related to OPEB resulting from City’s contributions subsequent to the measurement date in the amount of \$2,053,891 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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
2025	\$ (1,245,728)
2026	(1,697,539)
2017	(1,227,464)
2028	(684,508)
2029	(47,219)
Thereafter	-
	<u>\$ (4,902,458)</u>

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, 2024

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, 2024 is reported as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds		
			Transit	CNG/LNG	Water
Total capital assets, net	\$ 94,357,845	\$ 17,679,317	\$ 14,087,894	\$ 2,812,837	\$ 778,586
Capital related debt	(8,532,652)	-	-	-	-
Net investment in capital assets	<u>\$ 85,825,193</u>	<u>\$ 17,679,317</u>	<u>\$ 14,087,894</u>	<u>\$ 2,812,837</u>	<u>\$ 778,586</u>

Note 13 – Classification of Fund Balances

At June 30, 2024, fund balances are classified in the governmental funds as follows:

	General	Nonmajor Governmental Funds	Total
Nonspendable:			
Prepaid items and deposits	\$ 296,422	\$ -	\$ 296,422
Land held for development	19,535,000	-	19,535,000
Total nonspendable	<u>19,831,422</u>	<u>-</u>	<u>19,831,422</u>
Restricted:			
Community development projects	-	2,165,838	2,165,838
Public safety	-	207,977	207,977
Low and moderate housing	-	2,197,365	2,197,365
Transportation	-	511,968	511,968
Capital projects	-	6,610,448	6,610,448
Debt service	-	2,725	2,725
Pension	3,267,339	-	3,267,339
Total restricted	<u>3,267,339</u>	<u>11,696,321</u>	<u>14,963,660</u>
Committed:			
Capital projects	26,739,477	3,145,778	29,885,255
Total committed	<u>26,739,477</u>	<u>3,145,778</u>	<u>29,885,255</u>
Unassigned	105,918,791	-	105,918,791
Total fund balances	<u>\$ 155,757,029</u>	<u>\$ 14,842,099</u>	<u>\$ 170,599,128</u>

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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 \$1,285,771 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, 2024 are as follows:

<u>Funds</u>	<u>Amount</u>
Proprietary Funds:	
Transit	\$ (10,698,819)

The City plans to eliminate the deficit fund balances with future grant revenues and by utilizing surplus revenue from the City's CNG/LNG station.

The following funds exceeded appropriation amounts for the year ended June 30, 2024:

<u>Funds</u>	<u>Final Appropriations</u>	<u>Total Expenditures</u>	<u>Excess</u>
General Fund	\$ 75,660,326	\$ 77,849,790	\$ (2,189,464)
Nonmajor Governmental Funds:			
Local Jurisdiction Assistance Program Special Revenue Fund	-	33,391	(33,391)
Supplemental Law Enforcement Special Revenue Fund	100,000	185,710	(85,710)
Housing Special Revenue Fund	-	196,353	(196,353)
Stormwater Management Special Revenue Fund	674,350	831,391	(157,041)
Community Center Debt Service Fund	779,863	780,391	(528)
City Capital Projects Fund	352,962	609,755	(256,793)

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Changes within the Financial Reporting Entity and Error Corrections

During fiscal year 2024, Governmental and Business-Type Funds had changes within the financial reporting entity and error corrections of beginning net position and fund net position as follows:

	June 30, 2023 As Previously Reported	Changes Within the Financial Reporting Entity	Error Corrections	June 30, 2023 As Restated
Government-Wide				
Governmental Activities	\$ 154,761,102	\$ -	\$ 884,245	\$ 155,645,347
Business-Type Activities	(16,198)	-	452,674	436,476
Total primary government	<u>\$ 154,744,904</u>	<u>\$ -</u>	<u>\$ 1,336,919</u>	<u>\$ 156,081,823</u>
Governmental Funds:				
Major Funds:				
General Fund	\$ 110,866,778	\$ 25,818,962	\$ 1,760,780	\$ 138,446,520
Measure AA Special Revenue Fund	25,818,962	(25,818,962)	-	-
Nonmajor Funds	14,501,187	-	(11,046)	14,490,141
Total Governmental Funds	<u>\$ 151,186,927</u>	<u>\$ -</u>	<u>\$ 1,749,734</u>	<u>\$ 152,936,661</u>
Proprietary Funds:				
Major Funds:				
Transit Fund	\$ (6,557,760)	\$ -	\$ (111,262)	\$ (6,669,022)
CNG/LNG Fund	4,044,979	-	-	4,044,979
Water Fund	2,496,583	-	563,936	3,060,519
Total Proprietary Funds	<u>\$ (16,198)</u>	<u>\$ -</u>	<u>\$ 452,674</u>	<u>\$ 436,476</u>
Fiduciary Funds:				
Private Purpose Trust Funds:				
Redevelopment Property Tax Trust Fund	\$ 17,596,500	\$ -	\$ -	\$ 17,596,500
Successor Agency Trust Fund	1,923,334	-	(9,261,299)	(7,337,965)
Total Fiduciary Funds	<u>\$ 19,519,834</u>	<u>\$ -</u>	<u>\$ (9,261,299)</u>	<u>\$ 10,258,535</u>

Governmental Activities are restated to correct capital assets by (\$42,486), lease liabilities by \$42,679, and claims payable by \$865,296.

Business-Type Activities are restated to correct loan and lease receivables by \$563,936 and claims payable by (\$111,262).

Governmental Funds are restated as follows:

- The Measure AA Special Revenue Fund was combined with the General Fund by \$25,818,962 and is no longer reported as a separate fund.
- The General Fund is restated to report settlement payment by (\$995,000), loans receivable from Successor Agency by \$2,557,410, and lease receivable by \$198,370.
- Nonmajor Funds are restated to correct return of Local Jurisdiction Assistance Program Special Revenue Fund revenue to Agency by (\$86,950) and loans receivable principal and interest related to first-time homebuyer loans by \$75,904.

City of Commerce
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Changes within the Financial Reporting Entity and Error Corrections (Continued)

Proprietary Funds are restated as follows:

- The Transit Enterprise Fund is restated to correct claims payable by (\$111,262).
- The Water Enterprise Fund is restated to correct loans receivable from Successor Agency by \$457,285, and lease receivable by \$106,651.

Fiduciary Funds are restated as follows:

- The Successor Agency Fund is restated to correct loans payable to City by (\$3,014,695), lease receivable by \$85,742, settlement payable by (\$572,030), and pollution redemption obligation by (\$5,760,316).

Note 18 – Subsequent Event

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. The City receives a large portion of its General Fund revenues from cardroom operations. As of the date of this report, the long-term impact of this legislation is unknown. However, a court declaration in favor of the tribal governments would have adverse impact on City revenues. The City management is closely monitoring ongoing developments and is evaluating contingency plans and measures, as needed.

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 44,050,278	\$ 44,050,278	\$ 48,530,176	\$ 4,479,898
Casino license tax	29,370,000	29,370,000	31,436,082	2,066,082
Licenses and permits	5,433,950	5,433,950	5,954,753	520,803
Intergovernmental	488,300	488,300	1,214,421	726,121
Charges for services	1,872,797	1,879,017	2,562,317	683,300
Activity fees	188,502	229,287	527,460	298,173
Fines, forfeitures, and penalties	1,308,200	1,308,200	1,438,638	130,438
Use of money and property	1,000,000	1,000,000	2,592,057	1,592,057
Miscellaneous	300,603	300,603	914,980	614,377
Total revenues	84,012,630	84,059,635	95,170,884	11,111,249
EXPENDITURES:				
Current:				
General government	13,866,883	13,906,883	14,880,371	(973,488)
Community development	4,119,749	4,119,749	4,741,253	(621,504)
Public safety	27,014,991	27,030,991	27,635,843	(604,852)
Public works	15,465,845	12,217,409	10,485,633	1,731,776
Library	3,052,740	3,125,832	3,482,413	(356,581)
Parks, recreation and culture	6,258,675	6,367,382	8,754,461	(2,387,079)
Capital outlay	14,192,580	8,892,080	7,601,755	1,290,325
Debt service:				
Principal retirement	-	-	249,446	(249,446)
Interest and fiscal charges	-	-	18,615	(18,615)
Total expenditures	83,971,463	75,660,326	77,849,790	(2,189,464)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	41,167	8,399,309	17,321,094	8,921,785
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	800,000	505,589	(294,411)
Transfers out	(3,645,000)	(3,645,000)	(1,942,572)	1,702,428
Issuance of lease liabilities	-	-	1,140,385	1,140,385
Issuance of subscription liabilities	-	-	286,013	286,013
Total other financing sources (uses)	(2,845,000)	(2,845,000)	(10,585)	2,834,415
NET CHANGE IN FUND BALANCE	\$ (2,803,833)	\$ 5,554,309	17,310,509	\$ 11,756,200
FUND BALANCE:				
Beginning of year, as previously reported as of June 30, 2023			110,866,778	
Changes within the financial reporting entity (reclass to General Fund)			25,818,962	
Error corrections			1,760,780	
Beginning of year, as restated (Note 17)			138,446,520	
End of Year			<u>\$ 155,757,029</u>	

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City of Commerce
Required Supplementary Information
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2024

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 2023-2024, no budget was adopted for the Local Jurisdiction Special Revenue Fund, Air Quality Management District Special Revenue Fund, Housing Special Revenue Fund, and Art in Public Places 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, 2024

Last Ten Fiscal Years

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

Measurement period	2013-14	2014-15	2015-16	2016-17	2017-18
Total pension liability					
Service cost	\$ 1,460,709	\$ 1,550,187	\$ 1,662,850	\$ 1,989,007	\$ 2,000,050
Interest	6,545,470	6,869,505	7,177,076	7,385,664	7,644,908
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
Benefit payments, including refunds of employee contributions	(4,938,877)	(4,937,517)	(4,997,904)	(5,226,953)	(5,355,765)
Net change in total pension liability	3,067,302	2,893,989	4,354,227	9,735,174	3,826,135
Total pension liability - beginning	89,012,010	92,079,312	94,973,301	99,327,528	109,062,702
Total pension liability - ending (a)	\$ 92,079,312	\$ 94,973,301	\$ 99,327,528	\$ 109,062,702	\$ 112,888,837
Pension fiduciary net position					
Contributions - employer	\$ 1,435,188	\$ 1,515,782	\$ 1,895,010	\$ 2,034,184	\$ 2,265,421
Contributions - employee	694,273	720,100	788,933	756,795	847,735
Net investment income	11,658,199	1,670,372	364,679	7,980,374	6,641,333
Benefit payments, including refunds of employee contributions	(4,938,877)	(4,937,517)	(4,997,904)	(5,226,953)	(5,355,765)
Administrative expense	(83,334)	(84,670)	(45,842)	(108,109)	(122,573)
Other miscellaneous income/ (expense) ¹	-	-	-	-	(232,961)
Net change in plan fiduciary net position	8,765,449	(1,115,933)	(1,995,124)	5,436,291	4,043,190
Plan fiduciary net position - beginning²	67,568,781	76,334,230	75,218,297	73,223,173	78,659,464
Plan fiduciary net position - ending (b)	\$ 76,334,230	\$ 75,218,297	\$ 73,223,173	\$ 78,659,464	\$ 82,702,654
Plan net pension liability - ending (a) - (b)	\$ 15,745,082	\$ 19,755,004	\$ 26,104,355	\$ 30,403,238	\$ 30,186,183
Plan fiduciary net position as a percentage of the total pension liability	82.90%	79.20%	73.72%	72.12%	73.26%
Covered payroll³	\$ 9,389,402	\$ 10,161,824	\$ 10,861,205	\$ 11,673,945	\$ 11,973,479
Plan net pension liability as a percentage of covered payroll	167.69%	194.40%	240.34%	260.44%	252.11%

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 and 2023; 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:

Benefit Changes: 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.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate 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 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2024

Last Ten Fiscal Years

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

Measurement period	2018-19	2019-2020	2020-2021	2021-2022	2022-2023
Total pension liability					
Service cost	\$ 2,088,263	\$ 1,971,408	\$ 1,956,630	\$ 1,927,809	\$ 2,054,622
Interest	8,029,232	8,283,613	8,519,425	8,595,249	8,897,361
Changes in benefit terms	-	-	-	-	134,927
Changes of assumptions	-	-	-	3,703,131	-
Differences between expected and actual experience	1,265,886	(470,235)	(381,995)	(1,759,700)	893,471
Benefit payments, including refunds of employee contributions	(5,803,808)	(6,258,294)	(6,876,834)	(7,101,261)	(7,371,582)
Net change in total pension liability	5,579,573	3,526,492	3,217,226	5,365,228	4,608,799
Total pension liability - beginning	112,888,837	118,468,410	121,994,902	125,212,128	130,577,356
Total pension liability - ending (a)	\$ 118,468,410	\$ 121,994,902	\$ 125,212,128	\$ 130,577,356	\$ 135,186,155
Pension fiduciary net position					
Contributions - employer	\$ 2,665,962	\$ 3,010,008	\$ 3,280,476	\$ 28,816,820	\$ 1,817,957
Contributions - employee	989,676	826,978	756,081	729,151	772,426
Net investment income	5,407,865	4,257,013	19,560,972	(9,324,793)	6,969,578
Benefit payments, including refunds of employee contributions	(5,803,808)	(6,258,294)	(6,876,834)	(7,101,261)	(7,371,582)
Administrative expense	(59,018)	(121,103)	(87,525)	(64,942)	(86,262)
Other miscellaneous income/ (expense) ¹	193	-	-	-	-
Net change in plan fiduciary net position	3,200,870	1,714,602	16,633,170	13,054,975	2,102,117
Plan fiduciary net position - beginning²	82,702,654	85,903,524	87,618,126	104,251,296	117,306,271
Plan fiduciary net position - ending (b)	\$ 85,903,524	\$ 87,618,126	\$ 104,251,296	\$ 117,306,271	\$ 119,408,388
Plan net pension liability - ending (a) - (b)	\$ 32,564,886	\$ 34,376,776	\$ 20,960,832	\$ 13,271,085	\$ 15,777,767
Plan fiduciary net position as a percentage of the total pension liability	72.51%	71.82%	83.26%	89.84%	88.33%
Covered payroll³	\$ 12,462,034	\$ 11,854,528	\$ 11,937,948	\$ 10,627,391	\$ 11,094,073
Plan net pension liability as a percentage of covered payroll	261.31%	289.99%	175.58%	124.88%	142.22%

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 and 2023; 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:

Benefit Changes: 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.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate 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 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2024

Last Ten Fiscal Years

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Actuarially determined contribution	\$ 1,515,782	\$ 1,895,010	\$ 2,034,184	\$ 2,265,421	\$ 2,665,962
Contributions in relation to the actuarially determined contribution ¹	(1,435,188)	(1,895,010)	(2,034,184)	(2,265,421)	(2,665,962)
Contribution deficiency (excess)	\$ 80,594	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	<u>\$ 10,161,824</u>	<u>\$ 10,861,205</u>	<u>\$ 11,673,945</u>	<u>\$ 11,973,479</u>	<u>\$ 12,462,034</u>
Contributions as a percentage of covered payroll ²	14.12%	17.45%	17.42%	18.92%	21.39%

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 and 2023; 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, 2024

Last Ten Fiscal Years

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

	2019-20	2020-21	2021-22	2022-23	2023-24
Actuarially determined contribution	\$ 3,010,008	\$ 3,280,476	\$ 3,587,818	\$ 1,817,957	\$ 1,414,883
Contributions in relation to the actuarially determined contribution ¹	(3,010,008)	(3,280,476)	(28,816,820)	(1,817,957)	(1,414,883)
Contribution deficiency (excess)	\$ -	\$ -	\$ (25,229,002)	\$ -	\$ -
Covered payroll ²	\$ 11,854,528	\$ 11,937,948	\$ 10,627,391	\$ 11,094,073	\$ 11,404,707
Contributions as a percentage of covered payroll ²	25.39%	27.48%	271.16%	16.39%	12.41%

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 and 2023; 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 2022-23 were derived from the June 30, 2020 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	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.80%
Investment rate of return	7.00% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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, 2024

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)	\$ 61,758,000	\$ 54,304,368	\$ 63,021,084	\$ 62,011,688	\$ 65,574,726
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)	\$ 2,754,402	\$ 2,919,394	\$ 3,082,756	\$ 3,178,959	\$ 3,875,992
Plan net OPEB liability - end of year (a) - (b)	\$ 59,003,598	\$ 51,384,974	\$ 59,938,328	\$ 58,832,729	\$ 61,698,734
Plan fiduciary net position as a percentage of the total OPEB liability	4.46%	5.38%	4.89%	5.13%	5.91%
Covered employee payroll	\$ 13,175,000	\$ 13,074,368	\$ 13,377,980	\$ 13,641,362	\$ 13,267,936
Plan net OPEB liability as a percentage of covered employee payroll	447.85%	393.02%	448.04%	431.28%	465.02%

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 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 2023.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2024

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	2021-22	2022-23
Total OPEB liability		
Service cost	\$ 2,681,620	\$ 2,198,169
Interest	1,877,929	2,282,557
Changes of assumptions	(5,168,431)	(834,174)
Differences between expected and actual experience	(1,775,473)	-
Benefit payments, including refunds	(1,894,094)	(1,917,239)
Net change in total OPEB liability	(4,278,449)	1,729,313
Total OPEB liability - beginning of the year	65,574,726	61,296,277
Total OPEB liability - end of the year (a)	\$ 61,296,277	\$ 63,025,590
OPEB fiduciary net position		
Contributions - employer	\$ 1,897,101	\$ 1,921,107
Contributions - employee	-	-
Net investment income	(510,825)	248,095
Benefit payments, including refunds	(1,894,094)	(1,917,239)
Administrative expense	(12,519)	(12,416)
Net change in plan fiduciary net position	(520,337)	239,547
Plan fiduciary net position - beginning of year	3,875,992	3,355,655
Plan fiduciary net position - end of year (b)	\$ 3,355,655	\$ 3,595,202
Plan net OPEB liability - end of year (a) - (b)	\$ 57,940,622	\$ 59,430,388
Plan fiduciary net position as a percentage of the total OPEB liability	5.47%	5.70%
Covered employee payroll	\$ 13,267,936	\$ 12,958,676
Plan net OPEB liability as a percentage of covered employee payroll	436.70%	458.61%

Notes to Schedule:

Changes of assumptions: 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 2023.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2024

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
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	(2,166,402)	(1,698,000)	(1,679,352)	(1,724,623)	(1,744,592)
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.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2022 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	19-year fixed period for 2023/24
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	5.50%
General inflation	2.50%
Medical trend	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.
Mortality	CalPERS 2000-2019 Experience Study.
Mortality improvement	Mortality projected fully generational with Scale MP-2021.

City of Commerce
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2024

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

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

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SUPPLEMENTARY INFORMATION

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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 to be used for capital improvement purposes in accordance with Measure AA requirements.

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City of Commerce
Combining Balance Sheet
General Fund
June 30, 2024

	General Fund	Measure AA Fund	Total
ASSETS			
Cash and investments	\$ 92,799,393	\$ 27,063,815	\$ 119,863,208
Restricted cash and investment	3,267,339	-	3,267,339
Receivables:			
Accounts	4,211,071	-	4,211,071
Interest	260,085	-	260,085
Leases	1,207,549	-	1,207,549
Due from other governments	5,090,161	1,956,552	7,046,713
Due from other funds	6,861,214	-	6,861,214
Due from Successor Agency	2,557,410	-	2,557,410
Prepaid items and deposits	296,422	-	296,422
Land held for development	19,535,000	-	19,535,000
Total assets	\$ 136,085,644	\$ 29,020,367	\$ 165,106,011
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,891,917	\$ 2,117,410	\$ 7,009,327
Salaries and benefits payable	641,274	-	641,274
Deposits payable	725,535	-	725,535
Total liabilities	6,258,726	2,117,410	8,376,136
Deferred inflows of resources:			
Unavailable revenue	-	163,480	163,480
Lease related	809,366	-	809,366
Total deferred inflows of resources	809,366	163,480	972,846
Fund balances:			
Nonspendable	19,831,422	-	19,831,422
Restricted	3,267,339	-	3,267,339
Committed	-	26,739,477	26,739,477
Unassigned	105,918,791	-	105,918,791
Total fund balances	129,017,552	26,739,477	155,757,029
Total liabilities, deferred inflows of resources, and fund balances	\$ 136,085,644	\$ 29,020,367	\$ 165,106,011

City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2024

	General Fund	Measure AA Fund	Eliminations	Total
REVENUES:				
Taxes	\$ 38,788,773	\$ 9,741,403	\$ -	\$ 48,530,176
Casino license tax	31,436,082	-	-	31,436,082
Licenses and permits	5,954,753	-	-	5,954,753
Intergovernmental	320,800	893,621	-	1,214,421
Charges for services	2,562,317	-	-	2,562,317
Activity fees	527,460	-	-	527,460
Fines, forfeitures, and penalties	1,438,638	-	-	1,438,638
Use of money and property	2,438,476	153,581	-	2,592,057
Miscellaneous	828,227	86,753	-	914,980
Total revenues	84,295,526	10,875,358	-	95,170,884
EXPENDITURES:				
Current:				
General government	14,880,371	-	-	14,880,371
Community development	4,741,253	-	-	4,741,253
Public safety	27,635,843	-	-	27,635,843
Public works	7,181,132	3,304,501	-	10,485,633
Library	3,482,413	-	-	3,482,413
Parks, recreation and culture	8,754,461	-	-	8,754,461
Capital outlay	1,290,049	6,311,706	-	7,601,755
Debt service:				
Principal retirement	186,633	62,813	-	249,446
Interest and fiscal charges	14,428	4,187	-	18,615
Total expenditures	68,166,583	9,683,207	-	77,849,790
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,128,943	1,192,151	-	17,321,094
OTHER FINANCING SOURCES (USES):				
Transfers in	1,014,054	-	(508,465)	505,589
Transfers out	(1,942,572)	(508,465)	508,465	(1,942,572)
Issuance of lease liabilities	1,140,385	-	-	1,140,385
Issuance of subscription liabilities	49,184	236,829	-	286,013
Total other financing sources (uses)	261,051	(271,636)	-	(10,585)
NET CHANGES IN FUND BALANCES	16,389,994	920,515	-	17,310,509
FUND BALANCES:				
Beginning of year, as previously reported as of June 30, 2023	110,866,778	-	-	110,866,778
Changes within the financial reporting entity (reclass to General Fund)	-	25,818,962	-	25,818,962
Error corrections	1,760,780	-	-	1,760,780
Beginning of year, as restated (Note 17)	112,627,558	25,818,962	-	138,446,520
End of year	\$ 129,017,552	\$ 26,739,477	\$ -	\$ 155,757,029

City of Commerce
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Operating Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 35,550,278	\$ 35,550,278	\$ 38,788,773	\$ 3,238,495
Casino license tax	29,370,000	29,370,000	31,436,082	2,066,082
Licenses and permits	5,433,950	5,433,950	5,954,753	520,803
Intergovernmental	488,300	488,300	320,800	(167,500)
Charges for services	1,872,797	1,879,017	2,562,317	683,300
Activity fees	188,502	229,287	527,460	298,173
Fines, forfeitures, and penalties	1,308,200	1,308,200	1,438,638	130,438
Use of money and property	1,000,000	1,000,000	2,438,476	1,438,476
Miscellaneous	300,603	300,603	828,227	527,624
Total revenues	<u>75,512,630</u>	<u>75,559,635</u>	<u>84,295,526</u>	<u>8,735,891</u>
EXPENDITURES:				
Current:				
General government	13,866,883	13,906,883	14,880,371	(973,488)
Community development	4,119,749	4,119,749	4,741,253	(621,504)
Public safety	27,014,991	27,030,991	27,635,843	(604,852)
Public works	6,004,045	5,949,411	7,181,132	(1,231,721)
Library	3,052,740	3,125,832	3,482,413	(356,581)
Parks, recreation and culture	6,258,675	6,367,382	8,754,461	(2,387,079)
Capital outlay	-	-	1,290,049	(1,290,049)
Debt service:				
Principal retirement	-	-	186,633	(186,633)
Interest and fiscal charges	-	-	14,428	(14,428)
Total expenditures	<u>60,317,083</u>	<u>60,500,248</u>	<u>68,166,583</u>	<u>(7,666,335)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,195,547</u>	<u>15,059,387</u>	<u>16,128,943</u>	<u>1,069,556</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	800,000	800,000	1,014,054	214,054
Transfers out	(3,645,000)	(3,645,000)	(1,942,572)	1,702,428
Issuance of lease liabilities	-	-	1,140,385	1,140,385
Issuance of subscription liabilities	-	-	49,184	49,184
Total other financing sources (uses)	<u>(2,845,000)</u>	<u>(2,845,000)</u>	<u>261,051</u>	<u>3,106,051</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,350,547</u>	<u>\$ 12,214,387</u>	<u>16,389,994</u>	<u>\$ 4,175,607</u>
FUND BALANCE:				
Beginning of year, as previously reported as of June 30, 2023			<u>110,866,778</u>	
Error corrections			<u>1,760,780</u>	
Beginning of year, as restated (Note 17)			<u>112,627,558</u>	
End of Year			<u>\$ 129,017,552</u>	

City of Commerce
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Measure AA General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 8,500,000	\$ 8,500,000	\$ 9,741,403	\$ 1,241,403
Intergovernmental	-	-	893,621	893,621
Use of money and property	-	-	153,581	153,581
Miscellaneous	-	-	86,753	86,753
Total revenues	8,500,000	8,500,000	10,875,358	2,375,358
EXPENDITURES:				
Current:				
Public works	9,461,800	6,267,998	3,304,501	2,963,497
Capital outlay	14,192,580	8,892,080	6,311,706	2,580,374
Debt service:				
Principal retirement	-	-	62,813	(62,813)
Interest and fiscal charges	-	-	4,187	(4,187)
Total expenditures	23,654,380	15,160,078	9,683,207	5,476,871
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,154,380)	(6,660,078)	1,192,151	7,852,229
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(508,465)	(508,465)
Issuance of subscription liabilities	-	-	236,829	236,829
Total other financing sources (uses)	-	-	(271,636)	(271,636)
NET CHANGE IN FUND BALANCE	\$ (15,154,380)	\$ (6,660,078)	920,515	\$ 7,580,593
FUND BALANCE:				
Beginning of year, as previously reported as of June 30, 2023			-	
Changes within the financial reporting entity (reclass to General Fund)			25,818,962	
Beginning of year, as restated (Note 17)			25,818,962	
End of Year			\$ 26,739,477	

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.

Local Jurisdiction Assistance Program - To account for grant funding from the State for local jurisdictions with the goal of transitioning provisional cannabis licenses into annual licenses in order to meet the requirements of the California Environmental Quality Act.

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.

Nonmajor Capital Projects Funds:

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

General City Capital Projects - 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.

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City of Commerce
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

		Debt Service Funds			
	Special Revenue Funds	Community Center	Pension Obligation Bonds	General City Capital Projects Fund	Total
ASSETS					
Cash and investments	\$ 5,774,175	\$ -	\$ -	\$ 895,149	\$ 6,669,324
Cash and investments with fiscal agents	-	2,725	-	5,143,903	5,146,628
Receivables:					
Accounts	57,250	-	-	-	57,250
Interest	285,423	-	-	-	285,423
Loans	207,783	-	-	-	207,783
Due from other governments	141,993	-	-	1,434,495	1,576,488
Property held for resale	726,000	-	-	2,439,680	3,165,680
Total assets	<u>\$ 7,192,624</u>	<u>\$ 2,725</u>	<u>\$ -</u>	<u>\$ 9,913,227</u>	<u>\$ 17,108,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 426,506	\$ -	\$ -	\$ 189,051	\$ 615,557
Salaries and benefits payable	1,706	-	-	-	1,706
Due to other funds	56,903	-	-	-	56,903
Unearned revenue	157,816	-	-	-	157,816
Total liabilities	<u>642,931</u>	<u>-</u>	<u>-</u>	<u>189,051</u>	<u>831,982</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	1,434,495	1,434,495
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,434,495</u>	<u>1,434,495</u>
Fund Balances:					
Restricted:					
Community development projects	2,165,838	-	-	-	2,165,838
Public safety	207,977	-	-	-	207,977
Low and moderate housing	2,197,365	-	-	-	2,197,365
Transportation	511,968	-	-	-	511,968
Capital projects	1,466,545	-	-	5,143,903	6,610,448
Debt service	-	2,725	-	-	2,725
Committed:					
Capital projects	-	-	-	3,145,778	3,145,778
Total fund balances	<u>6,549,693</u>	<u>2,725</u>	<u>-</u>	<u>8,289,681</u>	<u>14,842,099</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,192,624</u>	<u>\$ 2,725</u>	<u>\$ -</u>	<u>\$ 9,913,227</u>	<u>\$ 17,108,576</u>

City of Commerce
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

		Debt Service Funds		General City	
	Special Revenue	Community	Pension	Capital Projects	
	Funds	Center	Obligation	Fund	Total
			Bonds		
REVENUES:					
Licenses and permits	\$ 619,985	\$ -	\$ -	\$ -	\$ 619,985
Intergovernmental	1,842,595	-	-	49,590	1,892,185
Use of money and property	251,621	3,433	-	5,080	260,134
Total revenues	<u>2,714,201</u>	<u>3,433</u>	<u>-</u>	<u>54,670</u>	<u>2,772,304</u>
EXPENDITURES:					
Current:					
Community development	394,174	-	-	-	394,174
Public safety	185,710	-	-	-	185,710
Public works	831,391	-	-	608,071	1,439,462
Parks, recreation and culture	435,661	-	-	-	435,661
Capital outlay	-	-	-	1,684	1,684
Debt service:					
Principal retirement	-	450,000	-	-	450,000
Interest and fiscal charges	-	330,391	620,247	-	950,638
Total expenditures	<u>1,846,936</u>	<u>780,391</u>	<u>620,247</u>	<u>609,755</u>	<u>3,857,329</u>
EXCESS OF REVENUES OVER					
(UNDER) EXPENDITURES	<u>867,265</u>	<u>(776,958)</u>	<u>(620,247)</u>	<u>(555,085)</u>	<u>(1,085,025)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	128,570	776,956	620,247	416,799	1,942,572
Transfers out	(505,589)	-	-	-	(505,589)
Total other financing sources (uses)	<u>(377,019)</u>	<u>776,956</u>	<u>620,247</u>	<u>416,799</u>	<u>1,436,983</u>
NET CHANGES IN FUND BALANCES	490,246	(2)	-	(138,286)	351,958
FUND BALANCES:					
Beginning of year, as previously reported as of June 30, 2023	6,070,493	2,727	-	8,427,967	14,501,187
Error corrections	(11,046)	-	-	-	(11,046)
Beginning of year, as restated (Note 17)	6,059,447	2,727	-	8,427,967	14,490,141
End of year	<u>\$ 6,549,693</u>	<u>\$ 2,725</u>	<u>\$ -</u>	<u>\$ 8,289,681</u>	<u>\$ 14,842,099</u>

City of Commerce
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Special Revenue Funds			
	Local Jurisdiction Assistance Program	Supplement Law Enforcement	State Gas Tax	Community Development Block Grant
ASSETS				
Cash and investments	\$ 333,120	\$ 207,977	\$ 378,208	\$ -
Receivables:				
Accounts	-	-	-	-
Interest	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	84,872	57,121
Property held for resale	-	-	-	-
Total assets	<u><u>\$ 333,120</u></u>	<u><u>\$ 207,977</u></u>	<u><u>\$ 463,080</u></u>	<u><u>\$ 57,121</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 333,056	\$ -	\$ -	\$ -
Salaries and benefits payable	64	-	-	218
Due to other funds	-	-	-	56,903
Unearned revenue	-	-	-	-
Total liabilities	<u><u>333,120</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>57,121</u></u>
Fund Balances:				
Restricted:				
Community development projects	-	-	-	-
Public safety	-	207,977	-	-
Low and moderate housing	-	-	-	-
Transportation	-	-	463,080	-
Capital projects	-	-	-	-
Total fund balances	<u><u>-</u></u>	<u><u>207,977</u></u>	<u><u>463,080</u></u>	<u><u>-</u></u>
Total liabilities and fund balances	<u><u>\$ 333,120</u></u>	<u><u>\$ 207,977</u></u>	<u><u>\$ 463,080</u></u>	<u><u>\$ 57,121</u></u>

(Continued)

City of Commerce
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2024

	Special Revenue Funds			
	Air Quality Management District	Housing	Art in Public Places	Community Benefits
ASSETS				
Cash and investments	\$ 48,888	\$ 979,304	\$ 1,845,185	\$ 274,882
Receivables:				
Accounts	-	-	-	57,250
Interest	-	285,423	-	-
Loans	-	207,783	-	-
Due from other governments	-	-	-	-
Property held for resale	-	726,000	-	-
Total assets	<u>\$ 48,888</u>	<u>\$ 2,198,510</u>	<u>\$ 1,845,185</u>	<u>\$ 332,132</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,145	\$ -	\$ 11,479
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>1,145</u>	<u>-</u>	<u>11,479</u>
Fund Balances:				
Restricted:				
Community development projects	-	-	1,845,185	320,653
Public safety	-	-	-	-
Low and moderate housing	-	2,197,365	-	-
Transportation	48,888	-	-	-
Capital projects	-	-	-	-
Total fund balances	<u>48,888</u>	<u>2,197,365</u>	<u>1,845,185</u>	<u>320,653</u>
Total liabilities and fund balances	<u>\$ 48,888</u>	<u>\$ 2,198,510</u>	<u>\$ 1,845,185</u>	<u>\$ 332,132</u>

(Continued)

City of Commerce
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2024

	Special Revenue Funds	
	Stormwater Management	Total Special Revenue Funds
ASSETS		
Cash and investments	\$ 1,706,611	\$ 5,774,175
Receivables:		
Accounts	-	57,250
Interest	-	285,423
Loans	-	207,783
Due from other governments	-	141,993
Property held for resale	-	726,000
Total assets	<u>\$ 1,706,611</u>	<u>\$ 7,192,624</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 80,826	\$ 426,506
Salaries and benefits payable	1,424	1,706
Due to other funds	-	56,903
Unearned revenue	157,816	157,816
Total liabilities	<u>240,066</u>	<u>642,931</u>
Fund Balances:		
Restricted:		
Community development projects	-	2,165,838
Public safety	-	207,977
Low and moderate housing	-	2,197,365
Transportation	-	511,968
Capital projects	1,466,545	1,466,545
Total fund balances	<u>1,466,545</u>	<u>6,549,693</u>
Total liabilities and fund balances	<u>\$ 1,706,611</u>	<u>\$ 7,192,624</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, 2024

	Special Revenue Funds			
	Local Jurisdiction Assistance Program	Supplement Law Enforcement	State Gas Tax	Community Development Block Grant
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	186,159	659,238	156,666
Use of money and property	-	1,180	2,147	-
Total revenues	-	187,339	661,385	156,666
EXPENDITURES:				
Current:				
Community development	33,391	-	-	164,430
Public safety	-	185,710	-	-
Public works	-	-	-	-
Parks, recreation and culture	-	-	-	-
Total expenditures	33,391	185,710	-	164,430
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,391)	1,629	661,385	(7,764)
OTHER FINANCING SOURCES (USES):				
Transfers in	120,341	-	-	8,229
Transfers out	-	-	(500,000)	-
Total other financing sources (uses)	120,341	-	(500,000)	8,229
NET CHANGES IN FUND BALANCES	86,950	1,629	161,385	465
FUND BALANCES (DEFICIT):				
Beginning of year, as previously reported as of June 30, 2023	-	206,348	301,695	(465)
Error corrections	(86,950)	-	-	-
Beginning of year, as restated (Note 17)	(86,950)	206,348	301,695	(465)
End of year	\$ -	\$ 207,977	\$ 463,080	\$ -

(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, 2024

	Special Revenue Funds			
	Air Quality Management District	Housing	Art in Public Places	Community Benefits
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 374,790	\$ 245,195
Intergovernmental	12,141	-	-	-
Use of money and property	277	227,862	10,471	-
Total revenues	<u>12,418</u>	<u>227,862</u>	<u>385,261</u>	<u>245,195</u>
EXPENDITURES:				
Current:				
Community development	-	196,353	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks, recreation and culture	-	-	-	435,661
Total expenditures	<u>-</u>	<u>196,353</u>	<u>-</u>	<u>435,661</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,418</u>	<u>31,509</u>	<u>385,261</u>	<u>(190,466)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(5,589)	-	-	-
Total other financing sources (uses)	<u>(5,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	6,829	31,509	385,261	(190,466)
FUND BALANCES (DEFICIT):				
Beginning of year, as previously reported as of June 30, 2023	<u>42,059</u>	<u>2,089,952</u>	<u>1,459,924</u>	<u>511,119</u>
Error corrections	-	75,904	-	-
Beginning of year, as restated (Note 17)	<u>42,059</u>	<u>2,165,856</u>	<u>1,459,924</u>	<u>511,119</u>
End of year	<u>\$ 48,888</u>	<u>\$ 2,197,365</u>	<u>\$ 1,845,185</u>	<u>\$ 320,653</u>

(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, 2024

	Special Revenue Funds	
	Stormwater Management	Total Special Revenue Funds
REVENUES:		
Licenses and permits	\$ -	\$ 619,985
Intergovernmental	828,391	1,842,595
Use of money and property	9,684	251,621
Total revenues	838,075	2,714,201
EXPENDITURES:		
Current:		
Community development	-	394,174
Public safety	-	185,710
Public works	831,391	831,391
Parks, recreation and culture	-	435,661
Total expenditures	831,391	1,846,936
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,684	867,265
OTHER FINANCING SOURCES (USES):		
Transfers in	-	128,570
Transfers out	-	(505,589)
Total other financing sources (uses)	-	(377,019)
NET CHANGES IN FUND BALANCES	6,684	490,246
FUND BALANCES (DEFICIT):		
Beginning of year, as previously reported as of June 30, 2023	1,459,861	6,070,493
Error corrections	-	(11,046)
Beginning of year, as restated (Note 17)	1,459,861	6,059,447
End of year	\$ 1,466,545	\$ 6,549,693

(Concluded)

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Jurisdiction Assistance Program Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current:				
Community development	\$ -	\$ -	\$ 33,391	\$ (33,391)
Total expenditures	<u>-</u>	<u>-</u>	<u>33,391</u>	<u>(33,391)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(33,391)</u>	<u>(33,391)</u>
OTHER FINANCING USES:				
Transfers in	-	-	120,341	120,341
Total other financing uses	<u>-</u>	<u>-</u>	<u>120,341</u>	<u>120,341</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>86,950</u>	<u><u>\$ 86,950</u></u>
FUND BALANCE:				
Beginning of year, as previously reported as of June 30, 2023			<u>-</u>	
Error corrections			<u>(86,950)</u>	
Beginning of year, as restated (Note 17)			<u>(86,950)</u>	
End of year			<u><u>\$ -</u></u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 186,159	\$ 186,159
Use of money and property	-	-	1,180	1,180
Total revenues	<u>-</u>	<u>-</u>	<u>187,339</u>	<u>187,339</u>
EXPENDITURES:				
Current:				
Public safety	100,000	100,000	185,710	(85,710)
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>185,710</u>	<u>(85,710)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	1,629	<u>\$ 101,629</u>
FUND BALANCE:				
Beginning of year			206,348	
End of year			<u>\$ 207,977</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 660,380	\$ 660,380	\$ 659,238	\$ (1,142)
Use of money and property	-	-	2,147	2,147
Total revenues	<u>660,380</u>	<u>660,380</u>	<u>661,385</u>	<u>1,005</u>
OTHER FINANCING USES:				
Transfers out	(636,997)	(636,997)	(500,000)	136,997
Total other financing uses	<u>(636,997)</u>	<u>(636,997)</u>	<u>(500,000)</u>	<u>136,997</u>
NET CHANGE IN FUND BALANCE	<u>\$ 23,383</u>	<u>\$ 23,383</u>	161,385	<u>\$ 138,002</u>
FUND BALANCE:				
Beginning of year			301,695	
End of year			<u>\$ 463,080</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 156,666	\$ 156,666
Total revenues	<u>-</u>	<u>-</u>	<u>156,666</u>	<u>156,666</u>
EXPENDITURES:				
Current:				
Community development	188,662	188,662	164,430	24,232
Total expenditures	<u>188,662</u>	<u>188,662</u>	<u>164,430</u>	<u>24,232</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(188,662)</u>	<u>(188,662)</u>	<u>(7,764)</u>	<u>180,898</u>
OTHER FINANCING SOURCES:				
Transfer in	-	-	8,229	8,229
Total other financing sources	<u>-</u>	<u>-</u>	<u>8,229</u>	<u>8,229</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (188,662)</u></u>	<u><u>\$ (188,662)</u></u>	<u>465</u>	<u><u>\$ 189,127</u></u>
FUND BALANCE (DEFICIT):				
Beginning of year			(465)	
End of year			<u><u>\$ -</u></u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Management District Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 12,141	\$ 12,141
Use of money and property	-	-	277	277
Total revenues	-	-	12,418	12,418
OTHER FINANCING USES:				
Transfers out	-	-	(5,589)	(5,589)
Total other financing uses	-	-	(5,589)	(5,589)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	6,829	<u>\$ 6,829</u>
FUND BALANCE:				
Beginning of year			42,059	
End of year			<u>\$ 48,888</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 227,862	\$ 227,862
Total revenues	<u>-</u>	<u>-</u>	<u>227,862</u>	<u>227,862</u>
EXPENDITURES:				
Current:				
Community development	-	-	196,353	(196,353)
Total expenditures	<u>-</u>	<u>-</u>	<u>196,353</u>	<u>(196,353)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	31,509	<u>\$ 31,509</u>
FUND BALANCE:				
Beginning of year, as previously reported as of June 30, 2023			<u>2,089,952</u>	
Error corrections			<u>75,904</u>	
Beginning of year, as restated (Note 17)			<u>2,165,856</u>	
End of year			<u>\$ 2,197,365</u>	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 374,790	\$ 374,790
Use of money and property	-	-	10,471	10,471
Total revenues	-	-	385,261	385,261
NET CHANGE IN FUND BALANCE	\$ -	\$ -	385,261	\$ 385,261
FUND BALANCE:				
Beginning of year			1,459,924	
End of year			\$ 1,845,185	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 245,195	\$ 245,195
Total revenues	<u>-</u>	<u>-</u>	<u>245,195</u>	<u>245,195</u>
EXPENDITURES:				
Current:				
Parks, recreation and culture	<u>443,016</u>	<u>443,016</u>	<u>435,661</u>	<u>7,355</u>
Total expenditures	<u>443,016</u>	<u>443,016</u>	<u>435,661</u>	<u>7,355</u>
NET CHANGE IN FUND BALANCE	<u>\$ (443,016)</u>	<u>\$ (443,016)</u>	<u>(190,466)</u>	<u>\$ 252,550</u>
FUND BALANCE:				
Beginning of year			<u>511,119</u>	
End of year			<u>\$ 320,653</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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 986,207	\$ 986,207	\$ 828,391	\$ (157,816)
Use of money and property	-	-	9,684	9,684
Total revenues	<u>986,207</u>	<u>986,207</u>	<u>838,075</u>	<u>(148,132)</u>
EXPENDITURES:				
Current:				
Public works	<u>674,350</u>	<u>674,350</u>	<u>831,391</u>	<u>(157,041)</u>
Total expenditures	<u>674,350</u>	<u>674,350</u>	<u>831,391</u>	<u>(157,041)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 311,857</u>	<u>\$ 311,857</u>	6,684	<u>\$ (305,173)</u>
FUND BALANCE:				
Beginning of year			<u>1,459,861</u>	
End of year			<u>\$ 1,466,545</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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,433	\$ 3,433
Total revenues	<u>-</u>	<u>-</u>	<u>3,433</u>	<u>3,433</u>
EXPENDITURES:				
Debt service:				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges	329,863	329,863	330,391	(528)
Total expenditures	<u>779,863</u>	<u>779,863</u>	<u>780,391</u>	<u>(528)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(779,863)</u>	<u>(779,863)</u>	<u>(776,958)</u>	<u>2,905</u>
OTHER FINANCING SOURCES:				
Transfers in	776,956	776,956	776,956	-
Total other financing sources	<u>776,956</u>	<u>776,956</u>	<u>776,956</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,907)</u>	<u>\$ (2,907)</u>	<u>(2)</u>	<u>\$ 2,905</u>
FUND BALANCE:				
Beginning of year			<u>2,727</u>	
End of year			<u>\$ 2,725</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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	\$ 620,247	\$ 620,247	\$ 620,247	\$ -
Total expenditures	<u>620,247</u>	<u>620,247</u>	<u>620,247</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	620,247	620,247	620,247	-
Total other financing sources	<u>620,247</u>	<u>620,247</u>	<u>620,247</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Commerce
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 160,000	\$ 49,590	\$ (110,410)
Use of money and property	-	-	5,080	5,080
Total revenues	<u>-</u>	<u>160,000</u>	<u>54,670</u>	<u>(105,330)</u>
EXPENDITURES:				
Current:				
Public works	-	192,962	608,071	(415,109)
Capital outlay	-	160,000	1,684	158,316
Total expenditures	<u>-</u>	<u>352,962</u>	<u>609,755</u>	<u>(256,793)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(192,962)</u>	<u>(555,085)</u>	<u>(362,123)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	416,799	416,799
Total other financing sources	<u>-</u>	<u>-</u>	<u>416,799</u>	<u>416,799</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (192,962)</u>	<u>(138,286)</u>	<u>\$ 54,676</u>
FUND BALANCE:				
Beginning of year			8,427,967	
End of year			<u>\$ 8,289,681</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, 2024

	Successor Agency			
	Redevelopment Property Tax Trust Fund	Successor Agency Trust Fund	Eliminations	Total
ASSETS				
Current assets:				
Cash and investments	\$ 18,891,523	\$ -	\$ -	\$ 18,891,523
Receivables:				
Accounts, net	-	7,702	-	7,702
Lease receivable, due in one year	-	9,618	-	9,618
Total current assets	18,891,523	17,320	-	18,908,843
Noncurrent assets:				
Cash and investments with fiscal agents	-	9,946	-	9,946
Lease receivable, due in more than one year	-	987,242	-	987,242
Property held for resale	-	44,407,092	-	44,407,092
Total noncurrent assets	-	45,404,280	-	45,404,280
Total assets	18,891,523	45,421,600	-	64,313,123
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	-	2,405,260	-	2,405,260
Total deferred outflows of resources	-	2,405,260	-	2,405,260
LIABILITIES				
Current liabilities:				
Accounts payable	-	2,297,169	-	2,297,169
Salaries and benefits payable	-	1,297	-	1,297
Long-term debt, due within one year	-	8,738,281	-	8,738,281
Total current liabilities	-	11,036,747	-	11,036,747
Noncurrent liabilities:				
Due to City of Commerce	-	3,014,695	-	3,014,695
Long-term debt, due in more than one year	-	32,853,226	-	32,853,226
Total noncurrent liabilities	-	35,867,921	-	35,867,921
Total liabilities	-	46,904,668	-	46,904,668
DEFERRED INFLOWS OF RESOURCES				
Leases related	-	865,896	-	865,896
Total deferred inflows of resources	-	865,896	-	865,896
NET POSITION				
Held in trust for Successor Agency	\$ 18,891,523	\$ 56,296	\$ -	\$ 18,947,819

City of Commerce
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2024

	Successor Agency			
	Redevelopment Property Tax Trust Fund	Successor Agency Trust Fund	Eliminations	Total
ADDITIONS:				
Property tax	\$ 10,081,187	\$ -	\$ -	\$ 10,081,187
Investment income	107,206	140,361	-	247,567
Rental income	-	698,779	-	698,779
Miscellaneous income	-	442,982	-	442,982
Total additions	10,188,393	1,282,122	-	11,470,515
DEDUCTIONS:				
Administrative expenses	-	572,951	-	572,951
Interest and fiscal charges	-	2,208,280	-	2,208,280
Total deductions	-	2,781,231	-	2,781,231
TRANSFERS:				
Transfers in	-	8,893,370	(8,893,370)	-
Transfers out	(8,893,370)	-	8,893,370	-
Total transfers	(8,893,370)	8,893,370	-	-
CHANGES IN NET POSITION	1,295,023	7,394,261	-	8,689,284
NET POSITION (DEFICIT):				
Beginning of year, as previously reported as of June 30, 2023	17,596,500	1,923,334	-	19,519,834
Error corrections	-	(9,261,299)	-	(9,261,299)
Beginning of year, as restated (Note 17)	17,596,500	(7,337,965)	-	10,258,535
End of year	<u>\$ 18,891,523</u>	<u>\$ 56,296</u>	<u>\$ -</u>	<u>\$ 18,947,819</u>

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				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 45,509,674	\$ 69,045,438	\$ 84,719,037	\$ 81,609,386	\$ 82,699,502
Restricted	(8,770,483)	1,695,259	1,706,688	1,876,124	2,048,261
Unrestricted	54,250,682	44,026,277	42,451,641	7,083,848	11,612,066
Total governmental activities net position	90,989,873	114,766,974	128,877,366	90,569,358	96,359,829
Business-type activities:					
Net investment in capital assets	13,415,492	12,812,420	12,305,690	11,644,934	13,413,120
Restricted	-	-	-	-	-
Unrestricted	(7,071,258)	(6,730,545)	(6,948,259)	(16,115,502)	(14,607,134)
Total business-type activities net position	6,344,234	6,081,875	5,357,431	(4,470,568)	(1,194,014)
Primary government:					
Net investment in capital assets	58,925,166	81,857,858	97,024,727	93,254,320	96,112,622
Restricted	(8,770,483)	1,695,259	1,706,688	1,876,124	2,048,261
Unrestricted	47,179,424	37,295,732	35,503,382	(9,031,654)	(2,995,068)
Total primary government net position	\$ 97,334,107	\$ 120,848,849	\$ 134,234,797	\$ 86,098,790	\$ 95,165,815

Source: City of Commerce Finance Department

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Governmental activities:					
Net investment in capital assets	\$ 87,603,633	\$ 83,964,506	\$ 80,664,261	\$ 82,888,826	\$ 85,825,193
Restricted	2,038,137	2,098,713	2,422,583	10,532,686	16,561,635
Unrestricted	4,908,821	2,725,740	43,817,601	61,339,590	71,524,808
Total governmental activities net position	94,550,591	88,788,959	126,904,445	154,761,102	173,911,636
Business-type activities:					
Net investment in capital assets	13,066,918	13,584,738	18,237,717	19,289,578	17,679,317
Restricted	-	-	-	-	-
Unrestricted	(15,245,267)	(15,339,653)	(18,380,192)	(19,305,776)	(20,595,645)
Total business-type activities net position	(2,178,349)	(1,754,915)	(142,475)	(16,198)	(2,916,328)
Primary government:					
Net investment in capital assets	100,670,551	97,549,244	98,901,978	102,178,404	103,504,510
Restricted	2,038,137	2,098,713	2,422,583	10,532,686	16,561,635
Unrestricted	(10,336,446)	(12,613,913)	25,437,409	42,033,814	50,929,163
Total primary government net position	\$ 92,372,242	\$ 87,034,044	\$ 126,761,970	\$ 154,744,904	\$ 170,995,308

Source: City of Commerce Finance Department

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses:					
Governmental activities:					
General government	\$ 18,681,419	\$ 16,097,044	\$ 17,143,378	\$ 19,705,680	\$ 22,493,477
Public safety	17,825,986	18,994,377	20,528,705	21,462,109	21,457,403
Public works	9,574,171	10,080,047	7,753,735	13,955,387	13,705,539
Community development	2,582,041	4,550,938	3,111,106	3,189,480	2,112,054
Parks and recreation	9,298,527	9,917,064	11,936,131	12,835,675	13,083,293
Library	1,201,234	3,210,975	3,774,862	4,275,731	3,627,221
Interest on long-term debt	5,393,909	4,196,186	1,870,823	2,036,161	365,743
Total governmental activities expenses	64,557,287	67,046,631	66,118,740	77,460,223	76,844,730
Business-type activities:					
Transit	4,982,321	5,322,991	4,919,636	6,191,022	5,747,313
CNG/LNG	2,038,687	1,564,009	1,657,378	2,027,056	1,941,685
Water	593,822	711,572	695,715	637,396	611,098
Cable Television	294,436	258,221	301,827	359,704	-
Total business-type activities expenses	7,909,266	7,856,793	7,574,556	9,215,178	8,300,096
Total primary government expenses	72,466,553	74,903,424	73,693,296	86,675,401	85,144,826
Program revenues:					
Governmental activities:					
Charges for services:					
General government	-	-	-	-	-
Public safety	1,670,473	1,481,520	1,560,967	1,536,732	1,639,854
Public works	3,336,377	3,395,581	2,753,032	3,027,305	4,063,390
Community development	48,270	20,462	89,950	40,000	88,882
Library	22,533	18,940	10,638	17,380	5,155
Parks and recreation	575,150	594,096	647,552	674,476	2,858,857
Operating grants and contributions	2,517,480	2,208,545	2,549,722	2,757,719	4,106,368
Capital grants and contributions	9,611,896	18,508,737	12,503,266	4,620,744	290,533
Total governmental activities program revenues	17,782,179	26,227,881	20,115,127	12,674,356	13,053,039
Business-type activities:					
Charges for services:					
Transit	-	-	-	-	-
CNG/LNG	2,067,530	1,398,775	1,480,555	1,930,926	1,483,555
Water	-	845,000	845,000	845,000	845,000
Cable Television	45,541	49,402	53,950	53,748	-
Operating grants and contributions	2,726,291	3,140,870	2,801,867	3,138,934	6,046,775
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	4,839,362	5,434,047	5,181,372	5,968,608	8,375,330
Total primary government program revenues	22,621,541	31,661,928	25,296,499	18,642,964	21,428,369
Net revenues (expenses):					
Governmental activities	(46,775,108)	(40,818,750)	(46,003,613)	(64,785,867)	(63,791,691)
Business-type activities	(3,069,904)	(2,422,746)	(2,393,184)	(3,246,570)	75,234
Total net revenues (expenses)	\$ (49,845,012)	\$ (43,241,496)	\$ (48,396,797)	\$ (68,032,437)	\$ (63,716,457)

Source: City of Commerce Finance Department

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Expenses:					
Governmental activities:					
General government	\$ 14,923,956	\$ 19,230,660	\$ 12,888,535	\$ 17,061,923	\$ 16,528,267
Public safety	22,513,602	23,367,758	24,691,709	24,304,792	5,308,728
Public works	16,343,439	12,613,431	9,664,523	16,442,212	27,821,008
Community development	2,444,173	3,626,129	3,252,267	4,965,052	14,532,596
Parks and recreation	12,836,798	6,659,835	7,330,089	9,579,307	3,890,316
Library	4,719,709	3,067,205	2,539,074	3,532,582	10,843,894
Interest on long-term debt	347,944	327,503	679,503	1,065,145	906,354
Total governmental activities expenses	74,129,621	68,892,521	61,045,700	76,951,013	79,831,163
Business-type activities:					
Transit	7,123,822	7,059,103	9,731,130	10,440,610	10,904,732
CNG/LNG	2,283,888	2,725,050	2,906,790	4,179,857	2,934,201
Water	482,240	215,971	197,721	128,392	212,107
Cable Television	-	-	-	-	-
Total business-type activities expenses	9,889,950	10,000,124	12,835,641	14,748,859	14,051,040
Total primary government expenses	84,019,571	78,892,645	73,881,341	91,699,872	93,882,203
Program revenues:					
Governmental activities:					
Charges for services:					
General government	-	-	-	-	606,771
Public safety	1,355,125	1,392,108	1,507,851	2,192,585	473,057
Public works	4,470,153	6,422,295	6,446,246	7,423,325	1,422,520
Community development	339,948	536,975	261,721	500,865	5,999,141
Library	12,581	-	45,514	12,053	16,118
Parks and recreation	1,188,201	363,964	702,740	1,549,472	1,216,862
Operating grants and contributions	5,477,203	4,632,926	9,590,128	5,129,104	5,144,051
Capital grants and contributions	295,545	9,999	92,991	5,997	7,825
Total governmental activities program revenues	13,138,756	13,358,267	18,647,191	16,813,401	14,886,345
Business-type activities:					
Charges for services:					
Transit	-	-	-	122,333	-
CNG/LNG	2,871,693	3,215,859	2,858,149	4,005,725	2,895,747
Water	845,000	845,000	845,000	774,583	771,492
Cable Television	-	-	-	-	-
Operating grants and contributions	3,748,452	4,931,427	9,828,325	6,467,805	6,874,935
Capital grants and contributions	-	-	532,271	2,662,122	-
Total business-type activities program revenues	7,465,145	8,992,286	14,063,745	14,032,568	10,542,174
Total primary government program revenues	20,603,901	22,350,553	32,710,936	30,845,969	25,428,519
Net revenues (expenses):					
Governmental activities	(60,990,865)	(55,534,254)	(42,398,509)	(60,137,612)	(64,944,818)
Business-type activities	(2,424,805)	(1,007,838)	1,228,104	(716,291)	(3,508,866)
Total net revenues (expenses)	\$ (63,415,670)	\$ (56,542,092)	\$ (41,170,405)	\$ (60,853,903)	\$ (68,453,684)

Source: City of Commerce Finance Department

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Casino license tax	\$ 22,240,233	\$ 25,012,715	\$ 25,780,700	\$ 28,217,260	\$ 27,658,745
Property taxes	2,819,939	2,322,486	2,481,617	4,680,877	4,563,560
Sales tax	29,360,146	27,795,167	26,979,330	28,702,600	32,166,106
Franchise taxes	1,128,060	1,052,568	952,432	1,024,506	1,089,138
Transient occupancy taxes	2,549,218	2,843,656	3,063,406	3,269,164	3,145,415
Motor vehicle in lieu, unrestricted	1,126,561	1,177,552	1,242,958	6,877	6,272
Investment income	5,484,438	5,372,963	2,413,906	2,410,372	576,337
Miscellaneous revenues (expenses)	3,662,709	1,179,131	(1,137,872)	3,370,780	1,661,221
Extraordinary gain (loss)	-	-	-	(8,515,224)	6,308,116
Transfers	(2,504,962)	(2,160,387)	(1,662,472)	(1,656,133)	(2,000,747)
Total governmental activities	<u>65,866,342</u>	<u>64,595,851</u>	<u>60,114,005</u>	<u>61,511,079</u>	<u>75,174,163</u>
Business-type activities:					
Investment income	-	-	6,268	5,219	8,689
Miscellaneous revenues (expenses)	-	-	-	-	-
Transfers	2,504,962	2,160,387	1,662,472	1,656,133	2,000,747
Special Items	-	-	-	-	1,191,884
Total business-type activities	<u>2,504,962</u>	<u>2,160,387</u>	<u>1,668,740</u>	<u>1,661,352</u>	<u>3,201,320</u>
Total primary government	<u>68,371,304</u>	<u>66,756,238</u>	<u>61,782,745</u>	<u>63,172,431</u>	<u>78,375,483</u>
Changes in net position					
Governmental activities	19,091,234	23,777,101	14,110,392	(3,274,788)	11,382,472
Business-type activities	(564,942)	(262,359)	(724,444)	(1,585,218)	3,276,554
Total primary government	<u>\$ 18,526,292</u>	<u>\$ 23,514,742</u>	<u>\$ 13,385,948</u>	<u>\$ (4,860,006)</u>	<u>\$ 14,659,026</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				
	2020	2021	2022	2023	2024
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Casino license tax	\$ 20,260,767	\$ 8,848,685	\$ 26,653,916	\$ 31,572,956	\$ 31,436,082
Property taxes	4,548,892	5,184,180	4,766,079	4,627,743	5,110,125
Sales tax	27,005,166	29,411,394	40,590,324	40,480,501	38,642,346
Franchise taxes	1,055,508	1,114,535	1,271,376	1,598,267	1,613,037
Transient occupancy taxes	2,613,232	1,717,154	2,634,216	3,139,541	3,164,668
Motor vehicle in lieu, unrestricted	10,306	9,438	14,814	12,688	15,289
Investment income	495,961	481,994	1,834,343	4,566,293	2,441,907
Miscellaneous revenues (expenses)	1,819,994	3,020,230	2,313,868	809,831	787,653
Extraordinary gain (loss)	-	1,410,012	273,000	1,186,724	-
Transfers	(1,425,000)	(1,425,000)	221,583	-	-
Total governmental activities	<u>56,384,826</u>	<u>49,772,622</u>	<u>80,573,519</u>	<u>87,994,544</u>	<u>83,211,107</u>
Business-type activities:					
Investment income	15,470	6,272	320,470	817,087	156,062
Miscellaneous revenues (expenses)	-	-	63,866	25,206	-
Transfers	1,425,000	1,425,000	-	-	-
Special Items	-	-	-	-	-
Total business-type activities	<u>1,440,470</u>	<u>1,431,272</u>	<u>384,336</u>	<u>842,293</u>	<u>156,062</u>
Total primary government	<u>57,825,296</u>	<u>51,203,894</u>	<u>80,957,855</u>	<u>88,836,837</u>	<u>83,367,169</u>
Changes in net position					
Governmental activities	(4,606,039)	(5,761,632)	38,175,010	27,856,932	18,266,289
Business-type activities	(984,335)	423,434	1,612,440	126,002	(3,352,804)
Total primary government	<u>\$ (5,590,374)</u>	<u>\$ (5,338,198)</u>	<u>\$ 39,787,450</u>	<u>\$ 27,982,934</u>	<u>\$ 14,913,485</u>

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				
	2015	2016	2017	2018	2019
General fund:					
Nonspendable	\$ 15,127,548	\$ 11,474,577	\$ 9,529,236	\$ 9,348,695	\$ 17,036,179
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	45,493,743	52,400,666	55,268,246	59,647,840	55,618,952
Total general fund	<u>\$ 60,621,291</u>	<u>\$ 63,875,243</u>	<u>\$ 64,797,482</u>	<u>\$ 68,996,535</u>	<u>\$ 72,655,131</u>
All other governmental funds:					
Restricted	\$ 92,432,391	\$ 43,739,182	\$ 40,512,561	\$ 2,092,277	\$ 8,564,324
Committed	13,214,883	15,622,958	14,994,703	16,059,636	19,580,713
Unassigned	(12,632,110)	(23,495,816)	(18,936,253)	(11,755,176)	(10,116,122)
Total all other governmental funds	<u>\$ 93,015,164</u>	<u>\$ 35,866,324</u>	<u>\$ 36,571,011</u>	<u>\$ 6,396,737</u>	<u>\$ 18,028,915</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				
	2020	2021	2022	2023	2024
General fund:					
Nonspendable	\$ 22,002,880	\$ 20,230,513	\$ 20,279,764	\$ 20,069,590	\$ 19,831,422
Restricted	2,913,821	3,309,427	2,900,437	3,024,041	3,267,339
Committed	-	-	-	-	26,739,477
Unassigned	39,498,623	37,888,039	57,281,481	87,773,147	105,918,791
Total general fund	<u>\$ 64,415,324</u>	<u>\$ 61,427,979</u>	<u>\$ 80,461,682</u>	<u>\$ 110,866,778</u>	<u>\$ 155,757,029</u>
All other governmental funds:					
Restricted	\$ 3,972,844	\$ 5,280,588	\$ 6,219,172	\$ 6,073,685	\$ 11,696,321
Committed	18,617,305	20,922,336	26,671,452	34,246,929	3,145,778
Unassigned	(1,407,626)	(915,970)	8,691,715	(465)	-
Total all other governmental funds	<u>\$ 21,182,523</u>	<u>\$ 25,286,954</u>	<u>\$ 41,582,339</u>	<u>\$ 40,320,149</u>	<u>\$ 14,842,099</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				
	2015	2016	2017	2018	2019
Revenues:					
Taxes	\$ 36,983,924	\$ 35,191,429	\$ 34,719,747	\$ 37,684,024	\$ 40,970,492
Casino license tax	22,240,233	25,012,715	25,780,700	28,217,260	27,658,745
Licenses and permits	2,995,798	3,094,043	2,593,315	2,811,786	3,533,999
Fines and forfeitures	1,693,006	1,500,460	1,571,605	1,554,112	1,645,009
Investment income	5,492,779	5,376,602	2,442,142	2,410,372	576,337
Rental income	60,546	65,804	107,310	256,456	2,650,024
Intergovernmental	4,716,798	10,533,532	15,151,211	13,918,486	5,607,209
Charges for services	481,788	442,178	331,457	394,724	361,727
Activity Fees	401,567	387,652	433,274	433,813	458,610
Other	1,805,765	956,288	1,232,109	3,940,461	2,290,119
Total revenues	<u>76,872,204</u>	<u>82,560,703</u>	<u>84,362,870</u>	<u>91,621,494</u>	<u>85,752,271</u>
Expenditures					
Current:					
General government	18,208,263	15,910,208	16,416,508	16,594,325	19,905,892
Public safety	17,696,949	18,717,286	20,010,785	20,871,826	21,424,472
Public works	14,543,747	29,308,208	21,221,420	12,614,426	13,332,466
Community development	2,566,731	5,510,293	3,015,986	3,084,391	3,391,322
Library	3,593,745	3,640,566	3,764,624	3,808,597	4,080,542
Parks, recreation and culture	8,948,228	9,563,855	10,613,121	10,804,067	11,853,187
Capital outlay	-	-	-	4,301,838	-
Debt service:					
Principal retirement	4,585,000	46,690,000	3,925,000	4,075,000	355,000
Interest and fiscal charges	4,791,759	4,954,788	2,243,768	2,098,092	430,414
Payment to bond escrow agent	1,591,812	-	-	5,050,414	-
Total expenditures	<u>76,526,234</u>	<u>134,295,204</u>	<u>81,211,212</u>	<u>83,302,976</u>	<u>74,773,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>345,970</u>	<u>(51,734,501)</u>	<u>3,151,658</u>	<u>8,318,518</u>	<u>10,978,976</u>
Other financing sources (uses):					
Transfers in	6,824,304	2,259,463	1,676,324	1,535,053	2,164,640
Transfers out	(8,560,288)	(4,419,850)	(3,201,056)	(3,191,186)	(4,262,726)
Issuance of debt	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Gain on property held for resale	-	-	-	-	-
Proceeds of refunding bonds	10,000,000	-	-	-	-
Premium on bonds	1,204,670	-	-	-	-
Payment to bond escrow agent	(10,811,993)	-	-	(32,637,606)	-
Total other financing sources (uses)	<u>(1,343,307)</u>	<u>(2,160,387)</u>	<u>(1,524,732)</u>	<u>(34,293,739)</u>	<u>(2,098,086)</u>
Extraordinary/ Special Items					
Successor Agency land acquired by City	-	-	-	-	6,409,884
Net change in fund balances	<u>\$ (997,337)</u>	<u>\$ (53,894,888)</u>	<u>\$ 1,626,926</u>	<u>\$ (25,975,221)</u>	<u>\$ 15,290,774</u>
Ratio of debt service expenditures to noncapital expenditures	14.3%	38.5%	7.6%	14.2%	1.1%

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				
	2020	2021	2022	2023	2024
Revenues:					
Taxes	\$ 35,233,104	\$ 37,436,701	\$ 49,276,809	\$ 49,846,052	\$ 48,530,176
Casino license tax	20,060,305	9,049,147	26,653,916	31,572,956	31,436,082
Licenses and permits	3,937,691	5,660,787	5,453,634	7,693,813	6,574,738
Fines and forfeitures	1,367,724	1,392,108	1,553,365	2,204,638	1,438,638
Investment income	495,961	504,795	1,851,079	4,754,686	2,852,191
Rental income	1,770,027	1,690,928	634,348	-	-
Intergovernmental	5,779,860	3,412,514	8,427,721	3,726,875	3,106,606
Charges for services	110,177	1,268,381	2,665,125	2,756,672	2,562,317
Activity Fees	231,657	43,829	272,415	359,118	527,460
Other	1,750,094	4,662,651	2,336,248	839,260	914,980
Total revenues	70,736,600	65,121,841	99,124,660	103,754,070	97,943,188
Expenditures					
Current:					
General government	17,482,692	15,495,586	42,406,606	15,151,561	14,880,371
Public safety	22,513,602	23,389,362	24,716,722	24,308,966	27,821,553
Public works	17,680,994	11,008,151	9,741,623	14,616,394	11,925,095
Community development	3,328,344	3,450,539	3,662,523	4,791,751	5,135,427
Library	4,185,953	2,921,776	2,887,478	3,029,171	3,482,413
Parks, recreation and culture	11,220,212	5,531,729	7,275,835	7,097,239	9,190,122
Capital outlay	-	-	-	5,361,900	7,603,439
Debt service:					
Principal retirement	370,000	390,000	486,291	472,776	699,446
Interest and fiscal charges	412,803	392,612	641,488	975,630	969,253
Payment to bond escrow agent	-	-	339,089	-	-
Total expenditures	77,194,600	62,579,755	92,157,655	75,805,388	81,707,119
Excess (deficiency) of revenues over (under) expenditures	(6,458,000)	2,542,086	6,967,005	27,948,682	16,236,069
Other financing sources (uses):					
Transfers in	5,520,251	2,439,538	9,317,962	2,600,078	2,448,161
Transfers out	(6,945,251)	(3,864,538)	(9,096,379)	(2,600,078)	(2,448,161)
Issuance of debt	-	-	-	-	1,426,398
Issuance of bonds	-	-	27,875,000	-	-
Gain on property held for resale	-	-	273,000	1,186,724	-
Proceeds of refunding bonds	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	(1,425,000)	(1,425,000)	28,369,583	1,186,724	1,426,398
Extraordinary/ Special Items					
Successor Agency land aquired by City	-	-	-	-	-
Net change in fund balances	\$ (7,883,000)	\$ 1,117,086	\$ 35,336,588	\$ 29,135,406	\$ 17,662,467
Ratio of debt service expenditures to noncapital expenditures	1.0%	1.3%	1.6%	2.1%	2.3%

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		
2015	\$ 3,960,810	\$ 625,494	\$ 4,586,304	0.068%
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%

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

	2014/15	2015/16	2016/17	2017/18	2018/19
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	0.04017	0.03575	0.03596	0.04599	0.04621
LAUSD	0.14688	0.12971	0.13110	0.12219	0.12323
MWD	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.08750	0.08715	0.14705	0.13514	0.13921
Total Direct & Overlapping (2) Tax Rates	1.27805	1.25611	1.31761	1.30682	1.31215
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)	0.06818	0.06817	0.06817	0.06815	0.06832

(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

	2019/20	2020/21	2021/22	2022/23	2023/24
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	0.02717	0.04016	0.04376	0.02488	0.06023
LAUSD	0.12552	0.13993	0.11323	0.12107	0.12422
MWD	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.09306	0.09706	0.09031	0.12770	0.11275
Total Direct & Overlapping (2) Tax Rates	1.24925	1.28065	1.25080	1.27715	1.30070
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)	0.06813	0.06814	0.06817	0.06815	0.06815

(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.

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(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

2023/24			2014/15		
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	\$ 319,210,734	4.48%	Craig Realty Group Citadel LLC	\$175,078,729	3.81%
Prologis LP	161,738,929	2.27%	AMB Institutional Alliance Fund I LP	147,392,833	3.21%
Rexform Industrial - 5300 Sheila LLC LESSR	124,793,768	1.75%	California Commerce Club Inc.	104,993,726	2.29%
AMB Institutional Alliance Fund II LP	123,461,848	1.73%	LIT Commerce Distribution Center LLC	90,688,968	1.98%
California Commerce Club Inc.	115,947,925	1.63%	Rreef America Reit II Corporation	77,682,746	1.69%
Rreef America Reit II Corporation	110,469,724	1.55%	Prologis USLV NEWCA 6 LLC	70,058,957	1.53%
Rexford Industrial Realty LP	109,736,276	1.54%	VON'S Companies Inc	63,716,816	1.39%
LIT Commerce Distribution Center LLC	106,995,517	1.50%	TELACU	60,327,409	1.31%
Liberty Property LP	99,877,725	1.40%	Terreno Garfield LLC	53,690,653	1.17%
JFC International Inc.	98,123,644	1.38%	Teachers Insurance & Annuity Assoc.	53,562,574	1.17%
	<u>\$1,370,356,090</u>	<u>19.23%</u>		<u>\$897,193,411</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
2015	\$ 1,728,663	\$ 1,726,766	99.89%	1,897	\$ 1,728,663	100.00%
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%

Sources:

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

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

	Calendar Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross Card Room -- Gaming Revenue	\$22,130	\$24,883	\$25,661	\$28,097	\$27,539	\$19,960	\$8,959	\$26,534	\$31,453	\$31,316
Monthly License Fee	120	120	120	120	120	100	90	120	120	120
Total	<u>\$22,250</u>	<u>\$25,003</u>	<u>\$25,781</u>	<u>\$28,217</u>	<u>\$27,659</u>	<u>\$20,060</u>	<u>\$9,049</u>	<u>\$26,654</u>	<u>\$31,573</u>	<u>\$31,436</u>
Monthly Percentage applied	(a)	(a)	(a)	(a)	(a)	(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

<u>Monthly Gross Card Club Revenue</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
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	2024			2015		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Commerce Casino	\$ 31,316,082	1	100.00%	\$ 22,130,233	1	100.00%
Total	<u>\$ 31,316,082</u>		<u>100.00%</u>	<u>\$ 22,130,233</u>		<u>100.00%</u>

Source: City of Commerce - Finance Department

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

Fiscal Year Ended June 30	Governmental Activities					Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
	Pension Obligation Bonds	Tax Allocation Bonds ¹	Leases	Subscriptions	Total Governmental Activities			
2015	\$ -	\$ 101,859,514	\$ -	\$ -	\$ 101,859,514	\$ 101,859,514	49.48%	7,829
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

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		
2015	\$ -	\$ 101,859,514	\$ 101,859,514	2.13%	7,829
2016	-	55,109,280	55,109,280	1.09%	4,198
2017	-	51,124,046	51,124,046	0.97%	3,913
2018	-	9,993,812	9,993,812	0.18%	765
2019	-	9,578,578	9,578,578	0.17%	736
2020	-	9,148,344	9,148,344	0.15%	711
2021	-	8,698,110	8,698,110	0.14%	680
2022	27,875,000	8,227,876	36,102,876	0.55%	2,974
2023	27,875,000	7,742,642	35,617,642	0.50%	2,959
2024	27,875,000	7,232,408	35,107,408	0.49%	2,896

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

City of Commerce
Direct and Overlapping Debt
June 30, 2024

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
Total Direct Debt	\$ 36,407,652	100.000%	\$ 36,407,652
Metropolitan Water District	18,210,000	0.184%	33,506
Los Angeles Unified School District	10,723,385,000	0.042%	4,503,822
Los Angeles City Community College District	5,155,845,000	0.628%	32,378,707
Montebello Unified School District	237,721,813	30.647%	72,854,604
Total Overlapping Debt	16,135,161,813		109,770,639
Total Direct and Overlapping Debt	\$ 16,171,569,465		\$ 146,178,291
2022/23 Assessed Valuation:	\$ 3,039,488,005		
Debt to Assessed Valuation Ratios:	Direct Debt	1.20%	
	Overlapping Debt	3.61%	
	Total Debt	4.81%	

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				
	2015	2016	2017	2018	2019
Assessed valuation	\$ 4,586,304,000	\$ 4,792,383,000	\$ 5,059,632,808	\$ 5,259,167,690	\$ 5,408,920,657
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,146,576,000	1,198,095,750	1,264,908,202	1,314,791,923	1,352,230,164
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	171,986,400	179,714,363	189,736,230	197,218,788	202,834,525
Total net debt applicable to limit: General obligation bonds	101,859,514	55,109,280	51,124,046	9,993,812	9,578,578
Legal debt margin	<u>\$ 70,126,886</u>	<u>\$ 124,605,083</u>	<u>\$ 138,612,184</u>	<u>\$ 187,224,976</u>	<u>\$ 193,255,947</u>
Total debt applicable to the limit as a percentage of debt limit	59.2%	30.7%	26.9%	5.1%	4.7%

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				
	2020	2021	2022	2023	2024
Assessed valuation	\$ 5,774,656,000	\$ 6,089,319,551	\$ 6,210,852,946	\$ 6,609,687,340	\$ 7,118,266,894
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,443,664,000	1,522,329,888	1,552,713,237	1,652,421,835	1,779,566,724
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	216,549,600	228,349,483	232,906,985	247,863,275	266,935,009
Total net debt applicable to limit: General obligation bonds	9,148,344	8,698,110	8,227,876	7,742,642	7,232,408
Legal debt margin	<u>\$ 207,401,256</u>	<u>\$ 219,651,373</u>	<u>\$ 224,679,109</u>	<u>\$ 240,120,633</u>	<u>\$ 259,702,601</u>
Total debt applicable to the limit as a percentage of debt limit	4.2%	3.8%	3.5%	3.1%	2.7%

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

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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)
2014	13,010	\$ 205,857	\$ 15,823	12.0%
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%

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	2024		2015	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
California Commerce Club, Inc.	1,964	4.08%	2,529	4.22%
Parsec, Inc.	945	1.96%	801	1.34%
County of Los Angeles	800	1.66%	4,000	6.67%
BNSF Railway Company	648	1.35%		
Mission Foods	610	1.27%	520	0.87%
Revolution Foods, PBC	544	1.13%		
Smart & Final, INC	389	0.81%	883	1.47%
Precision Wire Product Inc	380	0.79%	322	0.54%
Fedex Ground Package System, INC	380	0.79%		
99 Cents Only Stores LLC	375	0.78%	998	1.66%
American Internation Industries			985	1.64%
Unified Grocers Inc.			743	1.24%
Gibson Overseas, Inc.			400	0.67%
Wine Warehouse			365	0.61%
Valassis Direct Mail, Inc.			330	0.55%

"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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	39	39	39	38	38	39	28	30	33	36
Public safety ¹	-	-	1	-	-	-	-	-	-	-
Community services	28	28	29	28	21	11	11	22	15	17
Public Works & Development Services	17	13	17	21	26	55	43	51	53	54
Park & Recreation	135	136	136	135	139	122	113	182	121	186
Library Services	39	39	39	39	43	45	42	27	36	42
Transportation	34	34	34	34	40	33	35	53	64	67
Total	<u>292</u>	<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>

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					Fiscal Year				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	2	3
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