



**CITY OF COMMERCE**  
**AUDIT RESULTS**  
**FISCAL YEAR ENDED JUNE 30, 2016**

March 1, 2016

# Audit Results

2

- ◎ Reports issued:
  - Comprehensive Annual Financial Report
  - Appropriations Limit Agreed-Upon Procedures
  - Management Letter
  - Summary of Audit Results
- ◎ Issued “unmodified” opinion on financial statements on December 31, 2016

# Areas of Audit Focus in FY 14/15

3

**Pension  
Obligations**

**OBEB  
Obligations**

**Successor  
Agency  
Compliance**

**Capital Assets**

**Fair Value of  
Investments**

**Long term debt**

# GASB 72 Implementation

4

- Fair value reporting
- Levels 1, 2 ,or 3
- Note 1 (o)
  - Defines Fair Value Measurements
- Note 2 Cash and Investments
  - Additional disclosure of investments

# Financial Statement Highlights

5

CITY OF COMMERCE  
Statement of Net Position  
June 30, 2016  
(with comparative information for the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2016	2015
Assets:				
Cash and investments (note 2)	\$ 36,062,189	243,121	36,305,310	41,639,280
Cash and investments with fiscal agent (note 2)	466,602	-	466,602	1,576,666
Interest receivable	37,487	-	37,487	53,137
Accounts receivable	15,598,388	514,725	16,113,113	5,732,210
Due from other governments	6,933,148	363,772	7,296,920	4,367,610
Internal balances	6,485,022	(6,485,022)	-	-
Receivable from Successor Agency (note 5)	53,424,411	2,048,140	55,472,551	106,515,000
Loans and leases receivable	484,356	-	484,356	484,405
Prepaid items and deposits	20,166	-	20,166	27,548
Property held for resale	1,053,000	-	1,053,000	1,053,000
Investment in joint venture (note 11)	14,565,307	-	14,565,307	13,347,617
Capital assets (note 4):				
Nondepreciable	32,844,828	2,755,498	35,600,326	16,168,539
Depreciable, net	43,099,436	10,056,922	53,156,358	53,159,961
Total assets	211,074,340	9,497,156	220,571,496	244,124,973
Deferred outflow of resources:				
Pension related (note 8)	2,379,748	357,797	2,737,545	1,368,924

# Financial Statement Highlights

6

CITY OF COMMERCE  
Statement of Net Position  
June 30, 2016

(with comparative information for the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2016	2015
Liabilities:				
Accounts payable	6,530,545	278,129	6,808,674	7,703,810
Accrued salaries and benefits	922,742	127,382	1,050,124	732,530
Interest payable	1,117,081	-	1,117,081	1,815,449
Deposits payable	49,086	-	49,086	59,512
Noncurrent liabilities:				
Due within one year (note 5)	4,920,151	115,959	5,036,110	6,417,490
Due in more than one year (note 5)	53,711,095	394,498	54,105,593	99,351,297
OPEB liability (note 9)	12,579,000	-	12,579,000	11,036,000
Net pension liability (note 8)	17,173,025	2,581,979	19,755,004	15,745,083
Total liabilities	97,002,725	3,497,947	100,500,672	142,861,171
Deferred inflow of resources:				
Pension related (note 8)	1,684,389	275,131	1,959,520	5,298,619

# Financial Statement Highlights

7

CITY OF COMMERCE  
Statement of Net Position  
June 30, 2016

(with comparative information for the prior year)

	Governmental Activities	Business-type Activities	Totals	
			2016	2015
Net position:				
Net investment in capital assets	69,045,438	12,812,420	81,857,858	58,925,166
Restricted for:				
Housing	1,551,507	-	1,551,507	1,060,265
Public safety	143,752	-	143,752	147,762
Unrestricted	44,026,277	(6,730,545)	37,295,732	37,200,914
Total net position	<u>\$ 114,766,974</u>	<u>6,081,875</u>	<u>120,848,849</u>	<u>97,334,107</u>

# General Fund Revenues

8

CITY OF COMMERCE  
General Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
Year ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 28,140,000	28,140,000	28,015,298	(124,702)
Casino license tax	21,320,000	21,320,000	25,012,715	3,692,715
Licenses and permits	2,549,750	2,549,750	3,094,043	544,293
Intergovernmental	804,031	804,031	950,244	146,213
Fines and forfeitures	1,302,205	1,302,205	1,500,460	198,255
Investment income	86,377	86,377	80,325	(6,052)
Activity fees	439,582	439,582	387,652	(51,930)
Charges for services	50,127	50,127	442,178	392,051
Rental and lease income	2,632	2,632	65,804	63,172
Miscellaneous	824,417	824,417	955,931	131,514
Total revenues	55,519,121	55,519,121	60,504,650	4,985,529



# General Fund Expenses

9

CITY OF COMMERCE  
General Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
Year ended June 30, 2016

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Expenditures:				
Current:				
General government	16,820,480	16,820,480	15,368,816	1,451,664
Community development	2,980,862	2,980,862	2,902,694	78,168
Public safety	18,185,897	18,185,897	18,537,587	(351,690)
Public works	5,455,748	5,455,748	5,158,715	297,033
Library	3,528,775	3,528,775	3,640,566	(111,791)
Parks, recreation and culture	9,350,883	9,350,883	9,563,855	(212,972)
Total expenditures	<u>56,322,645</u>	<u>56,322,645</u>	<u>55,172,233</u>	<u>1,150,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(803,524)</u>	<u>(803,524)</u>	<u>5,332,417</u>	<u>6,135,941</u>
Other financing sources (uses):				
Transfers in	725,000	725,000	665,114	(59,886)
Transfers out	<u>(1,201,307)</u>	<u>(1,201,307)</u>	<u>(2,743,579)</u>	<u>(1,542,272)</u>
Total other financing sources (uses)	<u>(476,307)</u>	<u>(476,307)</u>	<u>(2,078,465)</u>	<u>(1,602,158)</u>
Net change in fund balance	<u>(1,279,831)</u>	<u>(1,279,831)</u>	<u>3,253,952</u>	<u>4,533,783</u>

# Questions?

**Jonathan Foster, CPA | Manager**

Davis Farr LLP | 2301 Dupont Drive, Suite 200 | Irvine, CA 92612

Phone: 949.474.2020 | Direct: 949.783.1740 | Email: [jfoster@davisfarr.com](mailto:jfoster@davisfarr.com)

