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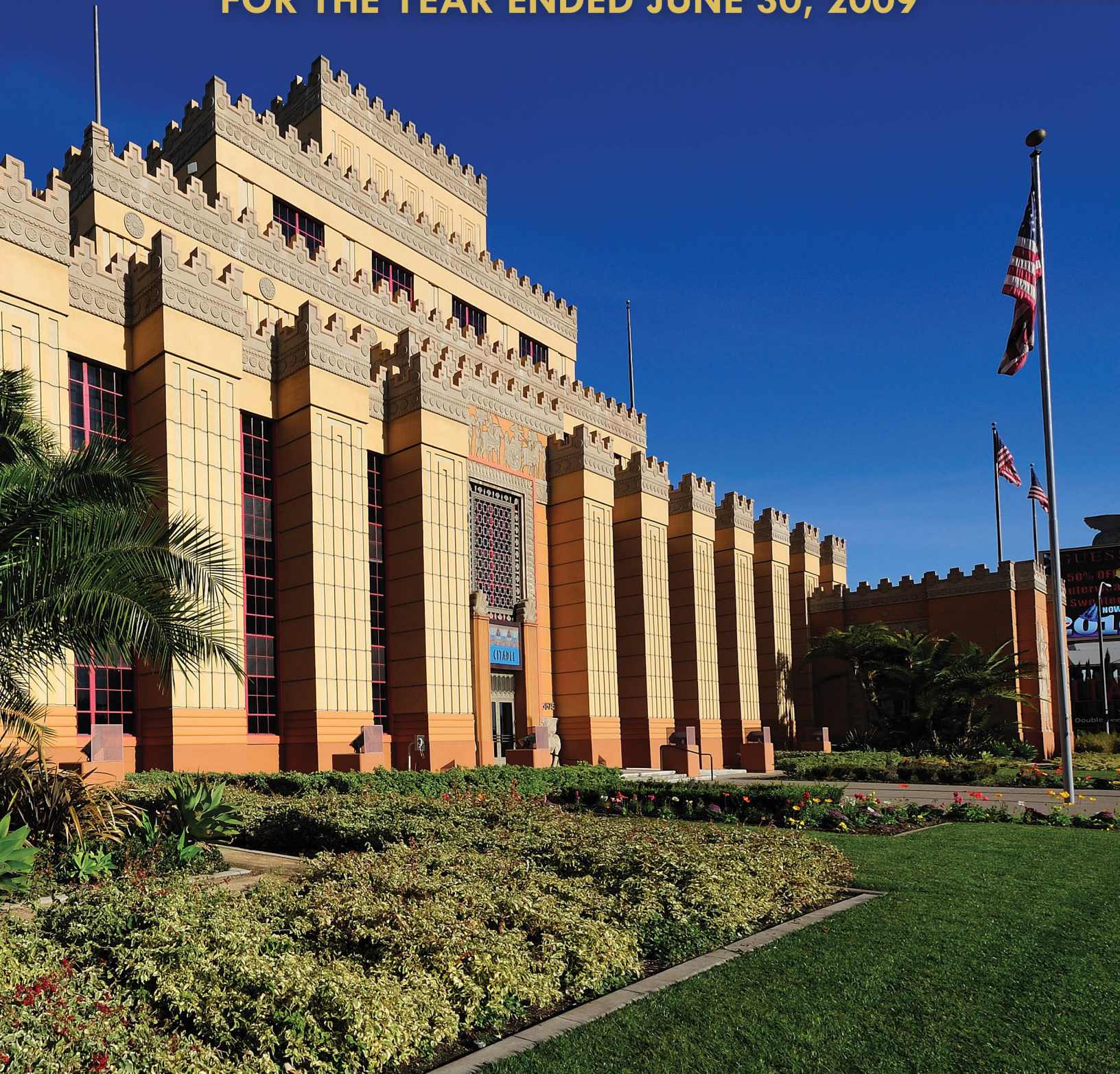
CITY OF COMMERCE, CALIFORNIA

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009



CITY OF COMMERCE
Commerce, California

Comprehensive Annual Financial Report

Year ended June 30, 2009

Prepared by

FINANCE DEPARTMENT

VILKO DOMIC

Director of Finance / City Treasurer

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CITY OF COMMERCE

Comprehensive Annual Financial Report

Year ended June 30, 2009

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	vii
Directory of Officials	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds:	
Statement of Net Assets	23
Statement of Revenues, Expenses and Changes in Net Assets	24
Statement of Cash Flows	25
Fiduciary Fund:	
Statement of Fiduciary Assets and Liabilities – Agency Fund	26
Notes to the Basic Financial Statements	27

CITY OF COMMERCE

Comprehensive Annual Financial Report

Year ended June 30, 2009

TABLE OF CONTENTS, (Continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules:	
General Fund	66
Card Club Special Revenue Fund	67
Notes to Required Supplementary Information	68
SUPPLEMENTARY SCHEDULES:	
Non-Major Governmental Funds:	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72
Non-Major Special Revenue Funds:	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	76
Budgetary Comparison Schedules:	
Urban Development Action Grant (UDAG) Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	78
Supplemental Law Enforcement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	79
Local Law Enforcement Block Grant Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	80
Prop A Local return Tax Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	81

CITY OF COMMERCE

Comprehensive Annual Financial Report

Year ended June 30, 2009

TABLE OF CONTENTS, (Continued)

	Page
State Gas Tax Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	82
Community Development Block Grant (CDBG) Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	83
Air Quality Management District (AQMD) Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	84
Non-Major Debt Service Funds:	
Combining Balance Sheet	85
Combining Statement of Revenues, Expenses and Changes in Fund Balance	86
Non-Major Business-type Funds:	
Combining Statement of Net Assets	88
Combining Statement of Revenues, Expenditures and Changes in Net Assets	89
Combining Statement of Cash Flows	90
Internal Service Funds:	
Combining Statement of Net Assets	92
Combining Statement of Revenues, Expenses and Changes in Net Assets	93
Combining Statement of Cash Flows	94
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	96
STATISTICAL SECTION	
Net Assets by Component	98
Changes in Net Assets	99
Fund Balances of Governmental Funds	101

CITY OF COMMERCE

Comprehensive Annual Financial Report

Year ended June 30, 2009

TABLE OF CONTENTS, (Continued)

	Page
STATISTICAL SECTION, (Continued)	
Changes in Fund Balances of Governmental Fund	102
Assessed Value and Estimated Actual Value of Taxable Property	103
Direct and Overlapping Property Tax Rates	104
Principal Property Tax Payers	105
Property Tax Levies and Collections	106
Card Club License Fee by Category	107
Direct and Overlapping Card Club Rates	108
Principal card Club Remitter	109
Ratios of Outstanding Debt by Type	110
Ratios of General Bonded Debt Outstanding	112
Direct and Overlapping Debt	113
Legal Debt Margin Information	114
Demographic and Economic Statistics	116
Principal Employers	117
Full-time and Part-time City Employees	118
Capital Asset Statistics	120

City of Commerce

Office of the
City Administrator

March 19, 2010

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Commerce for the fiscal year ended June 30, 2009. 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 generally accepted accounting principles (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 Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Commerce, California. Consequently, management assumes full responsibility for the completeness and reliability of all of 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 Mayer McCann Hoffman, P.C., 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 of Commerce, California for the fiscal year ended June 30, 2009, 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 unqualified opinion that the City

of Commerce, California's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require 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 CAFR.

Profile of the City of Commerce

The City of Commerce, 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 64% 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 55,000 persons considerably exceeding a residential population of approximately 13,400. The City's land mass encompasses 6.6 square miles.

The City of Commerce, a general law city, was incorporated on January 28, 1960. The City operates under the Council-Administrator form of municipal government. The City Council appoints the City Administrator 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 Administrator is responsible for carrying out 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 of Commerce, 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 of Commerce also is financially accountable for the legally separate Commerce Community Development Commission (aka the Commerce Redevelopment Agency). The City has

accounted for the 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 of Commerce's financial planning and control. All departments of the City of Commerce are required to submit requests for appropriation to the City Administrator and Finance Director each year. The City Administrator and Finance Director use these requests as the starting point for developing a proposed budget. The City Administrator and Finance Director then presents 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 close of the City of Commerce's 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 Administrator'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.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Commerce operates.

Local Economy. The City of Commerce economic environment remains relatively stable despite the fact that the entire global economy is suffering at level not seen since the Great Depression. The City's commercial and retail development continues to show levels of moderate growth, extrapolating into nominal increases in all revenue categories (the card club revenues, sales tax and property tax being the most prominent). In addition, the City Council's focus on diversifying its economic base remains a high priority, along with the maintenance of its arterial streets and/or roadways, continued public safety enhancements and beautification of our neighborhoods / business districts, The continued expansion of the Citadel Outlet Mall, and the redevelopment of the Telegraph Corridor are integral policy objectives.

In fiscal year 2008-09 cumulative Sales Tax revenues decreased 13.53% compromising approximately 20.98% of the total General Fund revenue. The decrease reflects the decline in consumer spending due to the current local and global economic conditions. The City anticipates that sales tax revenue from the redevelopment of the Telegraph Road corridor, continued expansion of the Citadel Outlets, a Costco (opened in the summer of 2009),as well as potential enhancements in other areas of the City will assist with the recovery of sales tax revenue. Nonetheless, it may take several years before a full recovery can be realized.

Commerce Card Club revenues of $21,095,275 decreased by $1,571,840, as compared to the prior year and represent 42.33% of the total General Fund revenue. This being the largest component of the City's General Fund is reflective of the current economic climate and the consumers' propensity to cut back in tough times. Staff is grappling whether or not Card Club revenues will remain stable or witness a decrease for the first time since the early 1990s.

Property values in Commerce are reflective of the current market conditions and general slowdown in the housing market. Overall Property Tax revenues in the General Fund increased slightly, by $71,103, attributed primarily to the adjusted valuation of properties which were sold and subsequently reassessed, to include new construction.

Hotel Visitors Tax (HVT) contributed $1,899,796 to the General Fund, a decrease of $288,186 from prior year, further reflecting a decrease in consumer spending, reflecting the current economy.

Telegraph Road is projected to undergo redevelopment. The major component of this transformation is the development of a large-scale mixed use center anchored by national and regional commercial uses. A business to business Costco facility, which is established in the Corridor, opened its door in the summer of 2009. These developments are projected to generate additional sales tax dollars, along with a yet to be determined property tax amount.

Making the most of City's resources for the benefit of the entire community is at the heart and soul of the City Council's commitment to fiscal management and to economic development. The Council seeks to build Commerce's revenue base by attracting jobs and businesses to the City. Clearly, the ongoing emphasis is on sustainability, investment, and reinvestment. These objectives will continue to build a strong healthy community and improve the quality of life for Commerce residents, businesses, and visitors.

Long-term financial planning. The City's five-year 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 projects recurring expenditures increasing at an annual average rate of 3.2%, while the average five-year rate for revenues is projected to increase at a slightly lower pace. The rise in expenditures is attributed for the most part to personnel costs and the ongoing cost of operations.

As opposed to preceding years, the Commerce City Council will not be entertaining a 5-year forecast of Capital Improvement Projects until the latter part of FY 2009-10. As with many local governments, capital projects are being deferred until staff has a better grasp of the City's financial position during these difficult times. All of these investments in the various areas reflect the City Council's commitment to maintain or improve the City of Commerce, and provide our community with the highest possible service. Additionally, an even more important tool, a 5-year Financial Forecast is perpetually maintained to identify and focus on current economic conditions. This document is used extensively 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.

Cash management. Cash temporarily idle during the year was invested in instruments permitted under Section 53600 of the California Government Code and the City's adopted investment policy. The City Treasurer has used various investment instruments to receive the highest yield possible while maintaining a portfolio that emphasizes safety and adequate liquidity to meet the City's needs. Permitted investments include repurchase agreements, high-grade commercial paper and banker's acceptances, corporate securities, demand deposits, certificates of deposit, obligations of the U.S. Treasury and agencies, as well as state investment pool. Investments are either federally insured or fully collateralized.

Risk Management. The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJIPA provides a joint protection wherein cities pool their losses and claims, jointly purchase excess insurance and share the costs of administrative and related costs. The program includes all risk management, property, liability and worker's compensation coverage for member cities. The City has accrued a liability for all known general and workers' compensation claims as of June 30, 2009. In addition, estimated amounts for claims incurred, but not yet reported, have also been accrued.

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. The City makes contributions required of City employees on their behalf and for their account. 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. As a result of continued CalPERS investment losses and previously approved enhancements to the benefit plans, the City anticipates significant increases to the employer contribution rate in the fiscal year 2010-11.

The City of Commerce also provides postretirement health, dental and life benefits for retirees. As of the end of the current fiscal year, there were 125 retired employees receiving benefits. These benefits are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Commerce's pension arrangements and post-employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Commerce for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The 2008 report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

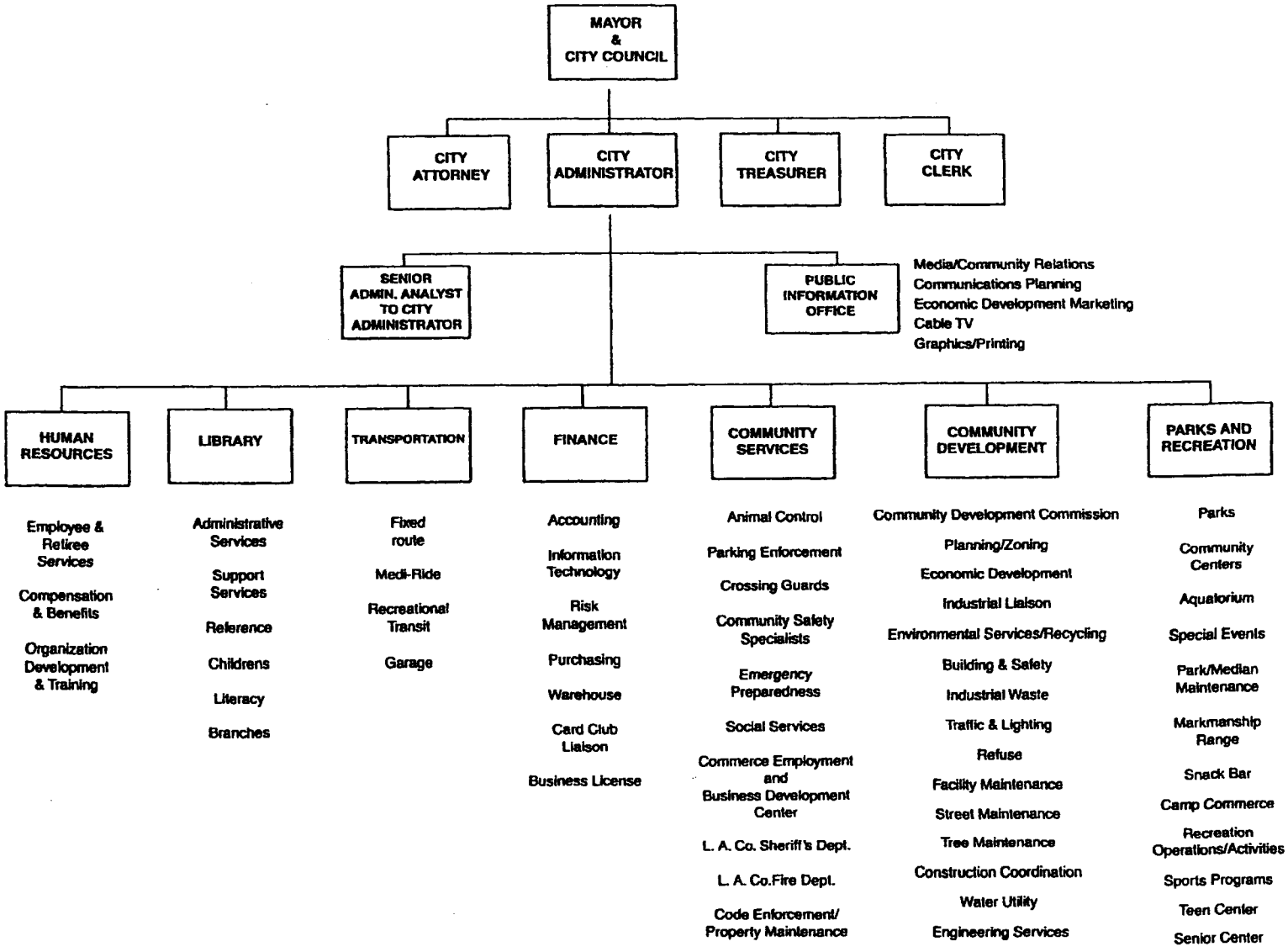
In closing, without the leadership and support of the City Council of the City, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully submitted,

Jorge Rifa
City Administrator

Vilko Domic
Director of Finance

CITY OF COMMERCE *ORGANIZATIONAL CHART*



OFFICIALS OF
THE CITY OF COMMERCE

City Council

Joe Aguilar, Mayor

Tina Baca Del Rio, Mayor Pro-Tem

Hugo A. Argumedo, Councilmember

Robert C. Fierro, Councilmember

Lilia R. Leon, Councilmember

Administration and Department Heads

City Administrator, Jorge Rifá

City Attorney, Eduardo Olivo

City Clerk, Linda K. Olivieri

Director of Community Development, Robert Zarrilli

Director of Community Services, Robert Chavez

Director of Finance, Vilko Domic

Director of Human Resources, Teresa McAllister

Director of Library Services, Evelyn Fullmore

Director of Parks and Recreation, James Jimenez

Director of Transportation, Daniel Gomez

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Commerce California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

President

Executive Director

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The Honorable Mayor and City Council
City of Commerce
Commerce, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Commerce, California, as of and for the year ended June 30, 2009, which collectively comprise of the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the City of Commerce, California. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City for the year ended June 30, 2008, and in our report dated March 25, 2009, we expressed an unqualified opinion on those financial statements.

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

The City has excluded general infrastructure assets in the statement of net assets as required by GASB statement number 34. In our opinion, accounting principles generally accepted in the United States of America require that such assets be included in the statement of net assets.

In our opinion, except for the item noted above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Commerce, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Commerce, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in Note 10 to the financial statements, the City changed its method of accounting for post employment benefits for fiscal years ending on or after June 30, 2009.

The Honorable Mayor and City Council
City of Commerce
Commerce, California

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Commerce's basic financial statements. The introductory section combining and individual nonmajor fund financial statements and schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
March 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2009

As management of The City of Commerce, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

FINANCIAL HIGHLIGHTS

- Net assets, the amount by which total assets exceed total liabilities, equal $95,817,851. Of this amount $73,317,851 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets decreased by $6,030,628, due to negative changes in fund balances. Note 17 of the financial statements has additional information on the changes to the fund balances.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $227,205,686, a decrease of $11,873,719 from the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $13,096,988, or 27.83% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the 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, and parks and recreation services. The city's business-type activities of the City include operations of its transit, water and cable television. The government-wide financial statements can be found on pages 13 through 15.

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 of 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

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. Comparing the governmental fund statements with the government-wide financial statements can help the reader better understand the long term impact 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 16 through 22.

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 two major enterprise funds, the Citadel Authority and Transit Funds and two nonmajor enterprise funds, the Water and Cable Television Funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses the Central Garage Fund to account for vehicle maintenance and repair services; and the Central Stores Fund to account for acquiring and warehousing supplies utilized by departments within the City. The internal service funds primarily benefit the governmental activities and, therefore, the internal service funds information has been included with the governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 23 through 25.

Fiduciary funds

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

The fiduciary fund financial statements can be found on page 26.

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

The statement of net assets can serve as a useful indicator of the city's financial position. The City of Commerce's net assets at June 30, 2009 total $95,817,851. Following is a condensed version of the government-wide statement of net assets.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	$173,916,477	$183,414,528	($273,356)	$ 313,429	$173,643,121	$183,727,957
Capital assets, net	59,388,987	57,955,121	10,686,102	9,205,642	70,560,508	67,160,763
Total Assets	233,305,464	241,369,649	10,898,165	9,519,071	244,203,629	250,888,720
Liabilities:						
Current Liabilities	13,646,262	11,592,850	410,817	349,382	14,057,079	11,942,232
Long-term Liabilities	134,165,372	136,960,601	163,327	137,408	134,328,699	137,098,009
Total Liabilities	147,811,634	148,553,451	574,144	486,790	148,385,778	149,040,241
Net assets:						
Invested in capital assets, net of related debt	(56,606,858)	(57,251,831)	11,171,521	9,205,642	(45,435,337)	(48,046,189)
Restricted	3,941,343	10,920,863	-	-	3,941,343	10,920,863
Unrestricted	138,159,345	139,147,166	(847,500)	(173,361)	137,311,845	138,973,805
Total Net Assets	$85,493,830	92,816,198	$10,324,021	9,032,281	$95,817,851	$101,848,479

The largest portion of the City's net assets is attributable to the unrestricted assets. The majority of the liabilities are attributable to the City of Commerce Community Development Commission (Commission). The Commission uses the debt proceeds to finance its redevelopment projects which include land, housing, street improvements, economic development and park improvements. Once redevelopment projects, that are public facilities, are completed by the Commission, the responsibilities for their continued maintenance and operation are transferred to the City of Commerce. Although completed public facilities and Joint Agency-Private Partnership projects are transferred to the City of Commerce and private developers, the debt remains with the Commission.

Changes in net assets

The changes in net assets table illustrates the increases or decreases in net assets of the city resulting from its operating activities. The City of Commerce's net assets decreased $6,030,628 in the fiscal year ended June 30, 2009. The increase was split between the governmental activities decrease of $7,322,368 and business-type activities increase of $1,291,740. Following is a condensed version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in tabular form for the governmental activities separate from the business-type activities.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
Revenues:	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	3,621,386	3,775,927	31,972	43,408	3,653,358	3,819,335
Operating grants & contributions	3,813,612	4,847,995	3,423,936	1,316,695	7,237,548	6,164,690
Capital grants & contributions	150,923	400,000	-	-	150,923	400,000
General revenues:						
Casino license tax	21,095,275	22,667,115	-	-	21,095,275	22,667,115
Property taxes	15,593,558	15,484,157	-	-	15,593,558	15,484,157
Sales tax	16,728,923	16,353,317	-	-	16,728,923	16,353,317
Franchise taxes	1,187,398	1,157,899	-	-	1,187,398	1,157,899
Transient occupancy taxes	1,899,796	2,187,982	-	-	1,899,796	2,187,982
Motor vehicle in-lieu	1,059,444	954,809	-	-	1.059,444	954,809
Investment income	3,515,745	4,585,456	-	-	3,515,745	4,585,456
Intergovernmental, unrestricted	-	1,644,693	-	-	-	1,644,693
Miscellaneous income	1,645,234	1,627,044	-	-	1,645,234	1,627,044
Total revenues	70,311,294	75,686,394	3,455,908	1,360,103	73,767,202	77,046,497
Expenses:						
General government	21,404,492	15,824,307	-	-	21,404,492	15,824,307
Community development	3,257,937	7,028,967	-	-	3,257,937	7,028,967
Public safety	16,197,845	14,671,657	-	-	16,197,845	14,671,657
Public works	4,900,387	3,197,631	-	-	4,900,387	3,197,631
Library	3,216,089	3,220,489	-	-	3,216,089	3,220,489
Parks recreation and culture	10,949,754	10,633,778	-	-	10,949,754	10,633,778
Interest on long-term debt	9,996,589	9,684,698	-	-	9,996,589	9,684,698
Transit	-	-	3,267,752	3,682,946	3,267,752	3,682,946
Water	-	-	444,737	402,063	444,737	402,063
Cable television	-	-	346,045	340,497	346,045	340,497
Total expenses	69,923,093	64,261,527	4,058,534	4,425,506	73,981,627	68,687,033
Excess (deficiency) before transfers	388,201	11,424,867	(602,626)	(3,065,403)		
Transfers	(1,894,366)	(1,531,109)	1,894,366	1,531,109	-	-
Change in net assets	(1,506,165)	9,893,758	1,291,740	(1,534,294)	(214,425)	8,359,464
Net assets - beginning of year	86,999,995	82,922,440	9,032,281	10,566,575	96,032,276	93,489,015
Net assets - end of year	$ 85,493,830	92,816,198	$10,324,021	9,032,281	$95,817,851	101,848,479

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets (Continued)

The total net assets of the City were $95,817,851 as of June 30, 2009. This represents an decrease of $6,030,628 over the prior year. This change is explained more fully below.

The City's total revenues were $73,767,202. A significant portion of the governmental revenues came from the Casino license tax (30.83%), property taxes (22.79%) and sales tax (24.45%) of the total governmental revenues of $68,416,928. A significant portion (99.07%) of the business-type activities revenues were collected through operating contributions and grants.

The total cost of all City programs and services during fiscal year ended June 30, 2009 was $73,981,627. General government expenses account for 28.93% of the total expenses, 21.89% of expenses were for public safety (police and fire), interest expense attributed 13.51%, community development 4.40%, parks and recreation 14.80% and business-type activities accounted for 5.49%.

Change in net assets was $(214,425) for the year as compared to last year's change in net assets of $8,359,464. Total net assets at the end of the year were $95,817,851 (the amount would have been $101,634,081, however a prior year adjustment in the amount of $5,816,230 (Note 17) effectively decreased last year's ending net assets of $101,848,479. The City has ample amounts to provide for its outstanding indebtedness.

Governmental activities experienced a decrease in net assets of $1,506,165. This is primarily due to less than expected revenues as a result of the current economic recession, including the decline in property values and high unemployment rates.

Business-type activities consist of the Transit, Water and Cable Television. 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 fiscal year ended June 30, 2009, this goal was achieved with the City's total business-type activities having realized an overall increase in net assets of $1,291,740, primarily due to increases in Operating Contributions and Grants in the Transit Fund. These funds are used to pay debt or invest in capital assets.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Refer to pages 16 through 22 for more detail of governmental funds.

As of June 30, 2009, the City's governmental funds reported combined ending fund balances of $227,205,686. Of the $227,205,686, there is an unreserved fund balance surplus of $150,119,836. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed as discussed in Note 11.

Proprietary funds Unrestricted net assets of the Business-type Activities amounted to ($847,500), and the Internal Service Funds had unrestricted net assets of $227,249. The increase in net assets for Business-type Activities was $1,291,740 with a decrease of $132,489 in the Internal Service Fund. Proprietary funds financial statements can be found on pages 23 through 25.

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 carryout basic government functions that are not accounted for through other special revenue and grant funds. Year-to-date revenues, including transfers-in, totaled $49,352,868. The largest revenue source was the Casino License Tax at $21,095,275, a decrease of $1,571,840 over prior year. The down turn in the current economy is attributable to the decrease. In fiscal year 2008-09 cumulative Sales Tax revenues decreased 13.53% compromising approximately 20.98% of the total General Fund revenue. The decrease reflects the decline in consumer spending due to the current local and global economic conditions. The third largest revenue source was Property Taxes with a slight increase of $71,103, as compared to prior fiscal year, attributed primarily to the adjusted valuation of properties which were sold and subsequently reassessed, to include new construction. Due to declining real estate values and mortgage defaults and foreclosures, property tax revenue is expected to decrease as much as 10% over the next few years. The Hotel Visitors Tax was $1,899,796, a decrease of $288,186, further reflecting a decrease in consumer spending. Transfers in totaled $20,608,521 and were at 100.00% of their adjusted budgeted totals.

General Fund expenditures totaled $48,588,778, including transfer out, and were within the budgeted totals for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totaled $70,560,508 net of depreciation. These assets include land, investment in Joint Venture, construction in progress, buildings, improvements other than buildings, and machinery and equipment.

Table 3
Capital Assets

	Governmental Activities 2009	Business-type Activities 2009	Total 2009
Land	$ 17,152,338	$ 334,311	$ 17,486,649
Net investment in Joint Venture	914,310	-	914,310
Construction in progress	345,837	-	345,837
Buildings	39,688,706	-	39,688,706
Improvements other than buildings	19,458,117	-	19,458,117
Machinery and equipment	12,803,905	13,859,855	26,663,760
Water rights	-	1,226,994	1,226,994
Buildings and improvements	-	7,862,834	7,862,834
Less accumulated depreciation	(30,974,226)	(12,112,473)	(43,086,699)
Net capital assets	$ 59,388,987	$ 11,171,521	$ 70,560,508

The capital assets balance increased by $950,981 due mostly to the additions in the improvements other than buildings and machinery categories for both governmental and business-type activities.

For additional information see Note 5 of the Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

Table 4
Debt Administration

	Governmental Activities 2009	Business-type Activities 2009	Total 2009
1994 Tax Allocation Refunding Bonds	$ 910,000	$ -	$ 910,000
1998 Tax Allocation Refunding Bonds	8,160,000	-	8,160,000
2003 Tax Allocation Bonds	50,505,000	-	50,505,000
2004 Lease Revenue Bonds	13,825,000	-	13,825,000
2007 JPFA Revenue Bonds	70,095,000	-	70,905,000
Unamortized Bond Costs	(8,688,541)	-	(8,688,541)
Capital Leases	-	313,826	313,826
Other Post Employment Benefits	1,957,000	-	1,957,000
Compensated Absences	-	2,846,040	2,846,040
Total long term liabilities	$ 136,763,459	$ 3,159,866	$ 139,923,325

As can be seen from the table above, the City has implemented a variety of debt financing mechanisms to finance projects. Information on the long-term liabilities is discussed further in Note 6 of the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City of Commerce's economy is clearly linked to the national, state, and regional economy. While the City is moving forward with a transformation in its economical base, its local economy is impacted by the global economy, with resultant recurring revenue fluctuations. According to the UCLA Anderson Forecast report of December 2009, its economists indicate that the outlook for the remaining 2009 is little or no growth for the State of California with a "slight" growth in 2010. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the preparation of the annual budget, can be obtained from the City's 2009-2010 citywide budget.

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.

CITY OF COMMERCE
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Totals 2009	Totals 2008
Assets:				
Cash and investments (note 2)	$ 81,310,170	56,652	81,366,822	70,225,203
Cash and investments with fiscal agent (note 2)	18,893,462	-	18,893,462	23,875,025
Interest receivable	512,838	-	512,838	707,260
Accounts receivable	2,453,909	53,945	2,507,854	2,776,016
Unamortized bond issuance costs	2,273,236	-	2,273,236	2,392,880
Due from other governments	2,488,281	1,190,878	3,679,159	4,896,011
Internal balances	1,676,297	(1,676,297)	-	-
Loans receivable	498,888	-	498,888	517,722
Lease receivable (note 4)	2,304,934	-	2,304,934	2,198,520
Deposit in escrow	7,186,319	-	7,186,319	10,453,912
Prepaid items and deposits	129,661	101,466	231,127	261,785
Property held for resale	54,188,482	-	54,188,482	65,423,623
Capital assets (note 5):				
Nondepreciable	18,412,485	334,311	18,746,796	23,826,189
Depreciable, net	40,976,502	10,837,210	51,813,712	43,334,574
Total assets	233,305,464	10,898,165	244,203,629	250,888,720
Liabilities:				
Accounts payable	4,850,936	296,800	5,147,736	4,583,778
Accrued salaries and benefits	124,197	24,669	148,866	182,878
Interest payable	1,537,163	-	1,537,163	1,593,844
Deposits payable	175,168	-	175,168	479,916
Due to other governments	1,200,845	-	1,200,845	723,243
Noncurrent liabilities (note 6)				
Due within one year	5,757,953	89,348	5,847,301	4,378,573
Due in more than one year	134,165,372	163,327	134,328,699	137,098,009
Total liabilities	147,811,634	574,144	148,385,778	149,040,241
Net assets:				
Invested in capital assets, net of related debt	(57,521,168)	11,171,521	(46,349,647)	(49,390,229)
Restricted for:				
Redevelopment	3,479,423	-	3,479,423	9,170,106
Public safety	290,199	-	290,199	978,886
Public works	171,721	-	171,721	771,871
Unrestricted	139,073,655	(847,500)	138,226,155	140,317,845
Total net assets	$ 85,493,830	10,324,021	95,817,851	101,848,479

See accompanying notes to the basic financial statements.

CITY OF COMMERCE
Statement of Activities
Year ended June 30, 2009

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	$ 21,404,492	845,966	1,060,759	150,923
Community development	3,257,937	2,034,696	-	-
Public safety	16,197,845	233,659	912,304	-
Public works	4,900,387	-	1,289,757	-
Library	3,216,089	23,943	90,413	-
Parks, recreation and culture	10,949,754	483,122	460,379	-
Interest on long-term debt	9,996,589	-	-	-
Total governmental activities	69,923,093	3,621,386	3,813,612	150,923
Business-type activities:				
Transit	3,267,752	-	3,423,936	-
Water	444,737	-	-	-
Cable television	346,045	31,972	-	-
Total business-type activities	4,058,534	31,972	3,423,936	-
Total	$ 73,981,627	3,653,358	7,237,548	150,923

General revenues:
- Taxes:
  - Casino license tax
  - Property taxes
  - Sales taxes
  - Franchise taxes
  - Transient occupancy taxes
- Motor vehicle in lieu, unrestricted
- Investment income
- Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, as restated (note 17)

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals 2009	Totals 2008
(19,346,844)	-	(19,346,844)	(12,695,744)
(1,223,241)	-	(1,223,241)	(4,824,671)
(15,051,882)	-	(15,051,882)	(13,565,918)
(3,610,630)	-	(3,610,630)	(1,306,992)
(3,101,733)	-	(3,101,733)	(3,011,962)
(10,006,253)	-	(10,006,253)	(10,147,620)
(9,996,589)	-	(9,996,589)	(9,684,698)
(62,337,172)	-	(62,337,172)	(55,237,605)
-	156,184	156,184	(2,366,251)
-	(444,737)	(444,737)	(402,063)
-	(314,073)	(314,073)	(297,089)
-	(602,626)	(602,626)	(3,065,403)
(62,337,172)	(602,626)	(62,939,798)	(58,303,008)
21,095,275	-	21,095,275	22,667,115
15,593,558	-	15,593,558	15,484,157
16,728,923	-	16,728,923	16,353,317
1,187,398	-	1,187,398	1,157,899
1,899,796	-	1,899,796	2,187,982
1,059,444	-	1,059,444	954,809
3,515,745	-	3,515,745	4,585,456
1,645,234	-	1,645,234	3,271,737
(1,894,366)	1,894,366	-	-
60,831,007	1,894,366	62,725,373	66,662,472
(1,506,165)	1,291,740	(214,425)	8,359,464
86,999,995	9,032,281	96,032,276	93,489,015
$ 85,493,830	10,324,021	95,817,851	101,848,479

CITY OF COMMERCE
Governmental Funds - Balance Sheet
June 30, 2009

	General	Card Club Special Revenue	Community Development Commission Debt Service
Assets			
Cash and investments	$ 6,629,558	14,602,069	16,181,701
Cash and investments with fiscal agent	-	-	10,681,954
Interest receivable	219,118	-	156,048
Accounts receivable	928,410	1,517,159	7,340
Due from other governments	1,937,671	-	408,038
Due from other funds (note 7)	5,440,668	-	32,962,461
Advances to other funds (note 7)	12,100,000	3,000,000	-
Loans receivable	294,369	-	-
Lease receivable (note 4)	-	-	-
Deposit in escrow	-	-	-
Prepaid items and deposits	129,661	-	-
Property held for resale	-	-	-
Total assets	$ 27,679,455	19,119,228	60,397,542
Accounts payable	$ 1,883,454	-	1,547,616
Accrued salaries and benefits	99,892	-	-
Deposits payable	53,365	-	-
Due to other governments	-	-	1,200,845
Due to other funds (note 7)	-	-	-
Deferred revenue	21,726	-	-
Advances from other funds (note 7)	-	-	-
Total liabilities	2,058,437	-	2,748,461
Fund balances:			
Reserved for:			
Prepaid items and deposits	129,661	-	-
Long-term receivables	294,369	-	-
Advances to other funds	12,100,000	3,000,000	-
Deposit in escrow	-	-	-
Property held for resale	-	-	-
Unreserved, reported in:			
General fund	13,096,988	-	-
Special revenue funds	-	16,119,228	-
Debt service funds	-	-	57,649,081
Capital projects funds	-	-	-
Total fund balances	25,621,018	19,119,228	57,649,081
Total liabilities and fund balances	$ 27,679,455	19,119,228	60,397,542

See accompanying notes to the basic financial statements.

General City Capital Projects Fund	Community Development Commission Capital Projects	Non-Major Governmental Funds	Totals 2009	Totals 2008
1,492,506	34,321,318	7,739,848	80,967,000	69,683,711
64,485,000	219,357	7,992,151	83,378,462	90,260,025
-	137,672	-	512,838	707,260
-	1,000	-	2,453,909	2,714,361
66,922	-	75,650	2,488,281	4,016,237
668,807	-	-	39,071,936	36,152,835
-	-	-	15,100,000	15,100,000
-	204,519	-	498,888	517,722
-	2,304,934	-	2,304,934	2,198,520
-	7,186,319	-	7,186,319	10,453,912
-	-	-	129,661	186,370
-	54,188,482	-	54,188,482	65,423,623
66,713,235	98,563,601	15,807,649	288,280,710	297,414,576
758,264	516,760	31,139	4,737,233	4,192,980
-	22,087	-	121,979	169,796
95,252	5,298	21,253	175,168	479,916
-	-	-	1,200,845	723,243
-	32,962,461	1,733,178	34,695,639	32,706,682
-	2,322,434	-	2,344,160	2,262,554
-	17,800,000	-	17,800,000	17,800,000
853,516	53,629,040	1,785,570	61,075,024	58,335,171
-	-	-	129,661	186,370
-	187,019	-	481,388	2,716,242
-	-	-	15,100,000	15,100,000
-	7,186,319	-	7,186,319	10,453,912
-	54,188,482	-	54,188,482	65,423,623
-	-	-	13,096,988	12,462,392
-	-	7,290,991	23,410,219	23,782,402
-	-	6,731,088	64,380,169	63,934,115
65,859,719	(16,627,259)	-	49,232,460	45,020,349
65,859,719	44,934,561	14,022,079	227,205,686	239,079,405
66,713,235	98,563,601	15,807,649	288,280,710	297,414,576

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CITY OF COMMERCE
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

June 30, 2009

Fund balances of governmental funds		$ 227,205,686
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.		
	Capital assets	90,363,213
	Accumulated depreciation	(30,974,226)
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
	Bonds payable	(134,806,459)
	Compensated absences	(2,846,040)
	Other long-term liabilities	(2,270,826)
	Unamortized bond issuance costs	2,273,236
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		(1,537,163)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.		2,344,160
To eliminate interfund activities for Redevelopment Tax Allocation Bonds purchased by the City.		(64,485,000)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets		227,249
Net assets of governmental activities		$ 85,493,830

See accompanying notes to the basic financial statements.

CITY OF COMMERCE

Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	General	Card Club Special Revenue	Community Development Commission Debt Service
Revenues:			
Taxes	$ 20,457,355	-	19,565,956
Casino license tax	-	21,095,275	-
Licenses and permits	2,880,662	-	-
Intergovernmental	852,099	-	-
Fines and forfeitures	257,603	-	-
Investment income	1,636,890	-	577,095
Activity fees	483,122	-	-
Charges for services	1,210,772	-	-
Rental income	-	-	7,340
Miscellaneous	965,844	-	-
Total revenues	28,744,347	21,095,275	20,150,391
Expenditures:			
Current:			
General government	12,399,163	93	-
Community development	1,332,929	-	-
Public safety	15,384,068	-	-
Public works	4,560,649	-	-
Library	3,037,302		-
Parks, recreation and culture	9,820,859	-	-
Capital outlay	386,226	-	-
Debt service:			
Principal	126,179	-	3,530,000
Interest and fiscal charges	20,451	-	7,852,330
Bond issuance costs	-	-	-
Payment to bond escrow agent	-	-	-
Payments under pass-through obligations	-	-	3,635,798
Total expenditures	47,067,826	93	15,018,128
Excess (deficiency) of revenues over (under) expenditures	(18,323,479)	21,095,182	5,132,263
Other financing sources (uses):			
Issuance of debt	-	-	-
Payment to bond escrow agent	-	-	-
Bond premium	-	-	-
Transfers in (note 8)	20,608,521	-	1,290,616
Transfers out (note 8)	(1,520,952)	(21,095,000)	(6,133,501)
Total other financing sources (uses)	19,087,569	(21,095,000)	(4,842,885)
Net change in fund balances	764,090	182	289,378
Fund balances at beginning of year, as restated (note 17)	24,856,928	19,119,046	57,359,703
Fund balances at end of year	$ 25,621,018	19,119,228	57,649,081

See accompanying notes to the basic financial statements.

General City Capital Projects Fund	Community Development Commission Capital Projects	Non-Major Governmental Funds	Totals 2009	Totals 2008
-	-	-	40,023,311	39,821,812
-	-	-	21,095,275	22,667,115
-	-	-	2,880,662	3,102,448
150,923	-	1,535,010	2,538,032	3,313,647
-	-		257,603	161,491
-	1,004,762	296,998	3,515,745	4,573,986
-	-	-	483,122	547,694
130,000	-	-	1,340,772	1,407,376
-	558,436	126,396	692,172	723,613
249,021	-	430,369	1,645,234	2,831,191
529,944	1,563,198	2,388,773	74,471,928	79,150,373
3,432,212	5,497,948	-	21,329,416	18,211,676
-	3,518,269	-	4,851,198	6,109,380
-	-	139,086	15,523,154	14,644,542
-	-	-	4,560,649	3,311,795
-	-	-	3,037,302	3,168,168
-	-	-	9,820,859	10,365,481
-	-	-	386,226	1,636,332
1,900,000	-	315,000	5,871,179	5,150,560
-	781,667	592,772	9,247,220	7,645,536
-	-	-	-	2,392,879
-	-	-	-	5,297,255
-	-	-	3,635,798	2,006,249
5,332,212	9,797,884	1,046,858	78,263,001	79,939,853
(4,802,268)	(8,234,686)	1,341,915	(3,791,073)	(789,480)
-	-	-	-	138,690,000
-	-	-	-	(56,008,368)
-	-	-	-	225,753
943,831	6,121,981	890,930	29,855,879	34,049,740
-	(924,335)	(2,448,534)	(32,122,322)	(35,580,849)
943,831	5,197,646	(1,557,604)	(2,266,443)	81,376,276
(3,858,437)	(3,037,040)	(215,689)	(6,057,516)	80,586,796
69,718,156	47,971,601	14,237,768	233,263,202	158,492,609
65,859,719	44,934,561	14,022,079	227,205,686	239,079,405

CITY OF COMMERCE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2009

Net changes in fund balances - total governmental funds	$ (6,057,516)
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset purchases	3,721,351
Decrease in investment in joint venture	(429,730)
Depreciation	(1,857,755)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Amortization of issuance costs premiums and discounts are recorded as an adjustment to long-term liabilities and is recorded as an adjustment to interest expense	
Principal expense on bonds	3,971,179
Principal expense on interfund bonds	1,900,000
Amortization of issuance costs and other fiscal charges	(322,397)
Increases in other post employment benefits are not recorded as expenditures in the governmental funds.	(1,957,000)
The statement of net assets includes accrued interest on long term debt.	56,681
To record as an expense the net change in compensated absences in the statement of activities.	(316,883)
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.	(81,606)
Internal service funds are used by management to charge the costs of certain activities, such as computing and communication, building maintenance, fleet maintenance, benefits, equipment leasing, workers' compensation, general liabiliy, to individual funds.	(132,489)
Change in net assets of governmental activities	$ (1,506,165)

See accompanying notes to the basic financial statements.

CITY OF COMMERCE
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Business-type Actvities			Governmental Activities
	Transit	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets				
Current assets:				
Cash and investments	$ -	56,652	56,652	343,170
Accounts receivable, net	48,397	5,548	53,945	-
Due from other governments	1,190,878	-	1,190,878	-
Due from other funds (note 7)	866,325	-	866,325	-
Prepaid items and deposits	49,769	51,697	101,466	-
Total current assets	2,155,369	113,897	2,269,266	343,170
Noncurrent assets:				
Advances to other funds (note 7)	-	2,700,000	2,700,000	-
Capital assets, net	9,191,279	1,980,242	11,171,521	-
Total noncurrent assets	9,191,279	4,680,242	13,871,521	-
Total assets	11,346,648	4,794,139	16,140,787	343,170
Liabilities				
Current liabilities:				
Accounts payable	131,703	165,097	296,800	113,703
Accrued salaries and benefits	22,384	2,285	24,669	2,218
Due to other funds (note 7)	3,023,165	2,219,457	5,242,622	-
Total current liabilities	3,177,252	2,386,839	5,564,091	115,921
Noncurrent liabilities:				
Compensated absences	252,675	-	252,675	-
Total liabilities	3,429,927	2,386,839	5,816,766	115,921
Net Assets				
Invested in capital assets	9,191,279	1,980,242	11,171,521	-
Unrestricted	(1,274,558)	427,058	(847,500)	227,249
Total net assets	$ 7,916,721	2,407,300	10,324,021	227,249

See accompanying notes to the basic financial statements.

CITY OF COMMERCE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
Year ended June 30, 2009

	Business-type Actvities			Governmental Actvities
	Transit	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating revenues:				
Charges for services	$ -	31,972	31,972	311,036
Intergovernmental	3,423,936	-	3,423,936	-
Total operating revenues	3,423,936	31,972	3,455,908	311,036
Operating expenses:				
General and administrative	230,807	305,879	536,686	518,740
Operations	2,061,458	171,330	2,232,788	296,862
Maintenance	314,314	-	314,314	-
Depreciation and amortization	661,173	313,573	974,746	-
Total operating expenses	3,267,752	790,782	4,058,534	815,602
Operating income (loss)	156,184	(758,810)	(602,626)	(504,566)
Transfers and capital contributions:				
Transfers in (note 8)	1,617,796	276,570	1,894,366	372,077
Total transfers and capital contributions	1,617,796	276,570	1,894,366	372,077
Changes in net assets	1,773,980	(482,240)	1,291,740	(132,489)
Net assets at beginning of year	6,142,741	2,889,540	9,032,281	359,738
Net assets at end of year	$ 7,916,721	2,407,300	10,324,021	227,249

See accompanying notes to the basic financial statements.

CITY OF COMMERCE
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2009

	Business-type Actvities			Governmental Actvities
	Transit	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities:				
Cash received from other customers	$ 3,112,832	39,682	3,152,514	-
Cash received from user departments	-	-	-	311,036
Cash payments to suppliers for goods and services	(557,996)	(140,746)	(698,742)	(320,917)
Cash payments to employees for services	(2,019,201)	(304,542)	(2,323,743)	(517,780)
Net cash provided by (used for) operating activities	535,635	(405,606)	130,029	(527,661)
Cash flows from noncapital financing activities:				
Cash received from other funds	2,369,080	455,430	2,824,510	372,077
Net cash provided by (used for) non-capital financing activities	2,369,080	455,430	2,824,510	372,077
Cash flows from capital and related activities:				
Cash paid to acquire capital assets	(2,904,715)	(35,910)	(2,940,625)	-
Net cash provided by (used for) capital and related activities	(2,904,715)	(35,910)	(2,940,625)	-
Net increase (decrease) in cash and cash equivalents	-	13,914	13,914	(155,584)
Cash and cash equivalents at beginning of year	-	42,738	42,738	498,754
Cash and cash equivalents at end of year	$ -	56,652	56,652	343,170
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 156,184	(758,810)	(602,626)	(504,566)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	661,173	313,573	974,746	-
Adjustments:				
(Increase) decrease in accounts receivable	-	7,710	7,710	-
(Increase) decrease in due from other governments	(311,104)	-	(311,104)	-
(Increase) decrease in prepaid items	(10,190)	(14,697)	(24,887)	-
Increase (decrease) in accounts payable	(2,685)	45,281	42,596	(24,055)
Increase (decrease) in accrued salaries and benefits	15,066	1,337	16,403	960
Increase (decrease) in deferred revenue	-	-	-	-
Increase (decrease) in due to other governments	-		-	-
Increase (decrease) in compensated absences	27,191	-	27,191	-
Net cash provided by (used for) operating activities	$ 535,635	(405,606)	130,029	(527,661)

There were no noncash capital, financing and investing activities during the year ended June 30, 2009.

See accompanying notes to the basic financial statements.

CITY OF COMMERCE
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2009

	2008
Assets	
Cash and investments (note 2)	$ 456,826
Total assets	$ 456,826
Liabilities	
Accounts payable	$ 66,169
Deposits payable	390,657
Total liabilities	$ 456,826

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Commerce ("the City") was incorporated in 1960 under the general laws of the State of California. The City operates under the Council – City Administrator form of government.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. As required by generally accepted accounting principles, these financial statements present the government and its component units, which are entities for which the government is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are reported with the interfund data of the primary government.

The following organizations are considered to be component units of the City:

Community Development Commission of the City of Commerce

The Community Development Commission of the City of Commerce (the Commission) has established four redevelopment project areas pursuant to the State of California Health & Safety Code, Section 33000 entitled "Community Redevelopment Law". The City Council approved and adopted the Redevelopment Plans for the Commerce Redevelopment Project Areas. These plans provide for the elimination of blight and deterioration, which was found to exist in the project areas. The operations include Capital Projects and Debt Service Fund type activities and have been combined in the accompanying financial statements. Interfund activities within the fund types have been eliminated for financial reporting purposes.

(1) Summary of Significant Accounting Policies, (Continued)

Community Development Commission of the City of Commerce, (Continued)

Although the Agency is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency can be obtained at City Hall.

City of Commerce Joint Powers Financing Authority

The City of Commerce Joint Powers Financing Authority (JPFA) was established pursuant to a Joint Exercise of Powers Agreement dated January 1, 1988 between the City of Commerce and the Community Development Commission of the City of Commerce. The purpose of the JPFA is to provide financing necessary for the construction of various public improvements through the issuance of debt. Activities of the JPFA are included in the Community Development Commission and the Community Center Debt Service Funds and the Water Enterprise Fund of the City. Although the JPFA is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the JPFA. Separate financial statements of the JPFA are not prepared.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

(1) Summary of Significant Accounting Policies, (Continued)

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discreetly presented component units. The City of Commerce has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

(1) Summary of Significant Accounting Policies, (Continued)

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a thirty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

(1) Summary of Significant Accounting Policies, (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

(1) Summary of Significant Accounting Policies, (Continued)

Proprietary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Amounts paid to acquire capital assets are capitalized as assets in the internal service fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the internal service fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the internal service fund are reported as a reduction of the related liability, rather than as an expenditure.

Fiduciary Funds

The City's fiduciary fund is an agency fund. Agency funds are custodial in nature. Assets equal liabilities. Agency funds use the accrual basis of accounting.

(c) Major Funds, Internal Service Funds and Fiduciary Fund Types

The City's major governmental funds are as follows:

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

Card Club Special Revenue Fund – This special revenue fund is used to account for the revenues related to franchise fees received under the Card Club Ordinance. Revenues are primarily used for public safety and are transferred to the General Fund to be spent accordingly.

Community Development Commission Debt Service Fund – This debt service fund is used to account for the payment of debt service of tax allocation bonds used to finance the activities of Redevelopment Project Areas. The retirement of debt is financed through tax increment and investment income.

(1) Summary of Significant Accounting Policies, (Continued)

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

Community Development Commission Capital Projects Fund – This fund is used to account for the bond proceeds, interest and other funding that will be used for development, planning, construction and land acquisition within the project area.

The City's major proprietary fund is as follows:

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

Other fund types of the City are as follows:

Enterprise Funds are used to account for operations that are financed and operated in a similar manner to private sector business enterprises, where the intent is that costs of providing goods or services to the general public be financed primarily through user charges.

Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include repairs and services, City-owned mobile-equipment and the acquisition and warehousing of supplies utilized by departments within the City.

Agency Fund is used to account for deposits held by the City as trustee or custodian for individuals as an agent for debt service activity.

(d) Investments

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

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

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(1) Summary of Significant Accounting Policies, (Continued)

(e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Commerce. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined balance sheet for the internal service fund is considered cash and cash equivalents.

(f) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of one years or more.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government–wide financial statements and in the fund financial statements of the internal service funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The following schedule summarizes capital asset useful lives:

Buildings	10-40 years
Improvements other than buildings	20-30 years
Distribution system	20-30 years
Machinery and equipment	5-13 years
Infrastructure	20-40 years

(1) Summary of Significant Accounting Policies, (Continued)

(g) Employee Leave Benefits

The City has accrued in the accompanying financial statements the estimated liability for compensated absences earned and not yet taken. Those employees who retire from the City are entitled to 100% of accrued vacation and sick leave. Employees otherwise terminated are entitled to 100% of accrued vacation and 10% of accrued sick leave in excess of 240 hours.

(h) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(i) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(k) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	$ 81,366,822
Cash and investments with fiscal agent	18,893,462
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	456,826
Total cash and investments	$100,717,110

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	$ 7,921
Deposits with financial institutions	4,922,440
Investments	95,786,749
Total cash and investments	$100,717,110

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

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

Investment Types Authorized by State Law	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%
Negotiable Certificates of Deposit	Yes	5 years	30%	10%
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
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.

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment 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 table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Medium-term notes	None	None	None
Investment Agreements	None	None	None
Negotiable Certificates of Deposit	360 days	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City 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.

(2) Cash and Investments, (Continued)

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

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months Or Less	13 to 24 Months	25 Months or Greater
Certificates of deposit	$ 3,455,213	1,332,846	2,122,367	-
Federal agency securities	6,011,570	-	3,010,000	3,001,570
Money market funds	8,496,530	8,496,530	-	-
State investment pool	58,698,996	58,698,996	-	-
Held by bond trustee:				
Certificates of deposit	1,485,100	1,485,100	-	-
Money market funds	1,009,329	1,009,329	-	-
State investment pool	219,357	219,357	-	-
Investment agreements	16,410,654	-	-	16,410,654
Total	$95,786,749	71,242,158	5,132,367	19,412,224

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	AAA	AA	Not Rated
Certificates of deposit	$ 3,455,213	N/A	-	-	3,455,213
Federal agency securities	6,011,570	AAA	6,011,570	-	-
Money market funds	8,496,530	A	8,496,530	-	-
State investment pool	58,698,996	N/A	-	-	58,698,996
Held by bond trustee:					
Certificate of deposits	1,485,100	N/A	-	-	1,485,100
Money market funds	1,009,329	AAA	1,009,329	-	-
State investment pool	219,357	N/A	-	-	219,357
Investment agreements	16,410,654	N/A	-	-	16,410,654
Total	$95,786,749		15,517,429	-	80,269,320

(2) Cash and Investments, (Continued)

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). Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Amount
GE Funding Capital Market	Investment Agreement	$ 4,533,450
Reliance Trust Company	Investment Agreement	3,419,841

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 California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes are recorded initially in a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of Commerce accrues only those taxes that are received from the County within sixty days after year-end.

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

The Community Development Commission of the City of Commerce's primary source of revenue comes from property taxes. Property taxes allocated to the Commission are computed in the following manner:

(a) The assessed valuation of all property within the project area is determined on the date of adoption of the Redevelopment Plan.

(b) Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Commission; all taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts.

The Commission has no power to levy and collect taxes and any legislative property tax shift might reduce the amount of tax revenues that would otherwise be available to pay the principal of, and interest on, debt. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on debt.

(4) Lease Receivable

In 1990, the Commission entered into a 50 year lease with three individuals on a certain site owned by the Commission. The lease called for the site to be developed as a truck stop and gas station. The lease calls for fixed base annual rent of $65,025 for the first five years and adjusted every five years thereafter with a minimum adjustment of 15% and a maximum adjustment of 50%. Annual lease payments are less than the annual principal due through 2026, resulting in an increasing principal balance. The outstanding principal balance as of June, 30, 2009 is $2,271,934.

Minimum future rental revenues, including principal and interest, on the lease are as follows:

Fiscal Year Ending	Lease Revenue
2010	$ 126,684
2011	179,439
2012	179,439
2013	179,439
2014	179,439
2015-2019	1,004,859
2020-2024	1,375,503
2025-2029	1,636,807
2030-2034	2,240,546
2035-2039	2,666,184
2040	547,520
Total	$10,315,859

(5) Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009 is as follows:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Buildings	$34,598,219	5,090,487	-	39,688,706
Improvements other than buildings	16,547,804	2,910,313	-	19,458,117
Machinery and equipment	12,433,691	370,214	-	12,803,905
Total cost of depreciable assets	63,579,714	8,371,014	-	71,950,728
Less accumulated depreciation:				
Buildings	(14,586,964)	(1,163,388)	-	(15,750,352)
Improvements other than buildings	(3,739,272)	(315,176)	-	(4,054,448)
Machinery and equipment	(10,790,235)	(379,191)	-	(11,169,426)
Total accumulated depreciation	(29,116,471)	(1,857,755)	-	(30,974,226)
Net depreciable assets	34,463,243	6,513,259	-	40,976,502
Capital assets not depreciated:				
Land	17,152,338	-	-	17,152,338
Net investment in Joint Venture	1,344,040	-	(429,730)	914,310
Construction in progress	4,995,500	345,837	(4,995,500)	345,837
Total assets not being depreciated	23,491,878	345,837	(5,425,230)	18,412,485
Capital assets, net	$57,955,121	6,859,096	(5,425,230)	59,388,987

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	$ 435,477
Public safety	28,385
Public works	149,855
Community development	85,480
Library	52,329
Parks, recreation and culture	1,106,229
Total governmental activities	$1,857,755

(5) Capital Assets, (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2009 is as follows:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Water rights	$ 1,226,994	-	-	1,226,994
Building and improvements	7,862,834	-	-	7,862,834
Machinery and equipment	12,354,252	2,940,625	(1,435,022)	13,859,855
Total cost of depreciable assets	21,444,080	2,940,625	(1,435,022)	22,949,683
Less accumulated depreciation:				
Water rights	(1,001,486)	(148,122)	-	(1,149,608)
Building and improvements	(2,148,174)	(204,770)	-	(2,352,944)
Machinery and equipment	(9,423,089)	(621,854)	1,435,022	(8,609,921)
Total accumulated depreciation	(12,572,749)	(974,746)	1,435,022	(12,112,473)
Net depreciable assets	8,871,331	1,965,879	-	10,837,210
Capital assets not depreciated:				
Land	334,311	-	-	334,311
Capital assets, net	$ 9,205,642	1,965,879	-	11,171,521

Depreciation expense was charged in the following functions in the Statement of Activities:

Transit	$661,173
Water	291,504
Cable Television	22,069
Total business-type activities	$974,746

(6) Long-Term Liabilities

Changes in governmental long-term liabilities for the year ended June 30, 2009 were as follows:

	Balance at July 1, 2008	Additions	Reductions	Balance at June 30, 2009	Due Within One Year
Bonds payable:					
1994 Tax Allocation Refunding Bonds	$ 980,000	-	(70,000)	910,000	75,000
1998 Tax Allocation Refunding Bonds	8,380,000	-	(220,000)	8,160,000	230,000
2003 Tax Allocation Bonds	51,535,000	-	(1,030,000)	50,505,000	1,105,000
2004 Lease Revenue Bonds	14,140,000	-	(315,000)	13,825,000	320,000
2007 JPFA Revenue Bonds	72,305,000	-	(2,210,000)	70,095,000	2,430,000
Subtotal	147,340,000	-	(3,845,000)	143,495,000	4,160,000
Add (less) deferred amounts:					
Unamortized Bond Costs	(9,145,832)	-	457,291	(8,688,541)	457,291
Total bonds payable	138,194,168	-	(3,387,709)	134,806,459	4,617,291
Other liabilities:					
Other Post Employment Benefits	-	3,109,000	(1,152,000)	1,957,000	-
Owner Participation Agreements	105,703	-	(105,703)	-	-
Capital leases	440,005	-	(126,179)	313,826	134,277
Compensated absences	2,511,222	1,963,381	(1,628,563)	2,846,040	1,006,385
Total long-term liabilities	$141,251,098	5,072,381	(6,400,154)	139,923,325	5,757,953

(6) Long-Term Liabilities, (Continued)

Compensated absences are generally liquidated by the general fund.

Changes in business-type long-term liabilities for the year ended June 30, 2009 were as follows:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009	Amounts due within one year
Compensated absences	$231,082	222,489	(200,896)	252,675	89,348

1994 Tax Allocation Refunding Bonds

In June 1994, the Authority 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 Authority loan with the Commission. The loan payments from the project area to the Authority coincide with the bond debt service payments. The bonds mature in various amounts ranging from $70,000 to $105,000 through the year 2024. The amount outstanding at June 30, 2009 is $910,000.

Future principal and interest payments on the 1994 tax allocation refunding bonds are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$ 75,000	55,350	130,350
2011	80,000	50,493	130,493
2012	85,000	45,298	130,298
2013	95,000	39,616	134,616
2014	100,000	33,435	133,435
2015-2019	245,000	104,580	349,580
2020-2024	230,000	39,375	269,375
	$ 910,000	368,147	1,278,147

(6) Long-Term Liabilities, (Continued)

1998 Tax Allocation Refunding Bonds

In June 1998, the Community Development Commission issued $9,935,000 in tax allocation refunding bonds for the Merged Project Area with an average interest rate of 5.64%. The bonds were issued for the purpose of refunding the Commission's $9,155,000 outstanding principal amount of Project Area 2 1991 Revenue Bonds, funding a reserve and paying the bond issuance cost. The advance refunding extended debt service payments by six years and resulted in an increase if total debt service payments of $41,004 and an economic gain (the difference between the present values of the debt service payments on the old debt and the new debt) of $1,161,821. The bonds mature in various amounts ranging from $155,000 to $5,180,000 through 2028. It is anticipated that the amounts will be repaid from the future tax increment revenue received for the project area. The amount outstanding at June 30, 2009 is $8,160,000.

Future principal and interest payments on the 1998 tax allocation refunding bonds are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$ 230,000	462,785	692,785
2011	245,000	450,135	695,135
2012	255,000	436,537	691,537
2013	270,000	422,385	692,385
2014	285,000	407,130	692,130
2015-2019	1,695,000	1,773,480	3,468,480
2020-2024	2,235,000	1,235,760	3,470,760
2025-2029	2,945,000	522,120	3,467,120
	$ 8,160,000	5,710,332	13,870,332

(6) Long-Term Liabilities, (Continued)

2003 Tax Allocation Bonds

In December 2003, the Community Development Commission issued a total of $52,525,000 tax allocation bonds for Project Area 1, Project Area 4 and Merged Project Area. The Bonds were issued for financing various redevelopment and low and moderate income housing projects. The proceeds of the Bonds will also be used to make a deposit to reserve accounts and pay the bonds issuance costs. At the same date, the City of Commerce Joint Powers Financing Authority issued a total of $52,525,000 tax revenue binds to purchase the tax allocation bonds issued by the Community Development Commission. The interest rates of the revenue bonds ranges from 4% to 5.125%. The obligation of the Authority is secured by a pledge and assignment under the indenture of amounts derived from the payment of debt service on the tax allocation bonds. This payment will derive from certain tax increment revenues and other amounts payable to the Commission. The bonds mature in various amounts ranging from $1,030,000 to $7,365,000 through the year 2036. The amount outstanding at June 30, 2009 is $50,505,000.

Future principal and interest payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$ 1,105,000	2,469,620	3,574,620
2011	1,170,000	2,414,151	3,584,151
2012	1,070,000	2,355,420	3,425,420
2013	1,120,000	2,301,676	3,421,676
2014	1,175,000	2,245,420	3,420,420
2015-2019	7,105,000	10,361,425	17,466,425
2020-2024	10,935,000	8,419,758	19,354,758
2025-2029	15,380,000	4,684,918	20,064,918
2030-2034	8,405,000	1,947,519	10,352,519
2035-2036	3,040,000	231,163	3,271,163
	$ 50,505,000	37,431,070	87,936,070

(6) Long-Term Liabilities, (Continued)

Revenue Bonds

2004 Lease Revenue Bonds

In October 2004, the City of Commerce Joint Powers Financing Authority issued $15,040,000 in Community Center Lease Revenue Bonds. The bonds are special limited obligations of the Authority payable solely from and secured by Revenues, consisting primarily of Base rental Payments to be made by the City to the Authority pursuant to a Lease dated as of October 1, 2004 by and between the Authority and the City. The bonds were composed of $7,785,000 serial bonds with interest rates ranging from 2.00% to 4.375% and maturity dates from 2005 through 2024, $3,150,000 term bonds with an interest rate of 5.00% maturing in 2029, and $4,015,000 term bonds with an interest rate of 5.00% maturing in 2034. The bonds were issued to refund the Authority's $8,590,000 outstanding Community Center Lease Revenue Bonds, Series 1997A and to finance the costs of construction of the City Hall Expansion Project. The bonds mature in various amounts from $295,000 to $885,000 through 2034. The amount outstanding at June 30, 2009 is $13,825,000.

Future principal and interest payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$ 320,000	608,575	928,575
2011	330,000	600,575	930,575
2012	340,000	591,335	931,335
2013	350,000	581,135	931,135
2014	360,000	569,760	929,760
2015-2019	1,995,000	2,649,482	4,644,482
2020-2024	2,420,000	2,227,344	4,647,344
2025-2029	3,005,000	1,638,094	4,643,094
2030-2034	3,820,000	813,000	4,633,000
2035	885,000	44,250	929,250
	$13,825,000	10,323,550	24,148,550

(6) Long-Term Liabilities, (Continued)

2007 Revenue Bonds

Financing Authority Bonds

In October, 2007, the City of Commerce Joint Powers Financing Authority issued $72,305,000 in Revenue Bonds. The proceeds of the bonds were used to purchase $66,385,000 of the Community Development Commission of the City of Commerce Redevelopment Project No. 1 Tax Allocation Bonds, 2007 A and B Series (Commission Bonds). The remaining proceeds were used to finance various capital projects. Interest on the bonds is payable semi-annually on February 1 and August 1, commencing February 1, 2008. The fixed rates of interest vary from 3.500% to 6.500% per annum. Principal is payable in annual installments ranging from $105,000 to $6,230,000 commencing August 1, 2008 to July 1, 2027. The obligation of the Authority is secured by a pledge and assignment under the indenture of amounts derived from the payment by the Commission of debt service on the Commission Bonds. The amount outstanding at June 30, 2009 is $70,095,000.

Commission Bonds

In October 2007, the Community Development Commission issued $58,885,000 of Series A Tax Allocation Bonds and $7,500,000 of Series B Tax Allocation Bonds. The bonds were issued for the purpose of refunding the 1991 Series A Tax Allocation Bonds, the 1997 Series A Tax Allocation Bonds, the 1997 Series B Tax Allocation Bonds, the 2003 Series A-1 Tax Allocation Bonds, and the 2003 Series A-H Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liabilities have been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by 9,145,832. This amount is being netted against the new debt and amortized over the remaining life on the refunded debt, which is shorter than the life of the new debt issued. Interest on the bonds accrues at rates between 3.5% and 6.5% and are payable on February 1 and August 1. Bonds mature in various amounts ranging from $105,000 to $6,230,000 through 2028. At June 30, 2009, the amount outstanding was $64,485,000.

For Government-Wide reporting, the Commission Bonds in the amount of $64,485,000 and the corresponding City held investment in the Commission Bonds have been eliminated in the Statement of Activities.

(6) Long-Term Liabilities, (Continued)

Future principal and interest payments on the Financing Authority Bonds are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$ 2,430,000	3,007,596	5,437,596
2011	2,580,000	2,857,021	5,437,021
2012	2,900,000	2,706,113	5,606,113
2013	3,040,000	2,556,806	5,596,806
2014	3,200,000	2,400,806	5,600,806
2015-2019	18,050,000	10,023,725	28,073,725
2020-2024	19,965,000	6,252,806	26,217,806
2025-2028	17,930,000	2,073,472	20,003,472
	$70,095,000	31,878,345	101,973,345

Capitalized Lease Obligations

The City entered into a lease purchase agreement in July 1999 for $1,224,767 to finance the purchase of energy-management equipment. The lease has an interest rate of 5.25% with quarterly principal and interest payments of up to $37,380. The outstanding balance at June 30, 2009 was $313,826.

Future principal and interest payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2010	$134,277	13,736	148,013
2011	142,647	6,590	149,237
2012	36,902	477	37,379
Total	$313,826	20,803	334,629

(7) Interfund Receivables and Payables

Current interfund receivables and payables balances at June 30, 2009 are as follows:

Due from other funds	Due to other funds	Amount
General Fund	Transit Fund	$ 3,023,165 (A)
	Other Governmental Funds	198,046 (A)
	Non-Major Enterprise	2,219,457 (A)
	Total General Fund	5,440,668
City Capital Projects Fund	Other Governmental Funds	668,807 (A)
CDC Debt Service Fund	CDC Capital Projects Fund	32,962,461 (A)
Transit Fund	Other Governmental Funds	866,325 (A)
	Total	$39,938,261

(A) Short term borrowing to cover temporary cash shortfalls.

Noncurrent interfund receivable and payable balances at June 30, 2009 are as follows:

Advances to other funds	Advances from other funds	Amount
General Fund	CDC Capital Projects Fund	$12,100,000 (B)
Card Club Special Revenue Fund	CDC Capital Projects Fund	3,000,000 (C)
Non-Major Enterprise	CDC Capital Projects Fund	2,700,000 (C)
	Total	$17,800,000

(B) As of June 30, 2009, the amount due to the General Fund from CDC Capital Projects was $12,100,000. This consists of several outstanding advances with amounts ranging from $100,000 to $6,000,000. The largest advance is in the amount of $6,000,000 loaned to the CDC was entered into on March 3, 1992 and accrues interest at 7.5% per annum. The other material outstanding advance of $5,000,000 loaned to the CDC on November 2, 1999 accrues interest at 7.5% per annum.

(C) As of June 30, 2009, the amount due to the Card Club Special Revenue Fund and the Water Enterprise Fund from CDC Capital Projects Fund was $3,000,000 and $2,700,000, respectively. The advance was entered into on April 16, 2002 with one year maturities. The advance has been extended each year thereafter with interest accruing at 7.5% per annum.

(8) Interfund Transfers

Interfund transfers were as follows for the year ended June 30, 2009:

Transfer In	Transfer Out	Amount
General Fund	Card Club Special Revenue Fund	$20,370,000(A)
	UDAG Fund	222,463
	Other Governmental Funds	16,058
Subtotal General Fund		20,608,521
CDC Debt Service Fund	CDC Capital Projects Fund	924,335(B)
	Other Governmental Funds	366,281
Subtotal CDC Debt Service Fund		1,290,616
City Capital Projects Fund	Card Club Fund	725,000
	Other Governmental Funds	218,831
Subtotal City Capital Projects Fund		943,831
CDC Capital Projects Fund	CDC Debt Service Fund	6,121,981(C)
Transit Fund	Other Governmental Funds	1,617,796 (D)
Other Business-Type Funds	General Fund	276,570
Internal Service Funds	General Fund	372,077
Other Governmental Funds	General Fund	872,305
	CDC Debt Service Fund	11,520
	Other Governmental Funds	7,105
Subtotal Other Governmental Funds		890,930
	Total	$32,122,322

The following describes the major transfers in and transfers out included in the financial statements:

Transfers to Major Funds

(A) $30,370,000 was transferred from the Card Club Special Revenue fund to the General Fund is primarily for public safety activities.

(B) $924,335 was transferred from the CDC Capital Projects Fund to the CDC Debt Service Fund to pay a portion of the CDC long term liabilities' debt service.

(8) Interfund Transfers, (Continued)

(C) $6,121,981 was transferred from the CDC Debt Service Fund to the CDC Capital Projects Fund to fund the 20% housing set-aside requirement and to fund various operations and capital projects.

(D) $1,617,796 was transferred to the Transit Fund from the Prop A Local Return Tax Fund to reimburse the Transit fund for expenses incurred and reimbursed under Proposition A.

(9) Defined Benefit Pension Plan

Plan Description

The City of Commerce contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate indicated for the period is 8.277% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2008 to June 30, 2009.

(9) Defined Benefit Pension Plan, (Continued)

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3 % and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The unfunded liability is amortized over a period ending June 30, 2026.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

(9) Defined Benefit Pension Plan, (Continued)

Miscellaneous Employees

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	$1,412,104	100%	-0-
6/30/08	1,478,239	100%	-0-
6/30/09	1,710,096	100%	-0-

Required Supplementary Information ($ amount in thousands)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
06/30/06	$57,920,888	56,725,405	1,195,483	97.9%	8,309,926	14.4%
06/30/07	62,463,918	60,742,760	1,721,158	97.2%	9,204,046	18.7%
06/30/08	65,694,605	64,544,444	1,150,161	98.2%	10,238,888	11.2%

(10) Post Employment Benefits Plan

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust for the purpose of holding assets accumulated for plan benefits. 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.

(10) Post Employment Benefits Plan, (Continued)

Eligibility: 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. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	125
Active plan members	180
Total	305

City's Funding Policy: 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). For fiscal year 2008-09, the City contributed $1,152,000 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	$3,109,000
Interest on net OPEB obligation	-
Adjustments to annual required contributions	-
Annual OPEB cost (expense)	3,109,000
Contributions made (including premiums paid)	(1,152,000)
Increase in net OPEB obligation	1,957,000
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	$1,957,000

(10) Post Employment Benefits Plan, (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	$3,109,000	28%	1,957,000

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

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

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3.4 percent initially, reduced by decrements of 0.5 per year to an ultimate rate of 2 percent after the third year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 4% per year.

(10) Post Employment Benefits Plan, (Continued)

Schedule of Funding Progress.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll	UAAL as a Percentage of covered payroll ((b-a)/c)
6/30/09	$0	37,514,000	37,514,000	0%	11,621,000	322.8%

(11) Claims Payable/Self Insurance

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 106 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 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 coverages. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first $30,000 of each occurrence is charged directly to the city; costs from $30,001 to $750,000 are pooled based on a members share of costs under $30,000; costs from $750,001 to $15,000,000 are pooled based on payroll. Costs to covered claims above $15,000,000 are currently paid by reinsurance. The protection for the City is $50,000,000 per occurrence and $50,000,000 annual aggregate.

(11) Claims Payable/Self Insurance, (Continued)

Workers Compensation

The City also participates in the workers compensation pool administered by the Authority. Members retain the first $50,000 of each claim. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer ($0-$100,000 allocated by retained amount and $100,000 to $2,000,000 by payroll). Losses from $50,000 to $100,000 and the loss development reserve associated with losses up to $100,000 are pooled based on the member's share of losses under $50,000. Losses from $100,000 and $2,000,000 and the loss development reserves associated with losses from $100,000 to $2,000,000 are pooled based on payroll. Costs from $2,000,000 and $50,000,000 are transferred to an excess insurance policy. Costs in excess of $50,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(12) Commerce Refuse to Energy Authority

The City is a 50% participant with the County Sanitation District No. 2 of Los Angeles County (District) in the Commerce Refuse to Energy Authority (CREA). The CREA was created for the purpose of Constructing and operating a facility to dispose of commercial/light industrial non-hazardous and mixed residential solid waste and to recover energy there from. The Board of Directors of the CREA is comprised of six members. Three directors are appointed by the City and three by the District. The CREA has responsibility for operation and maintenance of the facility.

The City and the District have each contributed $2,000,000 to provide the initial working capital for the project. The City's contribution included the value of the land on which the facility was constructed as well as expenditures made prior to the execution of the Joint Powers Agreement. In addition, a $1,000,000 grant was received from the California Integrated Waste Management Board that is to be repaid from net revenues and bears no interest. Repayment of the grant began in 1996 from net revenues.

(12) Commerce Refuse to Energy Authority, (Continued)

Net revenues are divided between the City, the District and the Waste Management Board. However, payments to the Waste Management Board shall not exceed $200,000 in any year. Once the grant has been repaid, net revenues will be distributed equally to the City and the District until such time as the City's contributed capital equals zero; then at a rate of $200,000 per year or 50% of the total distribution, whichever is less, to the City with the remainder to the District until such time as the District's contributed capital equals zero; then equally to the City and the District upon termination. The City's net equity in the CREA at June 30, 2009 is $914,310 and is reported as a capital asset.

Complete financial statements for the CREA can be obtained from the Los Angeles County Sanitation District, 1955 Workman Mill Rd., Whittier, CA 900601.

(13) 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, an all income attributable to those amounts are held in such account for the exclusive benefit of the City employee participant and their beneficiaries.

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.

CITY OF COMMERCE

Notes to the Basic Financial Statements

(Continued)

(14) Post-retirement Healthcare Benefits

In addition to providing pension benefits through PERS, the City, in accordance with City policy, also provides medical, dental and visions coverage to all retired full-time employees. Full-time employees become eligible for this benefit if they retire while working for the City. There are approximately 119 retirees that are eligible for these benefits. The retirees may select a medical plan from a variety of plans from the health benefit program administered by PERS. The City pays the entire amount on a pay-as-you-go basis through monthly premiums to PERS. The dental and vision coverage are also funded on a pay-as-you-go basis through monthly premiums and related costs to the plan administrators.

(15) Contingencies

Various claims and suits have been filed against the City in the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial position of the City.

(16) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2009 exceeded the appropriations of the following funds/departments:

	Budget	Actual	Variance
General Fund:			
Parks, recreation and culture	$9,629,171	9,820,859	(191,688)
Supplemental Law Enforcement Fund:			
Public Safety	100,000	103,970	(3,970)
Community Development Block Grant Fund:			
Planning and Development	5,000	8,805	(3,805)

(17) Prior Period Adjustments

The Deposit in Escrow and fund balance of the Community Development Commission – Capital Projects Fund has been restated. This amount had been previously withdrawn in prior years but was not properly reflected in the financial statements.

The Prepaid Items and fund balance of the General Fund has been restated. This amount had been previously expensed in prior years but was not properly reflected in the financial statements.

The following schedule summarizes the effects of the prior period adjustment to the Governmental Fund Financial Statements and the Government-Wide Financial Statements.

	CDC Capital Projects	General Fund	Statement of Activities
Net assets/fund balance at beginning of year, as previously reported	$53,601,601	25,041,131	92,816,198
Deposit in Escrow withdrawn in prior fiscal years	(5,630,000)	-	(5,630,000)
Prepaid items expensed in prior fiscal years	-	(186,203)	(186,230)
Net assets/fund balance at beginning of year, as restated	$47,971,601	24,856,928	86,999,995

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COMMERCE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Year ended June 30, 2009

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ 21,595,000	21,595,000	20,457,355	(1,137,645)
Licenses and permits	2,764,080	2,764,080	2,880,662	116,582
Intergovernmental	1,171,117	1,171,117	852,099	(319,018)
Fines and forfeitures	205,000	205,000	257,603	52,603
Investment income	1,630,500	1,630,500	1,636,890	6,390
Activity fees	478,750	478,750	483,122	4,372
Charges for services	1,317,103	1,317,103	1,210,772	(106,331)
Miscellaneous	1,067,051	1,067,051	965,844	(101,207)
Total revenues	30,228,601	30,228,601	28,744,347	(1,484,254)
Expenditures:				
Current:				
General government	13,352,229	13,353,472	12,399,163	954,309
Community development	1,357,163	1,355,683	1,332,929	22,754
Public safety	15,506,493	15,507,531	15,384,068	123,463
Public works	5,056,507	5,056,507	4,560,649	495,858
Library	3,202,834	3,329,917	3,037,302	292,615
Parks, recreation and culture	9,851,257	9,629,171	9,820,859	(191,688)
Capital outlay	138,223	428,546	386,226	42,320
Debt service:				
Principal	126,179	126,179	126,179	-
Interest and fiscal charges	20,451	20,451	20,451	-
Total expenditures	48,611,336	48,807,457	47,067,826	1,739,631
Excess (deficiency) of revenues over (under) expenditures	(18,382,735)	(18,578,856)	(18,323,479)	255,377
Other financing sources (uses):				
Transfers in	20,317,463	20,317,463	20,608,521	291,058
Transfers out	(1,566,501)	(1,566,501)	(1,520,952)	45,549
Total other financing sources (uses)	18,750,962	18,750,962	19,087,569	336,607
Net change in fund balance	368,227	172,106	764,090	591,984
Fund balance at beginning of year, as restated (note 17)	24,856,928	24,856,928	24,856,928	-
Fund balance at end of year	$ 25,225,155	25,029,034	25,621,018	591,984

CITY OF COMMERCE
Special Revenue Funds

Card Club Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Casino license tax	$ 22,620,000	22,620,000	21,095,275	(1,524,725)
Total revenues	22,620,000	22,620,000	21,095,275	(1,524,725)
Expenditures:				
Current:				
General government	10,500	10,500	93	10,407
Total expenditures	10,500	10,500	93	10,407
Excess (deficiency) of revenues over (under) expenditures	22,609,500	22,609,500	21,095,182	(1,514,318)
Other financing sources (uses):				
Transfers out	(18,925,000)	(20,820,000)	(21,095,000)	(275,000)
Net change in fund balances	3,684,500	1,789,500	182	(1,789,318)
Fund balances at beginning of year	19,119,046	19,119,046	19,119,046	-
Fund balances at end of year	$ 22,803,546	20,908,546	19,119,228	(1,789,318)

CITY OF COMMERCE

Notes to Required Supplementary Information

Year ended June 30, 2009

(1) Budgets and Budgetary Accounting

The City of Commerce, a general law city in the State of California, does not legally require a budget. However, the City Council annually reviews and adopts a budget in accordance with GAAP as a management control device for the General and Special Revenue Funds. Budgets are not adopted for Debt Service or Capital Project Funds. Each May, the City Administrator submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. Budgets are adopted at the object level. Management is not authorized to transfer amounts within the individual fund budgets without the approval of the City Council. Management may transfer amounts within the function level without the approval of City Council. Additional appropriations during the year may be submitted to the City Council for review and approval.

(2) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2009 exceeded the appropriations of the following funds/departments:

	Budget	Actual	Variance
General Fund:			
Capital outlay	$ -	386,226	(386,226)

SUPPLEMENTARY SCHEDULES

NON-MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues (other than expendable trusts and major capital projects) and the related expenditures that are legally required to be accounted for in a separate fund. The City of Commerce has the following Non-Major Special Revenue Funds:

Urban Development Action Grant (UDAG) Fund - To account for loan repayments of the City's UDAG from developers and businesses and expenditures are recorded for HUD approved projects

Supplemental Law Enforcement Fund - 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.

Local Law Enforcement Block Grant Fund - To account for revenues and expenditures of the federal Local Law Enforcement Block Grant that assist in projects that reduce crime and improve public safety.

Prop A Local Return Tax Fund - To account for the City's Prop A local return allocation and Prop A money purchased from other cities with General Fund money. Revenues are to be spent for public transit purposes and are transferred to the Transit Enterprise Fund to be spent accordingly

State Gas Tax Fund - 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) Fund - 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.

NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

The City of Commerce has the following Non-Major Debt Service Funds:

Community Center Fund – To account for issuance and retirement of lease revenue bonds used to assist in the construction of the Rosewood Park Community Center.

Joint Powers Financing Authority Fund - To account for issuance, retirement and cash with fiscal agent held in reserve of bonds issued by the Joint Powers Financing Authority.

CITY OF COMMERCE
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds	Debt Service Funds	Totals
Assets			
Cash and investments	$ 7,363,346	376,502	7,739,848
Cash and investments with fiscal agent	-	7,992,151	7,992,151
Due from other governments	75,650	-	75,650
Total assets	$ 7,438,996	8,368,653	15,807,649
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 31,139	-	31,139
Deposits payable	21,253	-	21,253
Due to other funds	95,613	1,637,565	1,733,178
Total liabilities	148,005	1,637,565	1,785,570
Fund balances:			
Unreserved:			
Undesignated	7,290,991	6,731,088	14,022,079
Total fund balances	7,290,991	6,731,088	14,022,079
Total liabilities and fund balances	$ 7,438,996	8,368,653	15,807,649

CITY OF COMMERCE
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Totals
Revenues:			
Intergovernmental	$ 1,535,010	-	1,535,010
Investment income	180,463	116,535	296,998
Rental income	126,396	-	126,396
Miscellaneous	-	430,369	430,369
Total revenues	1,841,869	546,904	2,388,773
Expenditures:			
Current:			
Public safety	139,086	-	139,086
Debt service:			
Principal	-	315,000	315,000
Interest and fiscal charges	-	592,772	592,772
Total expenditures	139,086	907,772	1,046,858
Excess (deficiency) of revenues over (under) expenditures	1,702,783	(360,868)	1,341,915
Other financing sources (uses):			
Transfers in	-	890,930	890,930
Transfers out	(2,075,148)	(373,386)	(2,448,534)
Total other financing sources (uses)	(2,075,148)	517,544	(1,557,604)
Net change in fund balances	(372,365)	156,676	(215,689)
Fund balances at beginning of year	7,663,356	6,574,412	14,237,768
Fund balances at end of year	$ 7,290,991	6,731,088	14,022,079

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CITY OF COMMERCE
Non-Major Special Revenue Funds

Combining Balance Sheet

June 30, 2009

	UDAG	Supplemental Law Enforcement	Local Law Enforcement Block Grant
Assets			
Cash and investments	$ 6,850,324	166,576	67,380
Due from other governments	-	-	-
Total assets	$ 6,850,324	166,576	67,380
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	19,765	-
Deposits payable	21,253	-	-
Due to other funds	-	-	-
Total liabilities	21,253	19,765	-
Fund balances:			
Unreserved	6,829,071	146,811	67,380
Total fund balances	6,829,071	146,811	67,380
Total liabilities and fund balances	$ 6,850,324	166,576	67,380

Proposition A Local Return Tax	State Gas Tax	CDBG	Air Quality Management District	Totals
56,415	-	134,651	88,000	7,363,346
-	-	43,962	31,688	75,650
56,415	-	178,613	119,688	7,438,996
-	-	11,374	-	31,139
-	-	-	-	21,253
-	-	91,231	4,382	95,613
-	-	102,605	4,382	148,005
56,415	-	76,008	115,306	7,290,991
56,415	-	76,008	115,306	7,290,991
56,415	-	178,613	119,688	7,438,996

CITY OF COMMERCE
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	UDAG	Supplemental Law Enforcement	Local Law Enforcement Block Grant
Revenues:			
Intergovernmental	$ -	53,937	14,723
Investment income	151,482	4,357	1,229
Rental income	126,396	-	-
Total revenues	277,878	58,294	15,952
Expenditures:			
Current:			
Public safety	-	103,970	244
Total expenditures	-	103,970	244
Excess (deficiency) of revenues over (under) expenditures	277,878	(45,676)	15,708
Other financing sources (uses):			
Transfers out	(222,463)	-	-
Total other financing sources (uses)	(222,463)	-	-
Net change in fund balances	55,415	(45,676)	15,708
Fund balances (deficit) at beginning of year	6,773,656	192,487	51,672
Fund balances (deficit) at end of year	$ 6,829,071	146,811	67,380

Proposition "A" Local Return Tax	State Gas Tax	CDBG	Air Quality Management District	Totals
918,356	222,344	214,678	110,972	1,535,010
19,689	959	2,000	747	180,463
-	-	-	-	126,396
938,045	223,303	216,678	111,719	1,841,869
-	-	34,872	-	139,086
-	-	34,872	-	139,086
938,045	223,303	181,806	111,719	1,702,783
(1,617,796)	(174,869)	(43,962)	(16,058)	(2,075,148)
(1,617,796)	(174,869)	(43,962)	(16,058)	(2,075,148)
(679,751)	48,434	137,844	95,661	(372,365)
736,166	(48,434)	(61,836)	19,645	7,663,356
56,415	-	76,008	115,306	7,290,991

CITY OF COMMERCE
Special Revenue Funds

Urban Development Action Grant (UDAG) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Investment income	$ 250,000	250,000	151,482	(98,518)
Rental income	150,000	150,000	126,396	(23,604)
Total revenues	400,000	400,000	277,878	(122,122)
Other financing sources (uses):				
Transfers out	(222,463)	(222,463)	(222,463)	-
Net change in fund balances	177,537	177,537	55,415	(122,122)
Fund balances at beginning of year	6,773,656	6,773,656	6,773,656	-
Fund balances at end of year	$ 6,951,193	6,951,193	6,829,071	(122,122)

CITY OF COMMERCE
Special Revenue Funds

Supplemental Law Enforcement Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 100,000	100,000	53,937	(46,063)
Investment income	5,000	5,000	4,357	(643)
Total revenues	105,000	105,000	58,294	(46,706)
Expenditures:				
Current:				
Public safety	100,000	100,000	103,970	(3,970)
Total expenditures	100,000	100,000	103,970	(3,970)
Net change in fund balances	5,000	5,000	(45,676)	(50,676)
Fund balances at beginning of year	192,487	192,487	192,487	-
Fund balances at end of year	$ 197,487	197,487	146,811	(50,676)

CITY OF COMMERCE
Special Revenue Funds

Local Law Enforcement Block Grant Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 11,000	11,000	14,723	3,723
Investment income	750	750	1,229	479
Total revenues	11,750	11,750	15,952	4,202
Expenditures:				
Current:				
Public safety	11,000	11,000	244	10,756
Total expenditures	11,000	11,000	244	10,756
Net change in fund balances	750	750	15,708	14,958
Fund balances at beginning of year	51,672	51,672	51,672	-
Fund balances at end of year	$ 52,422	52,422	67,380	14,958

CITY OF COMMERCE
Special Revenue Funds

Proposition A Local Return Tax Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 1,000,000	1,000,000	918,356	(81,644)
Investment income	30,000	30,000	19,689	(10,311)
Total revenues	1,030,000	1,030,000	938,045	(91,955)
Other financing sources (uses):				
Transfers out	(1,000,000)	(1,000,000)	(1,617,796)	(617,796)
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(1,617,796)	(617,796)
Net change in fund balances	30,000	30,000	(679,751)	(709,751)
Fund balances at beginning of year	736,166	736,166	736,166	-
Fund balances at end of year	$ 766,166	766,166	56,415	(709,751)

CITY OF COMMERCE
Special Revenue Funds

State Gas Tax Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 272,500	272,500	222,344	(50,156)
Investment income	-	-	959	959
Total revenues	272,500	272,500	223,303	(49,197)
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	272,500	272,500	223,303	(49,197)
Other financing sources (uses):				
Transfers out	(275,000)	(275,000)	(174,869)	100,131
Total other financing sources (uses)	(275,000)	(275,000)	(174,869)	100,131
Net change in fund balances	(2,500)	(2,500)	48,434	50,934
Fund balances (deficit) at beginning of year	(48,434)	(48,434)	(48,434)	-
Fund balances (deficit) at end of year	$ (50,934)	(50,934)	-	50,934

CITY OF COMMERCE
Special Revenue Funds

Community Development Block Grant (CDBG) Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 184,585	184,585	214,678	30,093
Investment income	1,800	1,800	2,000	200
Total revenues	186,385	186,385	216,678	30,293
Expenditures:				
Current:				
Planning and development	5,000	5,000	8,805	(3,805)
Public safety	26,803	26,803	26,067	736
Total expenditures	31,803	31,803	34,872	(3,069)
Excess (deficiency) of revenues over (under) expenditures	154,582	154,582	181,806	27,224
Other financing sources (uses):				
Transfers out	(152,782)	(152,782)	(43,962)	108,820
Total other financing sources (uses)	(152,782)	(152,782)	(43,962)	108,820
Net change in fund balances	1,800	1,800	137,844	136,044
Fund balance (deficit) at beginning of year	(61,836)	(61,836)	(61,836)	-
Fund balance (deficit) at end of year	$ (60,036)	(60,036)	76,008	136,044

CITY OF COMMERCE
Special Revenue Funds

Air Quality Management District (AQMD) Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual

Year ended June 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ -	-	110,972	110,972
Investment income	-	-	747	747
Total revenues	-	-	111,719	111,719
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	111,719	111,719
Other financing sources (uses):				
Transfers out	-	-	(16,058)	(16,058)
Total other financing sources (uses)	-	-	(16,058)	(16,058)
Net change in fund balances	-	-	95,661	95,661
Fund balance at beginning of year	19,645	19,645	19,645	-
Fund balance at end of year	$ 19,645	19,645	115,306	95,661

CITY OF COMMERCE
Non-Major Debt Service Funds

Combining Balance Sheet

June 30, 2009

	Community Center	Joint Powers Financing Authority	Totals
Assets			
Cash and investments	$ -	376,502	376,502
Cash and investments with fiscal agent	6,928,937	1,063,214	7,992,151
Total assets	$ 6,928,937	1,439,716	8,368,653
Liabilities and Fund Balances			
Liabilities:			
Due to other funds	$ 1,637,565	-	1,637,565
Total liabilities	1,637,565	-	1,637,565
Fund balances:			
Unreserved	5,291,372	1,439,716	6,731,088
Total fund balances	5,291,372	1,439,716	6,731,088
Total liabilities and fund balances	$ 6,928,937	1,439,716	8,368,653

CITY OF COMMERCE
Non-Major Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

	Community Center	Joint Powers Financing Authority	Totals
Revenues:			
Investment income	$ 100,421	16,114	116,535
Miscellaneous	-	430,369	430,369
Total revenues	100,421	446,483	546,904
Expenditures:			
Debt service:			
Principal	315,000	-	315,000
Interest and fiscal charges	574,147	18,625	592,772
Total expenditures	889,147	18,625	907,772
Excess (deficiency) of revenues over (under) expenditures	(788,726)	427,858	(360,868)
Other financing sources (uses):			
Transfers in	872,305	18,625	890,930
Transfers out	(7,105)	(366,281)	(373,386)
Total other financing sources (uses)	865,200	(347,656)	517,544
Net change in fund balances	76,474	80,202	156,676
Fund balances at beginning of year	5,214,898	1,359,514	6,574,412
Fund balances at end of year	$ 5,291,372	1,439,716	6,731,088

NON MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a similar manner to private sector business enterprises, where the intent is that costs of providing goods or services to the general public be financed primarily through user charges.

The City of Commerce has the following Non-Major Enterprise Funds:

Water Fund – This fund is used to account for the water operations service provided to a portion of the residents.

Cable Television Fund – This fund is used to account for the City-owned cable television operations.

CITY OF COMMERCE
Non-Major Enterprise Funds

Combining Statement of Net Assets

June 30, 2009

	Water	Cable Television	Totals
Assets			
Current assets:			
Cash and investments	$ -	56,652	56,652
Accounts receivable, net	-	5,548	5,548
Prepaid items and deposits	51,697	-	51,697
Total current assets	51,697	62,200	113,897
Noncurrent assets			
Advances to other funds	2,700,000	-	2,700,000
Capital assets:			
Land	209,311	125,000	334,311
Water rights	1,226,994	-	1,226,994
Machinery and equipment	5,936,496	1,165,410	7,101,906
Less: Accumulated depreciation	(5,624,011)	(1,058,958)	(6,682,969)
Total noncurrent assets	4,448,790	231,452	4,680,242
Total assets	4,500,487	293,652	4,794,139
Liabilities			
Current liabilities:			
Accounts payable	127,853	37,244	165,097
Accrued salaries and benefits	-	2,285	2,285
Due to other funds	2,094,457	125,000	2,219,457
Total liabilities	2,222,310	164,529	2,386,839
Net Assets			
Invested in capital assets	1,748,790	231,452	1,980,242
Unrestricted	529,387	(102,329)	427,058
Total net assets	$ 2,278,177	129,123	2,407,300

CITY OF COMMERCE
Non-Major Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

	Water	Cable Television	Totals
Operating revenues:			
Charges for services	$ -	31,972	31,972
Total operating revenues	-	31,972	31,972
Operating expenses:			
General and administrative	56,610	249,269	305,879
Operations	96,623	74,707	171,330
Depreciation	291,504	22,069	313,573
Total operating expenses	444,737	346,045	790,782
Operating income (loss)	(444,737)	(314,073)	(758,810)
Transfers in	-	276,570	276,570
Changes in net assets	(444,737)	(37,503)	(482,240)
Net assets at beginning of year	2,722,914	166,626	2,889,540
Net assets at end of year	$ 2,278,177	129,123	2,407,300

CITY OF COMMERCE
Non-Major Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2009

	Water	Cable Television	Totals
Cash flows from operating activities:			
Cash received from customers	$ -	39,682	39,682
Cash payments to suppliers for goods and services	(86,340)	(54,406)	(140,746)
Cash payments to emplyees	(56,610)	(247,932)	(304,542)
Net cash provided by (used for) operating activities	(142,950)	(262,656)	(405,606)
Cash flows from non-capital financing activities:			
Cash received from other funds	178,860	276,570	455,430
Net cash provided by (used for) non-capital financing activities	178,860	276,570	455,430
Cash flows from capital and related activities:			
Cash paid to acquire capital assets	(35,910)	-	(35,910)
Net cash provided by (used for) capital and related activities	(35,910)	-	(35,910)
Net increase (decrease) in cash and cash equivalents	-	13,914	13,914
Cash and cash equivalents at beginning of year	-	42,738	42,738
Cash and cash equivalents at end of year	$ -	56,652	56,652
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ (444,737)	(314,073)	(758,810)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	291,504	22,069	313,573
Adjustments:			
(Increase) decrease in prepaid items	(14,697)	-	(14,697)
(Increase) decrease in accounts receivable	-	7,710	7,710
Increase (decrease) in accounts payable	24,980	20,301	45,281
Increase (decrease) in accrued liabilities	-	1,337	1,337
Net cash provided by (used for) operating activities	$ (142,950)	(262,656)	(405,606)

There were no noncash capital, financing and investing activities for the year ended June 30, 2009.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in this fund and charged to the user departments as such goods are delivered or services rendered.

The City of Commerce has the following Internal Service Funds:

Central Garage Fund – This fund is used to account for the repair and service of City-owned mobile equipment.

Central Stores Fund – This fund is used to account for the acquisition and warehousing of supplies utilized by departments within the City.

CITY OF COMMERCE
Internal Service Funds

Combining Statement of Net Assets

June 30, 2009

	Central Garage	Central Stores	Totals
Assets			
Current assets:			
Cash and investments	$ 205,429	137,741	343,170
Total assets	205,429	137,741	343,170
Liabilities			
Current liabilities:			
Accounts payable	113,703	-	113,703
Accrued salaries and benefits	2,218	-	2,218
Total liabilities	115,921	-	115,921
Net Assets			
Unrestricted	89,508	137,741	227,249
Total net assets	$ 89,508	137,741	227,249

CITY OF COMMERCE
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

	Central Garage	Central Stores	Totals
Operating revenues:			
Charges for services	$ 311,036	-	311,036
Total operating revenues	311,036	-	311,036
Operating expenses:			
General and administrative	518,740	-	518,740
Operations	296,862	-	296,862
Total operating expenses	815,602	-	815,602
Income (loss) before transfers	(504,566)	-	(504,566)
Transfers in	372,077	-	372,077
Change in net assets	(132,489)	-	(132,489)
Net assets at beginning of year	221,997	137,741	359,738
Net assets at end of year	$ 89,508	137,741	227,249

CITY OF COMMERCE
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2009

	Central Garage	Central Stores	Totals
Cash flows from operating activities:			
Cash received from user departments	$ 311,036	-	311,036
Cash payments to suppliers for goods and services	(320,917)	-	(320,917)
Cash payments to employees	(517,780)	-	(517,780)
Net cash provided by (used for) operating activities	(527,661)	-	(527,661)
Cash flows from non-capital financing activities:			
Cash received from other funds	372,077	-	372,077
Net cash provided by (used for) non-capital financing activities	372,077	-	372,077
Net increase (decrease) in cash and cash equivalents	(155,584)	-	(155,584)
Cash and cash equivalents at beginning of year	361,013	137,741	498,754
Cash and cash equivalents at end of year	$ 205,429	137,741	343,170
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ (504,566)	-	(504,566)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Adjustments:			
Increase (decrease) in accounts payable	(24,055)	-	(24,055)
Increase (decrease) in accrued liabilities	960	-	960
Net cash provided by (used for) operating activities	$ (527,661)	-	(527,661)

There were no noncash capital, financing and investing activities for the year ended June 30, 2009

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for an individual, private organizations and other governmental units. The agency funds and their purposes are as follows:

The City of Commerce has the following agency fund:

Cash Deposits Fund - To account for cash deposits where the City acts as an agent for debt service activity.

CITY OF COMMERCE
Cash Deposits Agency Fund

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2009

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Assets				
Cash and investments	$ 516,596	-	59,770	456,826
Total assets	$ 516,596	-	59,770	456,826
Liabilities				
Accounts payable	$ -	66,169	-	66,169
Deposits payable	516,596	-	125,939	390,657
Total liabilities	$ 516,596	66,169	125,939	456,826

STATISTICAL SECTION

Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF COMMERCE

Net Assets by Component

Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	(28,637,654)	(64,082,027)	(80,164,000)	(29,578,541)	(35,988,743)	(57,251,831)	(57,521,168)
Restricted	49,808,193	103,987,262	121,522,451	86,626,421	74,367,830	10,920,863	3,941,343
Unrestricted	23,287,969	20,979,513	21,040,670	21,826,673	49,830,630	139,147,166	139,073,655
Total governmental activities net assets	44,458,508	60,884,748	62,399,121	78,874,553	88,209,717	92,816,198	85,493,830
Business-type activities:							
Invested in capital assets, net of related debt	10,979,998	9,976,441	7,507,704	9,161,881	9,717,831	9,205,642	11,171,521
Restricted							
Unrestricted	5,085,850	2,564,586	4,074,831	1,363,291	848,744	(432,900)	(847,500)
Total business-type activities net assets	16,065,848	12,541,027	11,582,535	10,525,172	10,566,575	8,772,742	10,324,021
Primary government:							
Invested in capital assets, net of related debt	(17,657,656)	(54,105,586)	(72,656,296)	(20,416,660)	(26,270,912)	(48,046,189)	(46,349,647)
Restricted	49,808,193	103,987,262	121,522,451	86,626,421	74,367,830	10,920,863	3,941,343
Unrestricted	28,373,819	23,544,099	25,115,501	23,189,964	50,679,374	138,714,266	138,226,155
Total primary government net assets	60,524,356	73,425,775	73,981,656	89,399,725	98,776,292	101,588,940	95,817,851

The City of Commerce implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF COMMERCE
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	13,139,118	17,735,863	19,216,052	14,440,629	16,891,474	15,824,307	21,404,492
Public safety	12,251,354	13,555,848	13,694,828	12,798,953	13,741,711	14,671,657	16,197,845
Public works	2,156,381	2,109,522	2,318,999	2,119,550	2,863,690	3,197,631	4,900,387
Community development	7,784,154	5,890,086	6,574,946	6,034,767	6,429,943	7,028,967	3,257,937
Parks and Recreation	8,754,035	9,121,359	9,387,845	10,309,407	10,158,100	10,633,778	10,949,754
Library	2,476,032	2,461,733	2,402,587	2,554,010	2,862,061	3,220,489	3,216,089
Interest on long-term debt	7,143,899	8,513,881	10,444,185	9,299,836	9,101,258	9,684,698	9,996,589
Total governmental activities expenses	53,704,973	59,388,292	64,039,442	57,557,152	62,048,237	64,261,527	69,923,093
Business-type activities:							
Citadel Authority	8,315,493						
Transit	2,876,149	2,980,087	3,051,138	3,330,525	3,285,381	3,682,946	3,267,752
Water	1,612,125	807,382	583,008	528,814	459,317	402,063	444,737
Cable Television	223,393	239,572	280,934	320,510	342,295	340,497	346,045
Total business-type activities expenses	13,027,160	4,027,041	3,915,080	4,179,849	4,086,993	4,425,506	4,058,534
Total primary government expenses	66,732,133	63,415,333	67,954,522	61,737,001	66,135,230	68,687,033	73,981,627
Program revenues:							
Governmental activities:							
Charges for services:							
General government	124,157	475,829	445,845	2,656,244	2,506,530	862,446	845,966
Public safety	170,925	192,875	197,343	-	-	161,491	233,659
Public works	324,323	341,277	392,123	206,527	215,474	-	-
Community development	1,723,744	1,726,119	1,461,203	-	674,996	2,204,296	2,034,696
Library	48,855	37,205	40,958	35,957	32,373	61,536	23,943
Parks and recreation	344,111	398,967	432,165	423,820	473,395	486,158	483,122
Operating grants and contributions	2,485,200	3,028,580	1,811,158	2,616,670	3,091,095	4,847,995	3,813,612
Capital grants and contributions	44,146	30,800	207,970	-	-	400,000	150,923
Total governmental activities program revenues	5,265,461	6,231,652	4,988,765	5,939,218	6,993,863	9,023,922	7,585,921
Business-type activities:							
Charges for services:							
Citadel Authority	9,290,126						
Transit	-	-	-	-	-	-	-
Water	1,763,803	-	-	-	-	-	-
Cable Television	65,147	64,516	56,712	50,587	61,440	43,408	31,972
Operating grants and contributions	1,372,215	1,208,941	1,356,282	1,357,140	1,341,483	1,057,156	3,423,936
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	12,491,291	1,273,457	1,412,994	1,407,727	1,402,923	1,100,564	3,455,908
Total primary government program revenues	17,756,752	7,505,109	6,401,759	7,346,945	8,396,786	10,124,486	11,041,829
Net revenues (expenses):							
Governmental activities	(48,439,512)	(53,156,640)	(59,050,677)	(51,617,934)	(55,054,374)	(55,237,605)	(62,337,172)
Business-type activities	(535,869)	(2,753,584)	(2,502,086)	(2,772,122)	(2,684,070)	(3,324,942)	(602,626)
Total net revenues (expenses)	(48,975,381)	(55,910,224)	(61,552,763)	(54,390,056)	(57,738,444)	(58,562,547)	(62,939,798)

(Continued)

CITY OF COMMERCE
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Casino license tax	15,012,228	15,722,281	17,428,322	19,081,838	21,221,796	22,667,115	21,095,275
Property taxes	12,344,899	13,799,718	18,566,291	14,417,628	15,766,275	15,484,157	15,593,558
Sales tax	10,634,666	11,568,746	10,676,245	14,711,153	15,915,922	16,353,317	16,728,923
Business License tax	810,266	798,590	826,069				
Franchise taxes	1,171,103	1,172,413	1,112,744	1,199,544	1,239,109	1,157,899	1,187,398
Transient occupancy taxes	-	-	-	981,102	2,045,918	2,187,982	1,899,796
Motor vehicle in lieu, unrestricted	742,483	601,583	287,356	914,608	896,548	954,809	1,059,444
Rental Income	2,949,147	2,712,082	1,740,100	-	-	-	-
Investment income	3,798,975	5,567,788	3,542,248	4,165,719	4,681,652	4,585,456	3,515,745
Sale of property	-	15,416,261	9,614,151	-	-	-	-
Intergovernmental, unrestricted	-	-	-	3,602,205	1,788,110	1,644,693	-
Miscellaneous revenues	1,419,286	1,431,789	(1,706,613)	2,356,042	3,386,308	1,627,044	1,645,234
Transfers	(1,524,488)	(1,689,093)	(1,544,990)	(1,933,319)	(2,725,473)	(1,531,109)	(1,894,366)
Total governmental activities	47,358,565	67,102,158	60,541,923	59,496,520	64,216,165	65,131,363	60,831,007
Business-type activities:							
Investment income	3,042	20,392	4,004	-	-	-	-
Transfers	1,524,488	1,689,093	1,544,990	1,933,319	2,725,473	1,531,109	1,894,366
Total business-type activities	1,527,530	1,709,485	1,548,994	1,933,319	2,725,473	1,531,109	1,894,366
Total primary government	48,886,095	68,811,643	62,090,917	61,429,839	66,941,638	66,662,472	62,725,373
Changes in net assets							
Governmental activities	(1,080,947)	13,945,518	1,491,246	7,878,586	9,161,791	9,893,758	(1,506,165)
Business-type activities	991,661	(1,044,099)	(953,092)	(838,803)	41,403	(1,793,833)	1,291,740
Total primary government	(89,286)	12,901,419	538,154	7,039,783	9,203,194	8,099,925	(214,425)

The City of Commerce implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF COMMERCE

Fund Balances of Governmental Funds

Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General fund:							
Reserved	12,959,989	13,656,227	12,796,287	12,243,762	14,102,208	12,580,739	12,524,030
Unreserved	3,482,014	2,732,304	3,639,316	8,709,875	9,405,130	12,462,392	13,096,988
Total general fund	16,442,003	16,388,531	16,435,603	20,953,637	23,507,338	25,043,131	25,621,018
All other governmental funds:							
Reserved	78,007,698	69,330,967	85,475,440	63,230,125	79,616,682	81,299,408	64,561,820
Unreserved, reported in:							
Special revenue funds	6,673,540	6,945,488	8,126,202	14,034,613	15,361,611	23,782,402	23,685,219
Debt service funds	(3,429,881)	40,779,084	26,220,659	57,900,984	59,701,697	63,934,115	64,380,169
Capital projects funds	(26,137,905)	(8,783,960)	9,888,801	(2,342,763)	(19,868,092)	45,020,349	49,232,460
Total all other governmental funds	55,113,452	108,271,579	129,711,102	132,822,959	134,811,898	214,036,274	201,859,668

The City of Commerce implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF COMMERCE

Changes in Fund Balances of Governmental Funds

Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues:							
Taxes	24,150,670	26,540,875	30,355,280	34,629,662	38,514,264	39,821,812	40,023,311
Casino license tax	-	-	-	19,081,838	21,221,796	22,667,115	21,095,275
Licenses and permits	17,549,067	18,250,186	19,717,248	2,656,229	2,506,530	3,102,448	2,880,662
Fines and forfeitures	168,096	189,679	195,688	206,527	215,474	161,491	257,603
Investment income	3,809,215	8,026,452	3,560,792	4,165,719	5,378,004	4,573,986	3,515,745
Rental income	3,159,955	255,036	483,611	1,223,947	936,585	723,613	692,172
Intergovernmental	3,306,993	3,723,897	1,003,139	3,602,205	2,360,915	3,313,647	2,538,032
Charges for services	988,355	965,076	1,061,616	1,329,154	1,197,648	1,407,376	1,340,772
Activity Fees	387,155	447,533	1,740,100	459,777	505,768	547,694	483,122
Sale of Citadel / Property	-	15,416,261	24,000,000	-	-	-	-
Other	760,326	1,840,120	7,355,307	2,450,054	2,373,403	2,831,191	1,645,234
Total revenues	54,279,832	75,655,115	89,472,781	69,805,112	75,210,387	79,150,373	74,471,928
Expenditures							
Current:							
General government	13,022,093	17,859,008	19,258,191	15,008,572	17,612,838	18,211,676	21,329,416
Public safety	12,191,016	13,549,322	13,680,741	12,772,565	13,285,301	14,644,542	15,523,154
Public works	1,971,679	1,927,178	2,172,772	1,973,538	2,768,577	3,311,795	4,560,649
Community development	3,853,872	3,815,753	2,832,456	5,949,287	6,216,382	6,109,380	4,851,198
Library	2,430,966	2,437,593	2,379,117	2,505,707	2,767,002	3,186,168	3,037,302
Parks, recreation and culture	7,665,220	8,066,062	8,434,528	9,017,017	9,820,714	10,365,481	9,820,859
Capital outlay	5,889,354	11,621,007	3,717,264	127,282	245,274	1,636,332	386,226
Debt service:							
Principal retirement	4,249,722	10,636,235	19,771,571	4,597,180	6,112,623	5,150,560	5,871,179
Interest and fiscal charges	5,764,866	5,954,930	9,257,685	10,109,154	7,597,938	7,645,536	9,247,220
Bond Issuance Costs						2,392,879	-
Payment to bond escrow agent						5,297,255	-
Pass-through payments	-	-	-	-	1,325,248	2,006,249	3,635,798
Total expenditures	57,038,788	75,867,088	81,504,325	62,060,302	67,751,897	79,957,853	78,263,001
Excess (deficiency) of revenues over (under) expenditures	(2,758,956)	(211,973)	7,968,456	7,744,810	7,458,490	(807,480)	(3,791,073)
Other financing sources (uses):							
Transfers in	21,179,459	23,110,477	23,763,879	25,055,015	30,205,114	34,049,740	29,855,879
Transfers out	(22,703,947)	(24,799,571)	(25,308,869)	(26,988,334)	(32,947,592)	(35,580,849)	(32,122,322)
Issuance of bonds	-	52,525,000	15,040,000	-	-	138,915,753	-
Payment to bond escrow agent	-	-	-	-	-	(56,008,368)	-
Total other financing sources (uses)	(1,524,488)	50,835,906	13,495,010	(1,933,319)	(2,742,478)	81,376,276	(2,266,443)
Net change in fund balances	(4,283,444)	50,623,933	21,463,466	5,811,491	4,716,012	80,568,796	(6,057,516)
Debt service as a percentage of noncapital expenditures	15.0%	16.7%	18.5%	22.3%	19.2%	20.4%	33.6%

The City of Commerce implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

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				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions [1]	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions [1]	Taxable Assessed Value	
1999	1,352,895	442,670		1,795,565	678,209	192,814		871,023	0.093%
2000	674,459	463,930		1,138,389	1,433,855	257,978		1,691,833	0.093%
2001	689,623	213,467		903,090	1,503,548	503,844		2,007,392	0.093%
2002	731,250	215,343	-	946,593	1,537,721	570,229	-	2,107,950	0.093%
2003	761,975	240,177	-	1,002,152	1,651,740	548,550	-	2,200,290	0.093%
2004	791,554	241,666	-	1,033,220	1,725,449	530,185	-	2,255,634	0.093%
2005	847,413	234,456	-	1,081,869	1,801,403	491,620	-	2,293,023	0.093%
2006	897,076	238,531	-	1,135,607	2,006,696	487,645	-	2,494,341	0.093%
2007	950,650	235,577	-	1,186,227	2,082,111	486,053	-	2,568,164	0.093%
2008	957,294	213,131	-	1,170,425	2,266,652	474,724	-	2,741,376	0.093%
2009	1,049,626	204,194	-	1,253,820	2,402,608	477,214	-	2,879,822	0.093%

[1] Beginning with the fiscal year ended June 30, 2002, exemptions are netted directly against the individual property categories.

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.

Source: Commerce County Assessor's Office

CITY OF COMMERCE

Direct and Overlapping Property Tax Rates
(Rate per $100 of assessed value)

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City Direct Rates:										
City basic rate	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068
Redevelopment agency	0.026	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Total City Direct Rate	0.094	0.093	0.093	0.093	0.093	0.093	0.093	0.093	0.093	0.093
Overlapping Rates:										
LA Detention Facilities	0.009	0.009	0.009	0.008	0.007	0.006	0.006	0.006	0.006	0.006
Commerce Sanitary District	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
Commerce Unified School District	0.001	0.004	0.008	0.008	0.010	0.013	0.012	0.012	0.012	0.013
Commerce Unified School District Bonds	0.011	0.006	0.002	0.002	0.008	0.006	0.008	0.007	0.008	0.008
County of Commerce	0.838	0.837	0.834	0.835	0.834	0.832	0.833	0.834	0.834	0.833
Total Direct Rate	0.956	0.952	0.949	0.949	0.955	0.953	0.955	0.955	0.956	0.956

NOTE:
In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the Example Unified School District bonds.

Source: Los Angeles County Assessor's Office

CITY OF COMMERCE

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2009 Taxable Assessed Value	2009 Percent of Total City Taxable Assessed Value	2000 Taxable Assessed Value	2000 Percent of Total City Taxable Assessed Value
AMB Institutional Alliance Fund II	$ 137,181,893	3.51%	8,376,347	0.31%
Craig Realty Group Citadel LLC	119,246,544	3.05%		
California Commerce Club Inc.	106,822,283	2.73%	53,746,438	2.02%
Rreef America Reit II Corporation	87,351,300	2.23%		
LIT Commerce Distribution Center	84,071,282	2.15%		
Smart & Final Properties LLC	61,937,953	1.58%	32,642,290	1.22%
PRI Garfield Industrial California LLC	57,859,500	1.48%		
Certified Grocers of CA Limited	53,223,315	1.36%	42,793,771	1.60%
Vons Companies / Safeway Inc.	49,452,263	1.26%	21,827,536	0.82%
ARI COP 17 LLC	46,171,030	1.18%		
Cenveo Commercial Printing Inc.	41,282,483	1.06%		
AP Commerce LLC	32,360,478	0.83%		
Hills Pet Nutrition Inc.	26,285,347	0.67%	20,929,347	0.78%
5777 Smithway Commerce LLC	25,468,992	0.65%		
Ashland Chemical Inc.	24,137,034	0.62%	6,425,306	0.24%
PeachTree Commerce LLC	23,460,000	0.60%		
Sinclair Ameritone Paint Corporation	22,142,726	0.57%	11,470,000	0.43%
CG Lina Paper Box LLC	21,191,824	0.54%		
REVX 493 LLC	20,036,880	0.51%		
W2205 WYN Hotels LP	17,509,930	0.45%	12,005,754	0.45%
Glidden Company	17,458,470	0.45%	5,108,237	0.19%
Commerce Business Portfolio LLC	14,739,049	0.38%	9,400,000	0.35%
	$1,089,390,576	27.85%	$ 224,725,026	8.43%

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

Source: Los Angeles County Assessor's Office

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
1999	8,119,033	7,940,412	97.80%	268,071	8,208,483	101.10%
2000	10,026,248	9,643,471	96.18%	379,499	10,022,970	99.97%
2001	10,440,044	10,015,905	95.94%	171,099	10,187,004	97.58%
2002	12,276,469	11,802,706	96.14%	679,652	12,482,358	101.68%
2003	13,521,455	12,831,098	94.89%	302,050	13,133,148	97.13%
2004	13,772,509	13,221,376	96.00%	370,895	13,592,271	98.69%
2005	15,369,274	14,753,256	95.99%	576,026	15,329,282	99.74%
2006	17,543,210	16,463,952	93.85%	648,182	17,112,134	97.54%
2007	17,181,443	16,908,962	98.41%	1,292,831	18,201,793	105.94%
2008	17,255,072	17,142,440	99.35%	398,321	17,540,761	101.66%
2009	19,155,236	19,040,059	99.40%	525,897	19,565,956	102.14%

NOTE:
The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Los Angeles County Auditor Controller's Office

CITY OF COMMERCE

Card Club License Fee by Category

Last Ten Calendar Years

(in thousands of dollars)

	Calendar Year									
	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Card Room -- Gaming Re	$ 12,405	12,356	14,268	14,892	15,602	17,308	18,962	21,102	22,547	20,975
Monthly License Fee	120	120	120	120	120	120	120	120	120	120
Total	$ 12,525	12,476	14,388	15,012	15,722	17,428	19,082	21,222	22,667	21,095
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 reque the City of Commerce - Finance Department.

Source: City of Commerce - Finance Department.

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

CITY OF COMMERCE

Direct and Overlapping Card Club Rates

Last Ten Fiscal Years

Monthly Gross Card Club Revenue	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009
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%

Source: City of Commerce - Finance Department.

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

CITY OF COMMERCE

Principal Card Club Remitter

Current Year and Nine Years Ago

	2009			2000		
Tax Remitter	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Commerce Casino	$21,095,275	1	100.00%	*Information is not available*		
Total	$21,095,275		100.00%			

Source: City of Commerce - Finance Department.

CITY OF COMMERCE

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities			
Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds [1]	Loans	Total Governmental Activities
2001	15,173,765	76,724,813	7,115,713	99,014,291
2002	16,382,567	82,615,022	6,936,563	105,934,152
2003	15,883,799	80,445,350	755,609	97,084,758
2004	9,165,361	130,739,677	572,813	140,477,851
2005	2,017,217	134,902,307	444,387	137,363,911
2005	2,017,217	134,902,307	444,387	137,363,911
2006	1,811,833	132,535,789	332,795	134,680,417
2007	558,891	129,739,897	219,249	130,518,037
2008	440,005	147,340,000	105,703	147,885,708
2009	313,826	143,495,000	-	143,808,826

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.

Business-type Activities					
Water Revenue Bonds	Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income [2]	Debt Per Capita [2]
1,491,855	28,000,000	29,491,855	128,506,146	79.80%	10,590
1,164,183	28,000,000	29,164,183	135,098,335	77.73%	10,749
826,509	24,050,953	24,877,462	121,962,220	62.53%	9,358
468,836	-	468,836	140,946,687	70.50%	10,815
-	-	-	137,363,911	66.82%	10,540
-	-	-	137,363,911	67.01%	10,272
-	-	-	134,680,417	63.76%	10,032
-	-	-	130,518,037	59.42%	9,642
-	-	-	147,885,708	63.82%	10,718
-	-	-	143,808,826	59.92%	10,414

CITY OF COMMERCE

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

	Outstanding General Bonded Debt				
Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
1999	514,862	83,114,813	83,629,675	3.14%	39
2000	1,568,505	79,994,813	81,563,318	2.88%	129
2001	15,173,765	76,724,813	91,898,578	3.16%	1207
2002	16,382,567	82,615,022	98,997,589	3.24%	1257
2003	15,883,799	80,445,350	96,329,149	3.01%	1219
2004	9,165,361	130,739,677	139,905,038	4.25%	703
2005	2,017,217	134,902,307	136,919,524	4.06%	151
2006	1,811,833	132,535,789	134,347,622	3.68%	88
2007	558,891	129,739,897	130,298,788	3.47%	97
2008	440,005	147,340,000	147,780,005	3.78%	107
2009	313,826	143,495,000	143,808,826	3.48%	102

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.

CITY OF COMMERCE

Direct and Overlapping Debt

June 30, 2009

City Assessed Valuation	$ 1,253,820,000
Redevelopment Agency Incremental Valuation	2,879,822,000
Total Assessed Valuation	$ 4,133,642,000

	Percentage Applicable [1]	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Los Angeles Flood Contruction Storm Drains	0.250%	345,000	863
Metropolitan Water District -- Central Basin	0.321%	156,684,209	502,956
Los Angeles Unified School District	0.062%	6,392,025,000	3,963,056
Los Angeles City Community College District	0.755%	1,002,474,898	7,568,685
Montebello Unified School District	31.395%	111,767,501	35,089,407
City of Commerce Community Development Commission	100.000%	59,915,000	59,915,000
City of Commerce Joint Powers Financing Authority	100.000%	86,445,000	86,445,000
Total direct and overlapping debt		7,809,656,608	193,484,967

Notes:

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

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

Source: California Municipal Statistics, Inc.

CITY OF COMMERCE

Legal Debt Margin Information

Last Ten Fiscal Years

	2000	2001	2002	2003
Assessed valuation	2,830,222,000	2,910,482,000	3,054,543,000	3,202,442,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	707,555,500	727,620,500	763,635,750	800,610,500
Debt limit percentage	15%	15%	15%	15%
Debt limit	106,133,325	109,143,075	114,545,363	120,091,575
Total net debt applicable to limit: General obligation bonds	1,568,505	15,173,765	16,382,567	15,883,799
Legal debt margin	104,564,820	93,969,310	98,162,796	104,207,776
Total debt applicable to the limit as a percentage of debt limit	1.5%	13.9%	14.3%	13.2%

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

Source: City Finance Department
Los Angeles County Tax Assessor's Office

Fiscal Year					
2004	2005	2006	2007	2008	2009
3,288,854,000	3,374,892,000	3,629,948,000	3,754,391,000	3,911,801,000	4,133,642,000
25%	25%	25%	25%	25%	25%
822,213,500	843,723,000	907,487,000	938,597,750	977,950,250	1,033,410,500
15%	15%	15%	15%	15%	15%
123,332,025	126,558,450	136,123,050	140,789,663	146,692,538	155,011,575
9,165,361	2,017,217	2,087,820	2,181,772	2,432,676	2,803,580
114,166,664	124,541,233	134,035,230	138,607,891	144,259,862	152,207,995
7.4%	1.6%	1.5%	1.5%	1.7%	1.8%

CITY OF COMMERCE

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
1997	12,855	159,865	12,436	9.9%
1998	13,037	168,493	12,924	9.6%
1999	12,135	161,040	13,271	8.9%
2000	12,568	173,805	13,829	8.4%
2001	13,033	195,049	14,966	8.7%
2002	13,033	199,921	15,340	9.8%
2003	13,033	205,587	15,774	10.0%
2004	13,373	204,989	15,329	9.5%
2005	13,425	211,237	15,735	8.3%
2006	13,536	219,648	16,227	8.1%
2007	13,798	231,712	16,793	8.1%
2008	13,809	239,987	17,379	8.5%

Sources:
(1) State Department of Finance
(2) Office of Economic Development
(3) State of California Employment Development Department (data shown is for the County)

CITY OF COMMERCE

Principal Employers

Current Year and Nine Years Ago

Employer	2009 Number of Employees	2009 Percent of Total Employment	2000 Number of Employees	2000 Percent of Total Employment
California Commerce Club, Inc.	2,191	3.45%	2,017	3.84%
County of Los Angeles	898	1.41%	700	1.33%
Parsec, Inc.	890	1.40%	-	0.00%
Smart and Final	769	1.21%	808	1.54%
Unified Western Grocers, Inc.	748	1.18%	798	1.52%
99 Cents Only Stores	671	1.06%	237	0.45%
American International Industries	592	0.93%	-	0.00%
Gruma Corp. Dba Mission Foods	560	0.88%	510	0.97%
Mega Toys	505	0.80%	-	0.00%
Wine Warehouse	376	0.59%	275	0.52%
City of Commerce	333	0.52%	303	0.58%

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

Source: City of Commerce

CITY OF COMMERCE

Full-time and Part-time City Employees
by Function

Last Ten Fiscal Years

	Full-time and Part-time Employees as of June 30								
Function	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	64	64	69	69	70	72	75	78	78
Public safety [1]	-	-	-	-	-	-	-	-	-
Public services	36	33	32	27	25	27	26	31	31
Community development	19	19	14	15	15	18	19	20	20
Park & Recreation	121	124	123	125	126	126	125	124	124
Library Services	32	31	33	33	33	33	35	38	38
Transportation	32	32	32	32	33	33	35	33	33
Total	303	302	303	301	302	310	314	323	323

[1] Police and fire services were provided by the County.

Source: City Budget Office

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CITY OF COMMERCE

Capital Asset Statistics
by Function

Last Ten Fiscal Years

	Fiscal Year				
	1999	2000	2001	2002	2003
Police:					
Stations	0	0	0	0	0
Fire:					
Fire stations	3	3	3	3	3
Public services:					
Streets (miles)	122.08	122.08	122.08	122.08	127.14
Streetlights	2,810	2,842	2,915	2,956	2,967
Traffic signals	72	73	74	74	74
Parks and recreation:					
Parks	4	4	4	4	4
Community centers	1	1	1	1	2
Water:					
Water mains (miles)	158.90	161.44	166.44	167.90	170.60
Maximum daily capacity (thousands of gallons)	12,500	12,500	12,500	12,500	12,500
Wastewater:					
Sanitary sewers (miles)	167.80	171.32	175.82	176.90	178.40
Storm sewers (miles)	38.30	42.30	49.30	51.40	53.50
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976
Library:					
Libraries	4	4	4	4	4

Source: City of Commerce

Fiscal Year				
2004	2005	2006	2007	2008
0	0	0	0	0
3	3	3	3	3
131.76	132.60	133.10	133.80	133.80
3,039	3,183	3,185	3,188	3,191
76	76	76	77	79
4	4	4	4	4
2	2	2	2	2
172.50	172.90	172.90	173.40	173.90
12,500	12,500	12,500	12,750	12,850
179.15	179.15	179.15	181.25	181.75
57.60	57.60	57.60	58.50	58.50
6,976	6,976	6,976	6,995	7,015
4	4	4	4	4