

**CITY OF COMPTON
STATE OF CALIFORNIA**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

CITY OF COMPTON
Comprehensive Annual Financial Report
June 30, 2008

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SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of Compton, California

INDEPENDENT AUDITOR'S 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 Compton, California, (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Compton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Compton, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 (e) and 5 (a) to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* and GASB Statement No. 50, *Pension Disclosures - An amendment of GASB Statements No. 25 and 27*, respectively.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2009 on our consideration of the City of Compton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund 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 statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Macias Jini & O'Connell LLP

Certified Public Accountants
Los Angeles, California

April 20, 2009

Management's Discussion and Analysis

This section of the City's Comprehensive Annual Financial Report provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. Please review the information discussed in this report in conjunction with the basic financial statements, and the notes to the financial statements.

Financial Highlights

The followings are some key financial highlights for the fiscal year:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$120,909,566 which was comprised of capital assets, net of related debt of \$100,811,000, restricted investments for debt service of \$3,923,370, restricted net assets for federal grants of \$6,073,469, restricted net assets for retirement \$7,004,049, restricted net assets for low and moderate income housing of \$8,707,378 and unrestricted net assets of \$(5,609,700).
- As of June 30, 2008, the City's governmental funds reported combined fund balances of \$122,802,078. Of this amount, \$16,389,177 or approximately 14% of total fund balances are available for spending at the City's discretion subject to legal restrictions for certain resources (unreserved fund balance).
- At the end of the current fiscal year, fund balance for the General Fund was \$11,780,042. However, the City Council has reserved \$5,601,360 for various projects and programs leaving \$6,178,682 as unreserved – undesignated or 13% of the 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 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 the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or 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 showing 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, professional services, public safety, public works, management services, environmental and human services, and interest on long-term debt.

Management's Discussion and Analysis (Continued)

The business-type activities of the City include its water, sewer, rubbish, golf course and recreational operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Community Redevelopment Agency, Public Finance Authority and Housing Authority of the City of Compton. These component units function as integral parts of the primary government and have been included in these financial statements.

The government-wide financial statements can be found on page 17 through 19 of this report.

Fund Financial Statements: A fund is a grouping of related accounts 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 demonstrate 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 this 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 financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintains seven major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Federal Grant Funds, the Retirement Fund, the Redevelopment Debt Service Fund, the Public Finance Authority Debt Service, the Redevelopment Capital Projects Fund and the Low/Moderate Income Housing Fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the non-major governmental funds section of this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund, the Federal Grants Fund, the Retirement Fund, are located in the supplementary information to the financial statements. Budgetary comparison schedules for the remaining funds are located in the supplementary information to the financial statements. The governmental fund financial statements can be found on pages 20 through 26 of this report

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water, sewer, rubbish, golf course and recreational operations. Internal Service funds are an accounting device used to accumulate and allocate

Management's Discussion and Analysis (Continued)

costs internally among the City's various functions. The City uses internal service funds to account for self-insurance (including general claims liability and workers' compensation insurance), equipment rental, central duplicating and central purchasing.

Because these services predominantly benefit governmental functions, the services have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more details. The proprietary fund financial statements provide separate information for water, sewer and rubbish operations, all of which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on page 28 through page 35 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The statement of fiduciary assets and liabilities can be found on page 36 of this report.

Notes to the Basic Financial Statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 through 73 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as schedules that show actual fund transactions compared to the City's Budgets. *Required supplementary information* can be found on pages 75 through 79 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the *required supplementary information* on pensions.

Combining and individual fund statements and schedules can be found on pages 81 through 112 of this report.

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Below is a summary schedule of the City's net assets at June 30, 2008.

	June 30, 2008	June 30, 2007	Amount Increase (Decrease)	% Increase (Decrease)
Governmental Activities				
Assets:				
Current and other assets	\$ 130,527,478	\$ 86,155,434	\$ 44,372,044	51.5%
Capital assets	134,586,510	132,979,332	1,607,178	1.2%
Total assets	265,113,988	219,134,766	45,979,222	21.0%
Liabilities:				
Current and other liabilities	14,204,549	19,376,023	(5,171,474)	-26.7%
Long-term liabilities	138,063,057	105,665,667	32,397,390	30.7%
Total liabilities	152,267,606	125,041,690	27,225,916	21.8%
Net assets (deficit):				
Invested in capital assets, net of related debt	103,263,431	71,626,813	31,636,618	44.2%
Restricted	25,708,266	43,464,661	(17,756,395)	-40.9%
Unrestricted (deficit)	(16,125,315)	(20,998,398)	4,873,083	-23.2%
Total net assets	\$ 112,846,382	\$ 94,093,076	\$ 18,753,306	19.9%

Summary of Net Assets

	June 30, 2008	June 30, 2007	Amount Increase (Decrease)	% Increase (Decrease)
Business Activities				
Assets:				
Current and other assets	\$ 15,230,397	\$ 16,522,299	\$ (1,291,902)	-7.8%
Capital assets	5,404,251	7,033,470	(1,629,219)	-23.2%
Total assets	20,634,648	23,555,769	(2,921,121)	-12.4%
Liabilities:				
Current and other liabilities	3,191,712	4,511,077	(1,319,365)	-29.2%
Long-term liabilities	9,379,752	10,239,674	(859,922)	-8.4%
Total liabilities	12,571,464	14,750,751	(2,179,287)	-14.8%
Net assets (deficit):				
Invested in capital assets, net of related debt	(2,452,431)	(2,754,364)	301,933	-11.0%
Restricted	-	1,313,475	(1,313,475)	-100.0%
Unrestricted (deficit)	10,515,615	10,245,907	269,708	2.6%
Total net assets	\$ 8,063,184	\$ 8,805,018	\$ (741,834)	-8.4%

Management's Discussion and Analysis (Continued)

Below is a summary schedule of the City's net assets at June 30, 2008.

	Governmental Activities			
	June 30, 2008	June 30, 2007	Amount Increase (Decrease)	% Increase (Decrease)
Revenues:				
Program revenues:				
Charges for services	\$ 22,755,605	\$ 16,897,275	\$ 5,858,330	34.7%
Operating grants and contributions	21,258,234	17,167,255	4,090,979	23.8%
Capital grants and contributions	6,181,629	67,595	6,114,034	9045.1%
General revenue:				
Taxes:				
Property tax	26,763,000	39,853,831	(13,090,831)	-32.8%
Sales and use tax	6,243,608	5,470,861	772,747	14.1%
Utility user tax	14,244,579	14,145,842	98,737	0.7%
Franchise tax	1,106,504	1,139,939	(33,435)	-2.9%
Transient occupancy taxes	256,218	235,970	20,248	8.6%
Motor vehicle in-lieu of taxes	8,352,461	7,592,743	759,718	10.0%
Investment earnings	2,584,664	3,166,628	(581,964)	-18.4%
Gain on sale of land	3,764,243	8,893,428	(5,129,185)	-57.7%
Other	13,668,511	3,925,740	9,742,771	248.2%
Transfers	(170,353)	0	(170,353)	N/A
Total revenue	<u>127,008,903</u>	<u>118,557,107</u>	<u>8,451,796</u>	<u>7.1%</u>
Expenses:				
General Government	23,443,830	21,258,818	2,185,012	10.3%
Professional Services	2,949,881	2,553,340	396,541	15.5%
Public Safety	35,581,399	32,003,284	3,578,115	11.2%
Public Works	11,441,949	14,192,804	(2,750,855)	-19.4%
Management Services	18,243,546	15,739,993	2,503,553	15.9%
Environmental and Human Services	23,928,671	18,943,357	4,985,314	26.3%
Interest on long-term debt	4,639,493	5,466,006	(826,513)	-15.1%
Pass Through Payments	291,514	545,917	(254,403)	-46.6%
Total expenditures	<u>120,520,283</u>	<u>110,703,519</u>	<u>9,816,764</u>	<u>8.9%</u>
Increase (decrease) in net assets before transfers	<u>6,488,620</u>	<u>7,853,588</u>	<u>(1,364,968)</u>	<u>-17.4%</u>
Net assets, Beginning of Year (Restated)	106,357,762	86,239,488	20,118,274	23.3%
Net assets, End of Year (Restated)	<u>\$ 112,846,382</u>	<u>\$ 94,093,076</u>	<u>\$ 18,753,306</u>	<u>19.9%</u>
	Business Activities			
	June 30, 2008	June 30, 2007	Amount Increase (Decrease)	% Increase (Decrease)
Revenues:				
Program revenues:				
Charges for services	\$ 19,421,443	\$ 18,261,515	\$ 1,159,928	6.4%
General revenues and transfers	343,707	124,009	219,698	177.2%
Total revenues	<u>19,765,150</u>	<u>18,385,524</u>	<u>1,379,626</u>	<u>7.5%</u>
Expenses:				
Water	7,728,075	8,099,664	(371,589)	-4.6%
Rubbish	9,860,413	9,472,482	387,931	4.1%
Sewer	1,635,760	1,004,222	631,538	62.9%
Golf course	25,255	59,579	(34,324)	-57.6%
Recreational	7,625	19,656	(12,031)	-61.2%
Total expenditures	<u>19,257,128</u>	<u>18,655,603</u>	<u>601,525</u>	<u>3.2%</u>
Increase (decrease) in net assets	<u>508,022</u>	<u>(270,079)</u>	<u>778,101</u>	<u>-288.1%</u>
Net assets, Beginning of Year (Restated)	7,555,162	7,825,241	(270,079)	-3.5%
Net assets, End of Year	<u>\$ 8,063,184</u>	<u>\$ 7,555,162</u>	<u>\$ 508,022</u>	<u>6.7%</u>

In the case of the City, assets exceeded liabilities by \$120,909,566 at June 30, 2008.

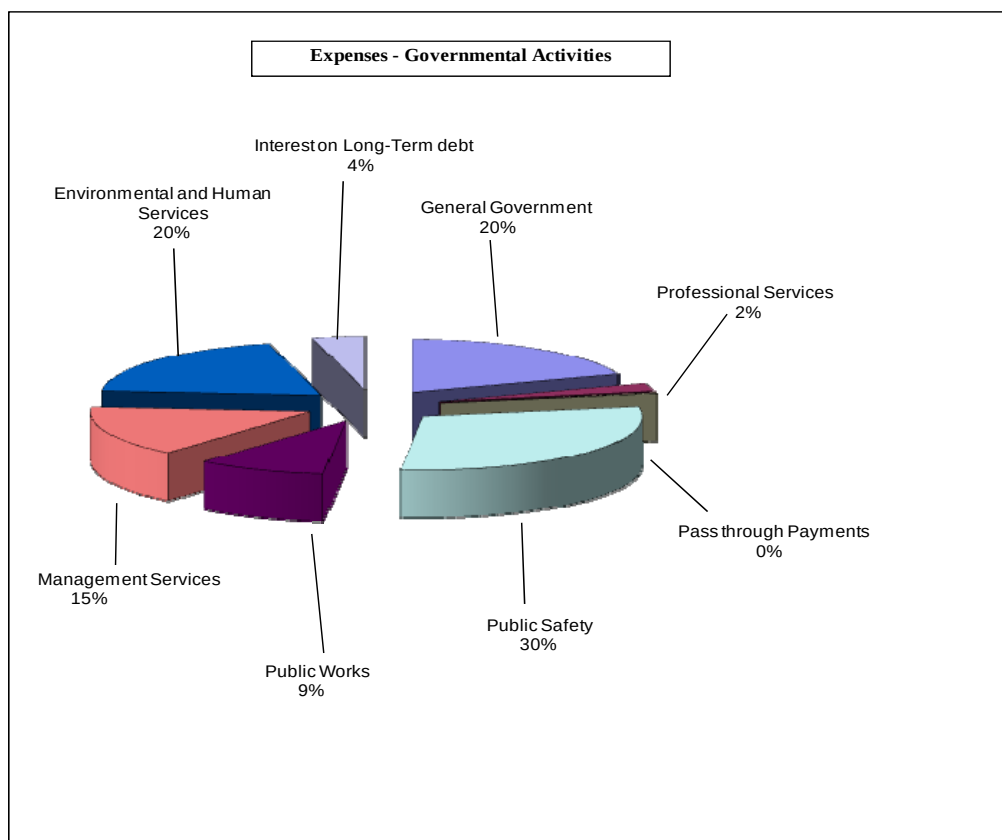
Management's Discussion and Analysis (Continued)

The largest portion of the City's assets \$100,811,000 reflects its investment in capital assets (land, construction in progress, buildings, land improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

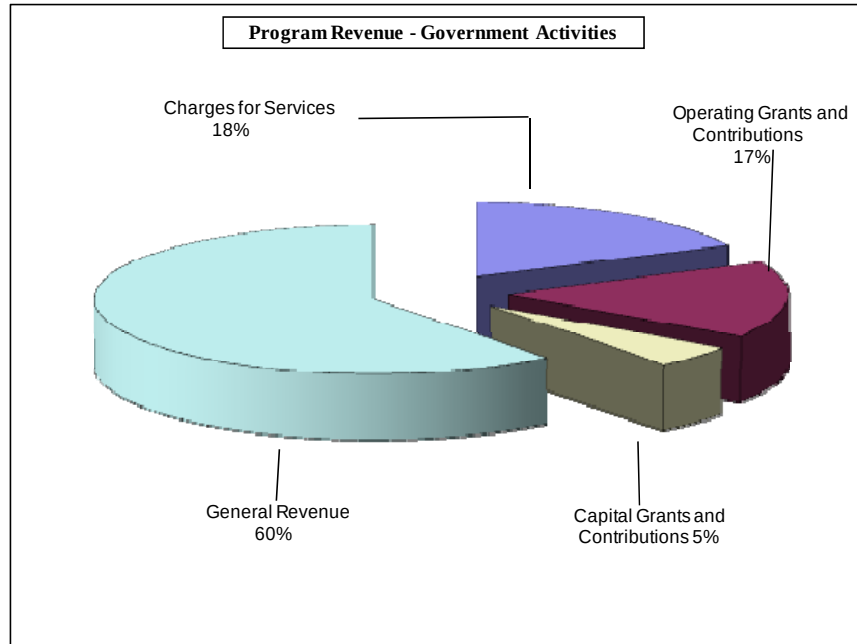
The second largest portion of the City's net assets represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$6,073,469 is for federal grants, \$7,004,049 is for retirement, \$3,923,370 is for repayment of long-term debt, and \$8,707,378 is for low/moderate income.

Governmental Activities: Governmental activities increased the City's net assets by \$18,753,306, 20% increase from prior year net assets. Key elements of this increase are as follows:

- At the close of the fiscal year, overall expenses increased by \$9,816,764, 9% as compared to last year due mainly to increase in General Governmental expenses. Though the revenue for the fiscal year increased by \$8,451,796, the increase was consumed by the increase in the General Government expenses.



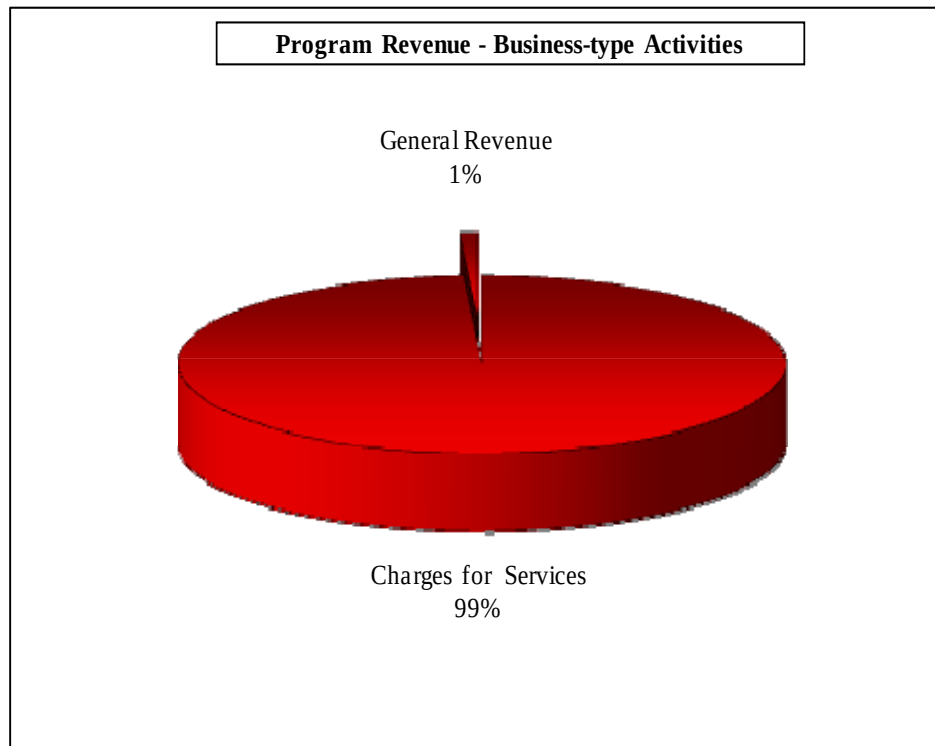
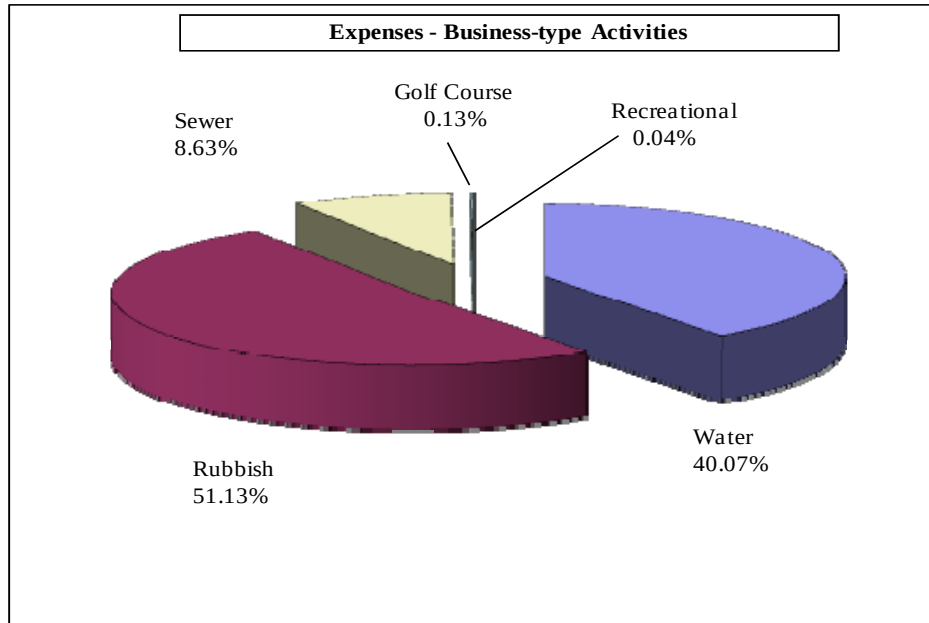
Management's Discussion and Analysis (Continued)



Business-type Activities: Business-type activities increased the City's net assets overall by \$508,022. Key elements of this decrease are as follows:

- Water Fund's net assets increased by \$772,449 due to increase in revenue and decrease in operating expenses.
- Sewer Fund's net assets decreased by \$955,200 due to increase in operating expenses.
- Rubbish Fund's net assets increased by \$587,888 mainly due to decrease in non-operating revenues.
- Golf Fund's net assets increased by \$18,906 as a result of reduction in operating expenses.
- Recreational Fund's net assets increased by \$9,899 due to reduction in operating expenses.

Management's Discussion and Analysis (Continued)



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

As noted earlier, 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 may be useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$123,202,078. Approximately 14% of fund balances, \$16,789,177 constitute unreserved fund balance, which is available for spending at the City's discretion subject to legal restrictions for certain revenue sources. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) to liquidate contracts and purchase orders of the prior period \$3,070,277; 2) to pay debt service \$74,088,692; 3) for land held for resale \$21,983,332; 4) for regional park maintenance \$2,500,000 and 5) for a variety of other restricted purposes \$4,770,600.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$11,780,042 and the unreserved fund balance of the General Fund was \$6,178,682. The City Council has designated \$2,500,000 for various projects and programs and \$3,070,277 for encumbrances for contracts and open purchase orders. As a measure of General Fund liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of total General Fund expenditures of \$49,235,874 while total fund balance represents 24% of that same amount.

The Redevelopment Debt Service Fund is used to finance the Agency's outstanding long-term debt. The principal source of revenue comes from property tax revenue as well as investment income. The Redevelopment Debt Service Fund has a total fund balance of \$36,779,813. The net increase in fund balance was \$8,964,459. The Increase in fund balance came from an increase of \$549,885 in taxes and special assessments revenue and investment income and a reduction in total expenditure of \$2,909,631.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds: Unrestricted net assets of the enterprise funds totaled \$10,515,615 and total decrease in net assets for these funds were \$741,843. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The Water Fund's unrestricted net assets were \$4,313,312, while total net assets were \$5,073,169 at the end of the current year. The unrestricted net assets represent 56% of total Water Fund operating expenses of \$7,692,250, while total net assets represent 66% of that same amount. The net assets of Water Fund increased by \$987,986 during the current fiscal year. The accumulated unrestricted net assets in the Water Fund are needed to finance future capital projects and to maintain sufficient reserves in the event of a major catastrophe.

The Rubbish Fund's unrestricted net assets were \$788,000 at the end of the current fiscal year, while total net assets were \$147,938. The unrestricted net assets represent 1% of total Rubbish Fund operating

Management's Discussion and Analysis (Continued)

expenses of \$9,737,813 while total net assets represented 2% of the same amount. The net assets of the Rubbish Fund increased by \$587,888 during the current fiscal year. This increase is attributable to increase in charges for services.

The Sewer Fund's unrestricted net assets were \$5,442,573 while total net assets were \$2,870,347 at the end of the fiscal year. The unrestricted net assets represent 415% of total Sewer Fund operating expenses of \$1,311,476 while total net assets represent 219% of the same amount. The net assets of the Sewer Fund decreased by \$955,200 during the current fiscal year. The accumulated unrestricted net assets in the Sewer Fund are needed to fund future sewer and storm drain capital projects and to maintain sufficient reserves in the event of a major catastrophe.

Internal Service Funds: The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance and workers' compensation insurance, equipment rental, central duplicating and central purchasing. As of June 30, 2008 net assets of the internal service funds were a deficit \$26,753,600 and total increase in net assets for these funds were \$5,130,925. The services provided by the internal service funds have been allocated to governmental functions, in the government-wide financial statements.

The Self-Insurance service possesses the largest deficit in this fund group totaling \$25,829,096. The City will increase charges to other City funds to eliminate this deficit over a period of years.

General Fund Budgetary Highlights

The differences in the original budget for expenditures as compared to the final budget represented a net increase of \$4,041,794. Throughout the year, resolutions and budget modifications were approved for many line items in all departments, which created various, increases and/or decreases to the beginning budget. There were no major changes in the General Fund's budget during the year.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

The difference in the final budget for expenditures as compared to the actual expenditures was not significant. One major difference is the "Transfers Out" of \$6,336,485. It was made mostly to PFA Debt Service Fund to pay for loan repayment. The PFA bond was not incorporated in the budget since the Council approval had not been obtained as of time of the budget preparation.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities amounts to \$139,990,761 (net of accumulated depreciation of \$139,905,162) as of June 30, 2008. This investment in capital assets includes land, construction in progress, buildings and structures, machinery and equipment, land improvements and infrastructure. The City's capital assets in the current year decreased by \$1,431,999 as a result of \$7,586,504 of capital additions, \$1,409,958 of capital assets adjustment (net) and \$9,018,503 of depreciation expenses for governmental activities and for business-type activities.

Management's Discussion and Analysis (Continued)

Capital Assets (Net of Accumulated Depreciation)

	June 30, 2008	June 30, 2007 As Restated	Amount Increase (Decrease)	% Increase (Decrease)
Governmental Activities				
Land	\$ 23,525,645	\$ 23,525,645	\$ -	0.0%
Construction in Progress	7,241,416	5,048,922	2,192,494	43.4%
Buildings and Structures	21,018,410	21,951,830	(933,420)	-4.3%
Land Improvements	810,557	1,156,725	(346,168)	-29.9%
Equipment	2,063,275	2,094,689	(31,414)	-1.5%
Infrastructure	79,927,207	81,861,334	(1,934,127)	-2.4%
Total	<u>\$ 134,586,510</u>	<u>\$ 135,639,145</u>	<u>\$ (1,052,635)</u>	<u>-0.8%</u>

(Net of Accumulated Depreciation)

	June 30, 2008	June 30, 2007 As Restated	Amount Increase (Decrease)	% Increase (Decrease)
Business Activities				
Land	\$ 162,097	\$ 162,097	\$ -	0.0%
Construction in Progress	343,810	-	343,810	100.0%
Buildings and Structures	366,543	397,917	(31,374)	-7.9%
Land Improvements	11,200	12,000	(800)	-6.7%
Equipment	4,099,070	5,190,441	(1,091,371)	-21.0%
Infrastructure	421,531	21,160	400,371	1892.1%
Total	<u>\$ 5,404,251</u>	<u>\$ 5,783,615</u>	<u>\$ (379,364)</u>	<u>-6.6%</u>

Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 54 through 56 of this report.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

• Addition to the City's infrastructure	\$ 678,104
• Construction in progress relating to the City's infrastructure improvement	4,978,774
• Purchase of motor vehicles, fire fighting, other equipment, and infrastructure assets.	1,665,154
• Necessary adjustment resulting from the compilation of a comprehensive capital assets inventory of the City	2,659,813
• Depreciation charge for the fiscal year	(7,696,563)
Total	<u>\$ 2,285,282</u>

Business-type activities:

• Construction in progress City's infrastructure	\$ 343,810
• Depreciation charge for the fiscal year	(1,321,940)
• Necessary adjustment resulting from the compilation of a comprehensive capital assets inventory of the City	(1,249,855)
• Purchase of equipment and infrastructure assets	598,766
Total	<u>\$ (1,629,219)</u>

Management's Discussion and Analysis (Continued)

Debt Administration: As at the end of the fiscal year, the City had total debt outstanding of \$144,951,101. Out of this, \$136,547,816 represents bonds, mortgage notes, and notes issued for redevelopment and various capital improvements, \$393,308 represents other debt facilities for capital assets of the City, and \$8,009,977 represents compensated absences. Deductions include repayments of bonds and other debt facilities totaling \$27,223,617.

Outstanding Debt

	July 1, 2007 As Restated	Additions	Retirements	June 30, 2008
Governmental Activities				
Bonded indebtedness:				
Certificate for participation	\$ 16,145,000	\$ -	\$ (16,145,000)	\$ -
Tax allocation and refunding bonds	76,426,604	48,265,164	(6,016,524)	118,675,244
Other long-term debt:				
Compensated Absences	7,387,919	3,718,966	(3,096,908)	8,009,977
Capital leases	425,142	92,307	(272,574)	244,876
Notes and loans payable	5,281,002	-	(188,789)	5,092,213
Mortgage loan	4,012,184	-	(463,145)	3,549,039
Total	<u>\$ 109,677,851</u>	<u>\$ 52,076,437</u>	<u>\$ (26,182,940)</u>	<u>\$ 135,571,349</u>
Business Activities				
Bonded indebtedness:				
Sewer revenue refunding bonds	\$ 6,730,000	\$ -	\$ (255,000)	\$ 6,475,000
Solid waste revenue bonds	3,150,000	-	(650,000)	2,500,000
Other long-term debt:				
Capital leases	12,355	180,755	(44,678)	148,432
Notes and loans payable	347,319	-	(90,999)	256,320
Total	<u>\$ 10,239,674</u>	<u>\$ 180,755</u>	<u>\$ (1,040,677)</u>	<u>\$ 9,379,752</u>

Next Year's Budget

The budget for fiscal year 2008-2009 grew 22% from previous year. In the development of next year's budget, the City produced a budget to meet all contractual obligations without layoffs or reductions in the City services. Areas of concern in formulating the fiscal year 2009 budget were a sluggish economy, increased costs for retirement fund contributions and health insurance and an obligation to maintain the highest possible level of public safety and health. The City believes that it has met all of those concerns in the final adopted fiscal year 2009 budget.

Request for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any information in this report or request for additional information should be addressed to the City Controller, 205 South Willowbrook Avenue, Compton, CA 90220.

BASIC FINANCIAL STATEMENTS

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CITY OF COMPTON
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 15,179,886	\$ 477,858	\$ 15,657,744
Restricted investments	70,165,322	1,294,471	71,459,793
Receivables (net of allowance for uncollectibles)	30,705,945	2,387,482	33,093,427
Internal balances	(10,446,098)	10,446,098	-
Inventories, at cost	34,748	200,888	235,636
Prepaid expenses	982,361	-	982,361
Land held for resale	21,983,332	-	21,983,332
Capital assets:			
Nondepreciable	30,767,061	505,907	31,272,968
Depreciable	103,819,449	4,898,344	108,717,793
Deferred bond issuance costs	1,921,982	423,600	2,345,582
 Total assets	 <u>265,113,988</u>	 <u>20,634,648</u>	 <u>285,748,636</u>
Liabilities:			
Accounts payable	699,452	4,648	704,100
Accrued liabilities	5,137,008	2,013,375	7,150,383
Accrued interest payable	940,104	189,084	1,129,188
Deposits	461,750	984,605	1,446,355
Self-insurance claims	5,674,940	-	5,674,940
Due to other governmental agencies	271,383	-	271,383
Due to external parties	977,148	-	977,148
Unearned revenue	28,301	-	28,301
Other	14,463	-	14,463
Long-term liabilities:			
Postemployment benefit obligation	2,491,708	-	2,491,708
Due within one year	11,441,516	1,011,228	12,452,744
Due in more than one year	124,129,833	8,368,524	132,498,357
 Total liabilities	 <u>152,267,606</u>	 <u>12,571,464</u>	 <u>164,839,070</u>
Net Assets:			
Invested in capital assets, net of related debt	103,263,431	(2,452,431)	100,811,000
Restricted for:			
Federal Grants	6,073,469	-	6,073,469
Retirement	7,004,049	-	7,004,049
Debt service	3,923,370	-	3,923,370
Low/moderate income housing	8,707,378	-	8,707,378
Unrestricted	(16,125,315)	10,515,615	(5,609,700)
 Total net assets	 <u>\$ 112,846,382</u>	 <u>\$ 8,063,184</u>	 <u>\$ 120,909,566</u>

See Accompanying Notes to Financial Statements.

CITY OF COMPTON
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Governmental activities:				
General government	\$ 23,443,830	\$ 14,606,335	\$ -	\$ -
Professional services	2,949,881	-	-	-
Pass-through payments	291,514	-	-	-
Public safety	35,581,399	-	226,572	-
Public works	11,441,949	4,221,867	2,132,123	6,121,129
Management services	18,243,546	1,309,141	176,590	-
Environmental and human services	23,928,671	2,618,262	18,722,949	60,500
Interest on long-term debt	4,639,493	-	-	-
Total governmental activities	120,520,283	22,755,605	21,258,234	6,181,629
Business-type activities:				
Water	7,728,075	8,636,019	-	-
Rubbish	9,860,413	9,820,752	-	-
Sewer	1,635,760	904,138	-	-
Golf Course	25,255	44,160	-	-
Recreational	7,625	16,374	-	-
Total business-type activities	19,257,128	19,421,443	-	-
Total	139,777,411	42,177,048	21,258,234	6,181,629

General revenue:

Taxes:

Property taxes

Sales and use tax

Utility user tax

Franchise tax

Transient occupancy taxes

Motor vehicle in-lieu of taxes

Investment earnings

Gain on sale of land

Other

Transfers

Total general revenue and transfers

Change in net assets

Net assets, beginning, as restated

Net assets, ending

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (8,837,495)	\$ -	\$ (8,837,495)
(2,949,881)	-	(2,949,881)
(291,514)	-	(291,514)
(35,354,827)	-	(35,354,827)
1,033,170	-	1,033,170
(16,757,815)	-	(16,757,815)
(2,526,960)	-	(2,526,960)
(4,639,493)	-	(4,639,493)
<u>(70,324,815)</u>	<u>-</u>	<u>(70,324,815)</u>
-	907,944	907,944
-	(39,661)	(39,661)
-	(731,622)	(731,622)
-	18,905	18,905
-	8,749	8,749
<u>-</u>	<u>164,315</u>	<u>164,315</u>
<u>(70,324,815)</u>	<u>164,315</u>	<u>(70,160,500)</u>
26,763,000	-	26,763,000
6,243,608	-	6,243,608
14,244,579	-	14,244,579
1,106,504	-	1,106,504
256,218	-	256,218
8,352,461	-	8,352,461
2,584,664	172,204	2,756,868
3,764,243	-	3,764,243
13,668,511	1,150	13,669,661
(170,353)	170,353	-
<u>76,813,435</u>	<u>343,707</u>	<u>77,157,142</u>
6,488,620	508,022	6,996,642
<u>106,357,762</u>	<u>7,555,162</u>	<u>113,912,924</u>
<u>\$ 112,846,382</u>	<u>\$ 8,063,184</u>	<u>\$ 120,909,566</u>

CITY OF COMPTON
Balance Sheet
Governmental Funds
June 30, 2008

		<u>Special Revenue</u>	
	<u>General</u>	<u>Federal Grants</u>	<u>Retirement</u>
Assets:			
Cash and investments	\$ 3,132,781	\$ 4,942,926	\$ -
Restricted investments	-	-	-
Property taxes receivable	1,214,279	-	1,041,308
Accounts receivable	3,592,767	61,071	-
Grants receivable	-	81,816	-
Due from other funds	-	3,611,114	6,551,939
Prepaid items	31,080	700,197	251,085
Inventories	3	-	-
Notes receivable, net	-	-	-
Loans Receivable	-	3,197,639	-
Advances to other funds	6,414,036	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 14,384,946</u>	<u>\$ 12,594,763</u>	<u>\$ 7,844,332</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 96,148	\$ 73,087	\$ -
Accrued liabilities	2,457,182	208,393	840,283
Due to other funds	-	2,900,650	-
Due to other governmental agencies	-	106,546	-
Deposits	51,574	-	-
Deferred revenue	-	3,225,941	-
Other	-	6,677	-
Total liabilities	<u>2,604,904</u>	<u>6,521,294</u>	<u>840,283</u>
Fund balances:			
Reserved:			
Prepaid items	31,080	700,197	251,085
Inventories	3	-	-
Notes receivable	-	-	-
Land held for resale	-	-	-
Debt service	-	-	-
Regional park	2,500,000	-	-
Encumbrances	3,070,277	-	-
Housing	-	-	-
Unreserved - undesignated, reported in:			
General fund	6,178,682	-	-
Special revenue funds	-	5,373,272	6,752,964
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>11,780,042</u>	<u>6,073,469</u>	<u>7,004,049</u>
Total liabilities and fund balances	<u>\$ 14,384,946</u>	<u>\$ 12,594,763</u>	<u>\$ 7,844,332</u>

See Accompanying Notes to Financial Statements.

Debt Service		Capital Projects		NonMajor Governmental Funds	Total Governmental Funds
Redevelopment Debt Service	Public Finance Authority Debt Service	Redevelopment Capital Projects	Low/Moderate Income Housing		
\$ -	\$ -	\$ 4,640,234	\$ 124,464	\$ 2,178,226	\$ 15,018,631
35,078,718	35,086,604	-	-	-	70,165,322
2,153,157	-	-	-	227,841	4,636,585
-	-	88,146	15,876	2,396,463	6,154,323
-	-	-	-	487,681	569,497
-	-	2,684,721	3,328,059	4,945,224	21,121,057
-	-	-	-	-	982,362
-	-	-	-	-	3
-	-	408,857	-	-	408,857
-	-	-	15,739,044	-	18,936,683
-	-	-	-	-	6,414,036
-	-	16,655,332	5,328,000	-	21,983,332
<u>\$ 37,231,875</u>	<u>\$ 35,086,604</u>	<u>\$ 24,477,290</u>	<u>\$ 24,535,443</u>	<u>\$ 10,235,435</u>	<u>\$ 166,390,688</u>
\$ -	\$ -	\$ 10,300	\$ -	\$ 519,917	\$ 699,452
-	-	421,707	45,133	1,118,315	5,091,013
452,062	-	6,290,536	43,888	7,998,428	17,685,564
-	-	-	-	164,837	271,383
-	-	410,176	-	-	461,750
-	-	-	15,739,044	-	18,964,985
-	-	-	-	7,786	14,463
<u>452,062</u>	<u>-</u>	<u>7,132,719</u>	<u>15,828,065</u>	<u>9,809,283</u>	<u>43,188,610</u>
-	-	-	-	-	982,362
-	-	-	-	-	3
-	-	408,857	-	-	408,857
-	-	16,655,332	5,328,000	-	21,983,332
36,779,813	35,086,604	-	-	2,222,275	74,088,692
-	-	-	-	-	2,500,000
-	-	-	-	-	3,070,277
-	-	-	3,379,378	-	3,379,378
-	-	-	-	-	6,178,682
-	-	-	-	87,033	12,213,269
-	-	-	-	(2,317,258)	(2,317,258)
-	-	280,382	-	434,102	714,484
<u>36,779,813</u>	<u>35,086,604</u>	<u>17,344,571</u>	<u>8,707,378</u>	<u>426,152</u>	<u>123,202,078</u>
<u>\$ 37,231,875</u>	<u>\$ 35,086,604</u>	<u>\$ 24,477,290</u>	<u>\$ 24,535,443</u>	<u>\$ 10,235,435</u>	<u>\$ 166,390,688</u>

CITY OF COMPTON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Fund Balance - total governmental funds	\$ 123,202,078
Amounts reported for governmental activities in the statements of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	134,542,400
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(136,141,075)
Accrued interest payable that is not due and payable is not reported in governmental funds.	(940,104)
Internal service funds are used by management to charge the cost of certain activities, such as equipment, printing, risk management, and purchasing to individual funds. Since internal service funds predominantly service government activities, their assets and liabilities are included as governmental activities in the statement of net assets.	(26,753,600)
Loans receivable balance which was reported as an expenditure in governmental fund (also treated as receivable and deferred revenue) was treated as loan receivable only in governmental activities financial statement. Contra entries made in the governmental funds to report the loan as both loans receivable and deferred revenue was eliminated in the governmental activities	<u>18,936,683</u>
Net Assets of Governmental Activities	<u><u>\$ 112,846,382</u></u>

See Accompanying Notes to Financial Statements.

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CITY OF COMPTON
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2008

		<u>Special Revenue</u>	
	<u>General</u>	<u>Federal Grants</u>	<u>Retirement</u>
Revenues:			
Taxes and special assessments	\$ 25,582,647	\$ -	\$ 14,130,346
Licenses and permits	3,548,748	-	-
Intergovernmental revenues	8,395,916	11,466,532	269,326
Fines, forfeitures, and penalties	1,798,654	-	-
Use of money and property	1,643,975	2,786,683	-
Charges for services	3,937,120	943,501	-
Other	25,755	130,604	-
Total revenues	<u>44,932,815</u>	<u>15,327,320</u>	<u>14,399,672</u>
Expenditures:			
Current:			
General government	5,612,087	31,632	640,463
Professional services	-	10,583	-
Pass-through payments	-	-	-
Public safety	29,954,442	462,993	4,582,565
Public works	1,505,406	5,234	109,721
Management services	8,250,246	-	7,787,174
Environmental and human services	3,542,651	14,731,089	919,350
Debt service:			
Principal	231,573	100,000	-
Interest	139,469	296,215	-
Bond issuance costs	-	-	-
Payment to bond escrow agent	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>49,235,874</u>	<u>15,637,746</u>	<u>14,039,273</u>
Excess (deficiency) of revenues over expenditures	<u>(4,303,059)</u>	<u>(310,426)</u>	<u>360,399</u>
Other financing sources (uses):			
Gain on sale of land held for resale	-	-	-
Bond proceeds	-	-	-
Discount on bonds	-	-	-
Paid to escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(6,335,485)	-	-
Total other financing sources (uses)	<u>(6,335,485)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(10,638,544)</u>	<u>(310,426)</u>	<u>360,399</u>
Fund balances, beginning, as restated	22,418,586	6,383,895	6,643,650
Fund balances, ending	<u>\$ 11,780,042</u>	<u>\$ 6,073,469</u>	<u>\$ 7,004,049</u>

See Accompanying Notes to Financial Statements.

Debt Service		Capital Projects		NonMajor Governmental Funds	Total Governmental Funds
Redevelopment Debt Service	Public Finance Authority Debt Service	Redevelopment Capital Projects	Low/Moderate Income Housing		
\$ 23,189,986	\$ -	\$ -	\$ -	\$ 4,221,867	\$ 67,124,846
-	-	-	-	-	3,548,748
-	-	-	-	11,816,689	31,948,463
-	-	-	-	-	1,798,654
843,055	55,565	689,167	177,011	488,322	6,683,778
-	-	-	-	3,952	4,884,573
-	-	45,547	60,377	-	262,283
24,033,041	55,565	734,714	237,388	16,530,830	116,251,345
-	-	4,104,959	10,058,308	-	20,447,449
300,818	-	1,928,037	173,659	1,637,770	4,050,867
267,514	-	24,000	-	-	291,514
-	-	-	-	246,925	35,246,925
-	-	-	-	12,476,743	14,097,104
-	-	-	-	408,665	16,446,085
-	-	3,811,347	205,939	807,997	24,018,373
6,091,750	-	-	-	1,534,370	7,957,693
2,408,500	-	-	-	855,205	3,699,389
-	1,077,732	-	-	-	1,077,732
-	2,769,730	-	-	-	2,769,730
-	-	-	-	53,833	53,833
9,068,582	3,847,462	9,868,343	10,437,906	18,021,508	130,156,694
14,964,459	(3,791,897)	(9,133,629)	(10,200,518)	(1,490,678)	(13,905,349)
-	-	3,764,243	-	-	3,764,243
-	46,860,000	-	-	-	46,860,000
-	(174,508)	-	-	-	(174,508)
-	(12,426,721)	-	-	-	(12,426,721)
-	4,619,730	6,000,000	3,258,589	2,749,488	16,627,807
(6,000,000)	-	(3,258,589)	-	(2,969,730)	(18,563,804)
(6,000,000)	38,878,501	6,505,654	3,258,589	(220,242)	36,087,017
8,964,459	35,086,604	(2,627,975)	(6,941,929)	(1,710,920)	22,181,668
27,815,354	-	19,972,546	15,649,307	2,137,072	101,020,410
\$ 36,779,813	\$ 35,086,604	\$ 17,344,571	\$ 8,707,378	\$ 426,152	\$ 123,202,078

CITY OF COMPTON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ 22,181,668
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,052,635)
The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect in net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(18,936,226)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not accrued as expenses in governmental funds.	(835,112)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The increase in net assets of the internal service funds is reported in governmental activities	5,130,925
Change in Net Assets of Governmental Activities	\$ 6,488,620

See Accompanying Notes to Financial Statements.

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CITY OF COMPTON
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds		
	Water	Rubbish	Sewer
Assets:			
Current assets:			
Cash and cash equivalents	\$ 200	\$ -	\$ 477,658
Restricted investments	-	680,456	614,015
Property taxes receivable	-	-	41,153
Accounts receivable	1,477,220	866,913	2,196
Due from other funds	6,114,174	642,192	4,850,593
Inventories, at cost	200,888	-	-
Total current assets	<u>7,792,482</u>	<u>2,189,561</u>	<u>5,985,615</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	358,507	-	147,400
Depreciable, net	657,671	1,179,482	3,061,191
Deferred bond issuance costs	-	-	423,600
Total noncurrent assets	<u>1,016,178</u>	<u>1,179,482</u>	<u>3,632,191</u>
Total assets	<u>8,808,660</u>	<u>3,369,043</u>	<u>9,617,806</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,261	-	2,387
Due to other funds	1,178,068	-	-
Accrued liabilities	1,334,999	671,105	7,271
Accrued interest payable	24,715	50,000	114,369
Deposits	939,128	-	-
Self-insurance claims	-	-	-
Notes payable	27,096	-	-
Bond payable	-	680,000	270,000
Capital lease	-	-	34,132
Total current liabilities	<u>3,506,267</u>	<u>1,401,105</u>	<u>428,159</u>
Non-current liabilities:			
Advances from other funds	-	-	-
Notes payable	229,224	-	-
Bonds payable	-	1,820,000	6,205,000
Capital lease	-	-	114,300
Total noncurrent liabilities	<u>229,224</u>	<u>1,820,000</u>	<u>6,319,300</u>
Total liabilities	<u>3,735,491</u>	<u>3,221,105</u>	<u>6,747,459</u>
Net assets:			
Invested in capital assets, net of related debt	759,857	(640,062)	(2,572,226)
Unrestricted	4,313,312	788,000	5,442,573
Total net assets (deficit)	<u>\$ 5,073,169</u>	<u>\$ 147,938</u>	<u>\$ 2,870,347</u>

See Accompanying Notes to Financial Statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ -	\$ 477,858	\$ 161,256
-	1,294,471	-
-	41,153	-
-	2,346,329	-
91,657	11,698,616	1,519,021
-	200,888	34,745
91,657	16,059,315	1,715,022
-	505,907	44,109
-	4,898,344	-
-	423,600	-
-	5,827,851	44,109
91,657	21,887,166	1,759,131
-	4,648	-
74,450	1,252,518	16,377,760
-	2,013,375	45,995
-	189,084	-
45,477	984,605	-
-	-	5,674,940
-	27,096	-
-	950,000	-
-	34,132	-
119,927	5,455,458	22,098,695
-	-	6,414,036
-	229,224	-
-	8,025,000	-
-	114,300	-
-	8,368,524	6,414,036
119,927	13,823,982	28,512,731
-	(2,452,431)	44,109
(28,270)	10,515,615	(26,797,709)
<u>\$ (28,270)</u>	<u>\$ 8,063,184</u>	<u>\$ (26,753,600)</u>

CITY OF COMPTON
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Water	Rubbish	Sewer
Operating revenues:			
Charges for services	\$ 8,586,720	\$ 9,820,752	\$ -
Charges to other funds	-	-	-
Other	-	-	-
Total operating revenues	<u>8,586,720</u>	<u>9,820,752</u>	<u>-</u>
Operating expenses:			
General government	39,361	-	-
Public works	-	-	419,766
Administration and personnel services	216,092	622,410	-
Environmental and human services	7,012,798	8,303,205	-
Basin maintenance and services	-	-	125,417
Self-insurance services	-	-	-
Bad debt expense	371,414	309,137	-
Depreciation	52,585	503,061	766,293
Total operating expenses	<u>7,692,250</u>	<u>9,737,813</u>	<u>1,311,476</u>
Operating income (loss)	<u>894,470</u>	<u>82,939</u>	<u>(1,311,476)</u>
Nonoperating revenues (expenses):			
Investment income	80,043	77,079	15,082
Interest expense	(35,825)	(122,600)	(296,044)
Bond issuance cost (amortization)	-	-	(28,240)
Taxes and special assessments	49,298	-	904,138
Total nonoperating revenues (expenses)	<u>93,516</u>	<u>(45,521)</u>	<u>594,936</u>
Income (loss) before contributions and transfers	<u>987,986</u>	<u>37,418</u>	<u>(716,540)</u>
Transfers in	-	-	197,912
Transfers out	<u>-</u>	<u>-</u>	<u>(27,559)</u>
Change in net assets	987,986	37,418	(546,187)
Net assets, beginning, as restated	<u>4,085,183</u>	<u>110,520</u>	<u>3,416,534</u>
Net assets, ending	<u>\$ 5,073,169</u>	<u>\$ 147,938</u>	<u>\$ 2,870,347</u>

See Accompanying Notes to Financial Statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 60,534	\$ 18,468,006	\$ -
-	-	7,163,669
1,150	1,150	-
61,684	18,469,156	7,163,669
-	39,361	68,379
24,758	444,524	-
-	838,502	1,845,079
8,121	15,324,124	-
-	125,417	51,711
-	-	1,833,219
-	680,551	-
-	1,321,939	-
32,879	18,774,418	3,798,388
28,805	(305,262)	3,365,281
-	172,204	-
-	(454,469)	-
-	(28,240)	-
-	953,436	-
-	642,931	-
28,805	337,669	3,365,281
-	197,912	1,765,644
-	(27,559)	-
28,805	508,022	5,130,925
(57,075)	7,555,162	(31,884,525)
<u>\$ (28,270)</u>	<u>\$ 8,063,184</u>	<u>\$ (26,753,600)</u>

CITY OF COMPTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Water	Rubbish	Sewer
Cash flows from operating activities:			
Cash received from customers	\$ 9,042,644	\$ 9,547,554	\$ (1,431)
Cash payments to suppliers for goods and services	(8,391,504)	(9,461,176)	(307,221)
Cash payment to employees for services	(216,092)	(219,691)	(297,207)
Net cash provided by (used in) operating activities	<u>435,048</u>	<u>(133,313)</u>	<u>(605,859)</u>
Cash flows from non-capital financing activities:			
Loans to other funds	(6,114,174)	(642,192)	(4,850,593)
Loan repayment from other funds	1,178,068	-	-
Transfers from other funds (net)	-	-	170,353
Taxes and special assessments	49,297	-	904,138
Net cash provided by (used in) non-capital financing activities	<u>(4,886,809)</u>	<u>(642,192)</u>	<u>(3,776,102)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(614,420)	-	(328,154)
Net capital lease financing (payment)	(12,355)	-	148,432
Principal paid on bonds and notes payable	(90,999)	(650,000)	(255,000)
Interest paid on long-term debt	(35,825)	(122,600)	(296,044)
Net cash used in capital and related financing activities	<u>(753,599)</u>	<u>(772,600)</u>	<u>(730,766)</u>
Cash flows from investing activities:			
Decrease (increase) in restricted investment	-	(10,422)	29,427
Interest received on investments	80,043	77,079	15,082
Net Cash Provided by (Used in) Investing Activities	<u>80,043</u>	<u>66,657</u>	<u>44,509</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,125,317)	(1,481,448)	(5,068,218)
Cash and cash equivalents, beginning, as restated	5,125,517	1,481,448	5,545,876
Cash and cash equivalents, ending	<u><u>\$ 200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 477,658</u></u>

See Accompanying Notes to Financial Statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 61,684	\$ 18,650,451	\$ 7,163,669
(19,308)	(18,179,209)	(6,593,879)
-	(732,990)	(1,620,836)
42,376	(261,748)	(1,051,046)
(116,826)	(11,723,785)	(1,493,823)
74,450	1,252,518	940,481
-	170,353	1,765,644
-	953,435	-
(42,376)	(9,347,479)	1,212,302
-	(942,574)	-
-	136,077	-
-	(995,999)	-
-	(454,469)	-
-	(2,256,965)	-
-	19,005	-
-	172,204	-
-	191,209	-
-	(11,674,983)	161,256
-	12,152,841	-
<u>\$ -</u>	<u>\$ 477,858</u>	<u>\$ 161,256</u>

(Continued)

CITY OF COMPTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Water	Rubbish	Sewer
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 894,470	\$ 82,939	\$ (1,311,476)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	52,585	503,061	766,293
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Taxes receivable	-	-	(505)
Accounts receivable	455,924	(273,198)	(1,431)
Inventories	(139,848)	-	-
Increase (decrease) in:			
Accounts payable	(417,789)	(1,100,712)	(446)
Accrued liabilities	557,285	667,597	5,265
Interest payable	-	(13,000)	(63,559)
Deposits payable	(967,579)	-	-
Self-insurance claims	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 435,048</u>	<u>\$ (133,313)</u>	<u>\$ (605,859)</u>

See Accompanying Notes to Financial Statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 28,805	\$ (305,262)	\$ 3,365,281
-	1,321,939	-
-	(505)	-
-	181,295	-
-	(139,848)	(16,583)
(1,190)	(1,520,137)	(79,566)
(266)	1,229,881	18,004
-	(76,559)	-
15,027	(952,552)	-
-	-	(4,338,182)
<u>\$ 42,376</u>	<u>\$ (261,748)</u>	<u>\$ (1,051,046)</u>

CITY OF COMPTON
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Assets:

Cash and cash equivalents	\$	360,451
Account receivables		8,499
Due from other funds		<u>977,148</u>
Total Assets		<u><u>1,346,098</u></u>

Liabilities:

Accrued liabilities	\$	2,866
Deposits		<u>1,343,232</u>
Total Liabilities	\$	<u><u>1,346,098</u></u>

See Accompanying Notes to Financial Statements.

CITY OF COMPTON
Notes to Financial Statements
June 30, 2008

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

The City of Compton (City) was incorporated on May 11, 1888, under the laws of the State of California and enjoys all the rights and privileges applicable to a charter city. It is governed by an elected city council. As required by accounting principles generally in the United States of America, these financial statements present the City of Compton (the primary government) and its component units.

Blended Component Units:

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and so data from these units is combined with data of the primary government. Component units should be included in the reporting entity financial statements using the blended method if either of the following criteria is met:

- i. The component unit's governing body is substantially the same as the governing body of the primary government (the City).
- ii. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

The component units discussed below are included in the reporting unit because of their operational or financial relationships with the City of Compton.

The Community Redevelopment Agency (Agency) of the City of Compton was created by the City Council of the City in 1967. The Agency was established pursuant to the California Community Redevelopment Law, as codified in Part 1 of Division 24 of the State of California Health and Safety code. Through the creation of designated project areas, the Agency is broadly empowered to engage in the general acquisition and development of property in those areas of the City determined to be in a declining state.

The Public Finance Authority (PFA) was organized in 1987 under a joint exercise of power agreement to provide financing for public capital improvements for the City and the Compton Redevelopment Agency. The Authority's financial activity is reported in a separate capital projects fund.

The Housing Authority of the City of Compton (Housing Authority) was established in 1969 pursuant to State legislation. On December 1, 1976, the Housing Authority entered into an Annual Contributions Contract with HUD and received allocation of Section 8 Certificate units. The Housing Authority operates two programs: the Housing Choice Voucher Program, which provides monthly rental assistance to participants who want to rent from private landlords, but cannot afford the full monthly rental payment; and the Family Self-Sufficiency (FSS) Program, which assists families in creating plans that will lead to economic independence.

Copies of reports of financial statements for the Agency can be obtained at the City Controller, 205 South Willowbrook Avenue, Compton, CA 90220. Separate financial statements are not prepared for the PFA or Housing Authority.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. For all other revenues, they are considered available if they are collectible within one year of the end of the current fiscal year. Expenditures generally are recorded when the related fund liability is incurred, except for debt service expenditures as well as expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due.

Property taxes, franchise taxes, licenses, other taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent measurable and available. All other revenue items are considered measurable and available only when cash is received by the City.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

The City reports the following major governmental funds:

- *General Fund* – this fund is used to account for resources traditionally associated with governments, which are not required to be accounted for in another fund.
- *Federal Grants Fund* – This fund is used to account for various grants received from the agencies of the Federal government.
- *Retirement Fund* – This fund accounts for the contributions made by the City to its public employees' retirement system. The activity is financed from a special tax levy.
- *Redevelopment Debt Service Fund* – This fund was established to finance and account for the payment of interest and principal on the Agency's outstanding long-term indebtedness. The principal sources of revenue of this fund are tax increments and investment income.
- *The Public Finance Authority Debt Service Fund* – This fund was set up to finance and account for the payment of interest and principal on the outstanding long-term indebtedness issued by the Public Finance Authority. The principal source of revenue of this fund is the Base Rental Payments made by the City to the Authority.
- *Redevelopment Capital Projects Fund* – This fund is used to account for all revenues and costs of implementing various projects in accordance with the California Community Redevelopment Law and Public Financing, including acquisition of properties, cost of site improvements, and other costs of benefits to the project areas as well as administrative expenses incurred in sustaining project activities.
- *Low/Moderate Income Housing Capital Projects Fund* – This fund was established to provide, improve, and preserve low and moderate-income housing. Funding for this activity is from tax increment funds designated for such purpose by State Law (Health and Safety Code, Section 33334.2).

The City reports the following major proprietary funds:

- *Water Utility Fund* – This fund is used to account for the provision of water to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing, and collection.
- *Rubbish Fund* – this fund is used to account for the provision of rubbish collection services to residents and businesses within the City.
- *Sewer Fund* – This fund is used to account for the costs of replacing and upgrading portions of the City's sewer system and its operations.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Additionally, the City reports the following fund types:

Governmental Funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities and equipment (other than those financed by proprietary funds).

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for activities financed by user fees.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. These services include equipment rental fund, central duplicating fund, self-insurance fund, and central purchasing fund.

Fiduciary Funds:

Agency Funds – Agency Funds are used to account for funds in which the City is acting as an agent for another agency.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the business type activities and proprietary fund financial statements to the extent that business-type activities standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal service fund charges to business-type activities and other charges to business-type activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges for sale and services. Operating

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

expenses for enterprise and internal service funds included cost of sales and service, operations and maintenance of systems and facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

(d) *Assets, Liabilities, and Net Assets*

1. *Cash and Investments*

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Investments are stated at fair value.

2. *Inventories*

Enterprise Fund inventories include various accessories used for water service repair and maintenance. Inventories in the Internal Service Funds consist principally of office supplies, recreational activity supplies, and other miscellaneous materials and supplies. Inventories are valued at the lower of average cost or market.

3. *Land Held for Resale*

Land acquired by the Community Redevelopment Agency and held for resale is accounted for as investment and recorded at the lower of cost or estimated realizable value. Estimated realizable value is determined upon the execution of a disposition and development agreement. If resale of the land is not anticipated in the near future, a corresponding portion of the fund balance, which is not available for current expenditure, is reserved in the governmental fund financial statements.

4. *Capital Assets*

Capital Assets, which include land, land improvements, buildings, structures, equipment (including furniture), and infrastructure assets are reported in the applicable governmental activities columns in the accompanying government-wide financial statements and the proprietary fund financial statements. Capital assets are defined using guidelines established by the City. Such guidelines assert that assets with an initial individual cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated useful life in excess of one year are to be considered capital assets. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Depreciation on capital assets within the City is computed on a straight-line method using these estimated useful lives:

Buildings and Structures	40 years
Land Improvements	20 years
Equipment	5 – 10 years
Infrastructure	25 – 60 years

5. *Compensated Absences*

All compensated balances are accrued when earned in the government-wide financial statements. Compensated absences are recorded as a liability and expenditures when due and payable, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources.

6. *Claims and Judgments*

Material claims and judgments are recorded as a liability when it is probable that a claim has been incurred and the amount of the loss can be reasonably estimated. The City records the estimated loss including those incurred but not reported, net of any insurance coverage, in an internal service fund under its self-insurance program. In the opinion of the City Attorney, at June 30, 2008 the City had no material outstanding claims, in addition to amount disclosed in the statement of net assets.

7. *Property Tax Revenues*

The County of Los Angeles is responsible for assessing, collecting, and distributing property taxes to the City. The following property tax calendar is used:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and March 1
Delinquency date	December 11 and April 11

The City considers property taxes as available and records revenues if they are collected within 60 days after year end. Property taxes not received within 60 days of the end of the fiscal year-end are deemed by management to be uncollectible.

8. *Net Assets and Fund Balances*

In the government-wide financial statements and proprietary fund financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets.

- *Invested in Capital Assets, of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2008, the restricted net assets balances was \$25,708,266 for governmental activities, of which, \$7,004,049 was restricted by enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balances 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.

9. Use of Estimates

The preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, as well as disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(2) Reconciliation of Government-Wide and Fund Financial Statements

(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation states that, “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.” The capital assets reported in the *statement of net assets* are as follows:

Land	\$ 23,525,645
Construction in progress	7,241,416
Depreciable building and structures, net	21,018,410
Depreciable land improvement, net	810,557
Depreciable equipment, net	2,019,165
Depreciable infrastructure, net	79,927,207
	<u>\$ 134,542,400</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of this \$136,141,705 adjustment are as follows:

Bonds payable	\$ (119,550,146)
Mortgage loan payable	(3,549,039)
Notes payable	(5,092,213)
Capital lease obligation	(244,876)
Compensated absences	(8,009,977)
Postemployment benefit obligation	(2,491,708)
Deferred charge in refunding (to be amortized as interest expense)	2,098,268
Deferred charge for issuance costs (to be amortized over life of debt)	1,921,982
Unamortized bonds discount	167,796
Unamortized bonds premium	(1,391,162)
	<u>\$ (136,141,075)</u>

Another element of reconciliation states that “Internal service funds are used by management to charge the costs of certain activities, such as equipment, printing, risk management, and purchasing to individual funds. Since internal service funds predominantly service government activities, their assets and liabilities are included as governmental activities in the statement of net assets.”

Internal service funds net assets-beginning of year	\$ (31,884,525)
Change in net assets	5,130,925
	<u>\$ (26,753,600)</u>

(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 6,643,928
Depreciation expense	(7,696,563)
	<u>\$ (1,052,635)</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Another element of that reconciliation states that “The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this adjustment are as follows:

Debt principal repayments:	
Bonds payable	\$ 22,235,000
Mortgage loan payable	463,145
Capital lease financing	272,574
Notes payable	188,789
Debt issuance:	
2008 Series bond	(46,860,000)
Less discounts	174,508
Capital lease financing	92,307
Deferred amount for refunding	485,267
Energy Retrofit Loan, was not previously reported	4,012,184
	<u>\$ (18,936,226)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not accrued as expenses in governmental funds.” The details of this adjustment are as follows:

Accrued interest	\$ 3,507,317
Current year interest accretion	(2,064,939)
Amortization of bond premium	278,233
Amortization of bond discount	(6,712)
Amortization deferral on refunding	(344,997)
Current year issuance costs	1,077,732
Amortization issuance costs	(167,980)
Change in compensated absences	(622,058)
Change in postemployment obligation	(2,491,708)
	<u>\$ (835,112)</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(3) Stewardship, Compliance and Accountability

(a) Budgetary Information

The Annual Budget adopted by the City Council provides for the City's general operations. The budget includes proposed expenditures and estimated revenues for all Governmental funds. No budgetary comparisons are prepared for Proprietary and Agency Funds, as the City is not legally required to adopt a budget for these types of funds.

The City Manager is authorized to make the necessary changes to the budget to assure adequate and proper standards of service. Actual expenditures may not exceed budgeted appropriations at the department level for the General Fund and at the fund level for all other budgeted funds.

A Budget Supplement (Supplement) is published which reconciles revenues and expenditures at the legal level of control to the summarized amounts presented in the Annual Financial Report. This Supplement can be obtained from the City's Controller.

The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds. Budgets for the Governmental Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The modified-accrual basis of accounting is employed in the preparation of the budget.

At fiscal year-end operating budget appropriations lapse; however, incomplete capital improvement appropriations may be carried over to the following fiscal year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and the commitments will be honored during the subsequent year.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(b) Individual Fund Disclosures

Funds where expenditures exceeded appropriations:

Major Funds:

Retirement Special Revenue Fund	\$ 559,428
Public Financing Authority Debt Service Fund	3,847,462

Nonmajor Funds:

County Transportation Special Revenue Fund	345,123
Department of Health Services Grant Special Revenue Fund	71,439
California Department of Parks and Recreation Grant Special Revenue Fund	243,327

At June 30, 2008, the following funds had accumulated deficits:

Nonmajor Governmental Funds:

California Department of Transportation Grant	\$ 834,503
Department of Health Service Grant	307,646
California Department of Parks and Recreation Grant	429,696
Special Assessment Special Revenue Fund	3,503,171
Debt Service Certificates of Participation Fund	94,982

Nonmajor Enterprise Funds:

Golf Course	\$ 74,450
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Internal Service Funds:

Equipment Rental	\$ 1,111,707
Self-Insurance	25,829,096

These deficits are anticipated to be funded from future management spending control policies, grant revenues, operating transfers from the various City departments, and future user charges.

The Self-Insurance Fund possesses the largest deficit in this group totaling \$25,829,096. This amount represents an improvement of \$5,228,466 over the previous year deficit of \$31,057,562 due mainly to reduction in self-insurance expenditures and reduction in general liability estimate resulting from the comprehensive re-evaluation of the general liability and workers compensation claims during the year.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(4) Detailed notes on all Funds

(a) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 15,657,744
Cash and investments held by bond trustee	71,459,793

Fiduciary funds:

Cash and investments	<u>360,451</u>
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Total cash and investments	<u><u>\$ 87,477,988</u></u>
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Cash and investment at June 30, 2008 are classified as follows:

Cash on hand	\$ 16,150
Investments	<u>87,461,838</u>

Total cash and investments	<u><u>\$ 87,477,988</u></u>
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Investments Authorized by the City's Investment Policy

The City of Compton's Statement of Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53601 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Investments are limited to:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentages of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills	5 years	None	None
U.S. Treasury Notes	5 years	None	None
Federal Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	15%
Bankers' Acceptances	180 days	40%	15%
Commercial Paper	270 days	15%	15%
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20%	15%
Time Deposits	None	25%	15%
Medium Term Corporate Notes	5 years	30%	15%
Money Market Funds	None	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	5 years	20%	None

* Excluding amounts held by bond trustee that are not subject to California Government code restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is 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 agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Notes	5 years	30%	None
Federal Agency Securities	5 years	30%	None
Negotiable Certificate of Deposit	5 years	None	30%
Bankers' Acceptances	180 days	40%	15%
Commercial Paper	270 days	40%	None
Repurchase Agreements	90 days	None	None
Time Deposits	None	25%	None
Money Market Funds	None	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Guaranteed Investment Contracts	30 years	None	None

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market rate 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 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 maturities so that a portion of the portfolio is maturing or close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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.

<u>Investment Type</u>	<u>Amounts</u>	<u>Remaining Maturity (in Months)</u>
		<u>12 Months or Less</u>
Money Market Funds	\$ 1,612,283	\$ 1,612,283
Held by Fiscal Agent:		
Money Market Funds	71,459,793	71,459,793
State Investment Pool (LAIF)	14,389,762	14,389,762
	<u>\$ 87,461,838</u>	<u>\$ 87,461,838</u>

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 investment policy, or debt agreements and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Amounts</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
Money Market Funds	\$ 1,612,283	AAA	\$ 176,472	\$ 1,435,811
Held by Fiscal Agent:				
Money Market Funds	71,459,793	N/A	-	71,459,793
State Investment Pool	14,389,762	N/A	-	14,389,762
	<u>\$ 87,461,838</u>		<u>\$ 176,472</u>	<u>\$ 87,285,366</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

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 failure of the counterparty (e.g. broker-dealer) to 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 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 government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal 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 investments in the 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized basis.

LAIF management has indicated that as of June 20, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$6,113.006 million and asset backed securities totaling \$4,188.272 million.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(b) Receivables

Receivables at June 30, 2008 are as follows:

Fund Name	Property Taxes	Accounts	Grants	Notes, net	Loans Receivable	Total
Governmental activities:						
General fund	\$ 1,214,279	\$ 3,592,767	\$ -	\$ -	\$ -	\$ 4,807,046
Federal grants	-	61,071	81,816	-	3,197,639	3,340,526
Retirement	1,041,308	-	-	-	-	1,041,308
Redevelopment debt service	2,153,157	-	-	-	-	2,153,157
Redevelopment capital projects	-	88,146	-	408,857	-	497,003
Low/moderate income housing	-	15,876	-	-	15,739,044	15,754,920
Nonmajor governmental funds	227,841	2,396,463	487,681	-	-	3,111,985
	<u>\$ 4,636,585</u>	<u>\$ 6,154,323</u>	<u>\$ 569,497</u>	<u>\$ 408,857</u>	<u>\$ 18,936,683</u>	<u>\$ 30,705,945</u>
			Property Taxes	Accounts	Allowance	Total
Business-type activities:						
Water			\$ -	\$ 2,424,929	\$ (947,709)	\$ 1,477,220
Rubbish			-	1,320,875	(453,962)	866,913
Sewer			41,153	2,196	-	43,349
Nonmajor enterprise funds			-	-	-	-
			<u>\$ 41,153</u>	<u>\$ 3,748,000</u>	<u>\$ (1,401,671)</u>	<u>\$ 2,387,482</u>
Net total receivables						<u>\$ 33,093,427</u>

Notes Receivable

The City's notes receivable in the Redevelopment Capital Projects Fund as of June 30, 2008 are composed of the following:

Borrower	Balance	Allowance	Net Balance
Bakewell and Bunkley Investment Company	\$ 3,500,000	\$ (3,172,028)	\$ 327,972
Steve Levaton	2,572	-	2,572
William and Carolyn German	46,250	-	46,250
Rolando and Elida Martinez	32,063	-	32,063
Total notes receivable	<u>\$ 3,580,885</u>	<u>\$ (3,172,028)</u>	<u>\$ 408,857</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

In May 2006, outstanding notes receivable from Bakewell and Bunkley Investment Company, Compton Commercial Development Company, and Compton Commercial Plaza Company were relieved by a Mutual Release of Claims and Settlement Agreement. The Agreement relieved all parties from all existing debt obligations; however, it created the new debt obligation of \$3,500,000. The Agency expected to receive only the difference between the new and old loans. Therefore, the difference was transferred into an allowance for doubtful accounts.

Loans Receivable

Community Redevelopment Agency's First Time Home Buyers Assistance, Residential Rehabilitation Assistance, and Loans to qualified Community Housing Development Organization (CHDO)

The City's Community Redevelopment Agency (CRA) provides assistance to residents and home owners of the community. This assistance is in the form of first time home buyers assistance and residential rehabilitation assistance programs. In addition, CRA also provides assistances to qualified Community Housing Development Organization (CHDO) for low and moderate housing developments. These assistances are funded through Low /Moderate Income Housing and Federal Grants - Home Investment Partnerships Program (HOME) funds.

First Time Home Buyers Assistance Program:

The First Time Home Buyers program consists of a second mortgage or mortgage subsidy, which reduces the price of a home to an affordable level, thus enabling a first time home buyer to qualify for the purchase of a home. The second mortgage is in the form of a silent second trust deed loan. The maximum loan amount is \$100,000 for moderate income borrowers and \$150,000 for low income borrowers. The loan is interest-free and does not require monthly repayment. After five years, the loan is reduced 10% annually. Ultimately, if the borrower lives in the property for 15 years consecutively, the loan is forgiven and treated as a grant to the borrower. Both the property and the applicant must meet certain criteria in order to be eligible to participate in the program. The total amount of the first time home buyers' assistance granted during the year was \$10,957,690. At June 30, 2008, the loans receivable balances were \$15,739,044 and \$1,224,611 for Low/Moderate Income Housing and Federal Grants, respectively. In prior years, the loans receivable balance was not incorporated in the financial statements as the loans were reported as expenditures. This resulted in the restatement of the prior year net assets as shown in Note 5(f).

Loans to Community Housing Development Organization (CHDO):

Also, the City provided funds to Community Housing Development Organization (CHDO) to boost construction of new homes in the City. At June 30, 2008, the loans receivable balance was \$1,589,403 for Federal Grants. In prior years, the loans receivable balance was not incorporated in the financial statements as the loans were reported as expenditures. This resulted in the restatement of the prior year net assets as shown in Note 5(f).

Residential Rehabilitation Assistance Program:

This program comprises the Fix-It Repair Grant, Emergency Assistance Grant and Deferred Equity Loan. The Fix-It grant provides up to \$7,000 to assist low to moderate income, owner occupied households with minor repairs in their homes. No repayment or lien is required for this program as it is strictly a grant. The Emergency Assistance Grant is designed to assist low income, owner occupied households of single family homes within the city limits with extreme emergency repairs subject to a

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

maximum of \$10,000. The beneficiary is required to repay the grant to the City only upon the sale, refinance, and transfer, foreclosure of the property or the death or relocation of the home owner from the property. The Deferred Equity Loan is provided to low / moderate-income home owners who meet the eligibility criteria subject to a maximum of \$25,000. The beneficiary is required to repay the loan only upon the sale, refinance, transfer or foreclosure of the property within 10 years of the loan. After 10 years, the loan is forgiven and treated as a grant. The total amount of the residential rehabilitation assistance granted during the year was \$222,420. This amount has been reported as expenditure in this financial report as it is improbable that any of the grants or the deferred equity loan will become receivable.

Planning Department's Commercial Revolving Loan

The City's Planning Department provided commercial revolving loans to companies to finance their operations and enhance their capability to contribute to the economic development of the City. The loans were funded through the US Department of Commerce, Economic Development Administration. At June 30, 2008, the total loans receivable was \$383,625.

(c) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2008 is as follows:

Governmental Activities:

	July 1, 2007 As Previously Stated	Adjustment	Balance July 1, 2007 As Restated	Addition	Transfer	Balance June 30, 2008
Capital assets, not being depreciated:						
Land	\$ 17,211,040	\$ 6,314,605	\$ 23,525,645	\$ -	\$ -	\$ 23,525,645
Construction in progress	2,133,522	2,915,400	5,048,922	4,978,774	(2,786,280)	7,241,416
Total capital assets, not being depreciated	19,344,562	9,230,005	28,574,567	4,978,774	(2,786,280)	30,767,061
Capital assets, being depreciated:						
Building and structures	32,951,591	3,097,755	36,049,346	-	-	36,049,346
Land improvements	6,650,425	(25,221)	6,625,204	-	-	6,625,204
Equipment	46,526,551	(5,848,628)	40,677,923	987,050	-	41,664,973
Infrastructure	167,338,418	(11,417,714)	155,920,704	678,104	2,786,280	159,385,088
Total capital assets, being depreciated	253,466,985	(14,193,808)	239,273,177	1,665,154	2,786,280	243,724,611
Less accumulated depreciation for:						
Building and structures	(13,203,516)	(894,000)	(14,097,516)	(933,420)	-	(15,030,936)
Land improvements	(5,349,296)	(119,183)	(5,468,479)	(346,168)	-	(5,814,647)
Equipment	(46,597,323)	8,014,089	(38,583,234)	(1,018,464)	-	(39,601,698)
Infrastructure	(74,682,080)	622,710	(74,059,370)	(5,398,511)	-	(79,457,881)
Total accumulated depreciation	(139,832,215)	7,623,616	(132,208,599)	(7,696,563)	-	(139,905,162)
Total capital assets, being depreciated, net	113,634,770	(6,570,192)	107,064,578	(6,031,409)	2,786,280	103,819,449
Governmental activities capital assets, net	\$ 132,979,332	\$ 2,659,813	\$ 135,639,145	\$ (1,052,635)	\$ -	\$ 134,586,510

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

During the year, the City performed a comprehensive listing of all its capital assets. This entailed the utilization of the results of the assessment of the capital assets performed in 2004 in accordance with the GASB 34 requirements and additions to the capital assets from 2004 to the end of the current fiscal year. The exercise resulted in proper classification of previously misclassified capital assets and adjustment to tie the total of the comprehensive capital assets listing to the financial records of the City. The net adjustment amounted to \$2,659,813 for governmental funds.

Depreciation expenses were charged to functions/programs of the primary government as follows:

General government	\$ 5,156,697
Public safety	615,725
Public works	<u>1,924,141</u>
 Total Depreciation	 <u><u>\$ 7,696,563</u></u>

Business-type Activities:

	July 1, 2007 As Previously Stated	Adjustment	Balance July 1, 2007 As Restated	Addition	Balance June 30, 2008
Capital assets, not being depreciated:					
Land	\$ 82,315	\$ 79,782	\$ 162,097	\$ -	\$ 162,097
Construction in progress	-	-	-	343,810	343,810
Total capital assets, not being depreciated	<u>82,315</u>	<u>79,782</u>	<u>162,097</u>	<u>343,810</u>	<u>505,907</u>
Capital assets, being depreciated:					
Building and structures	1,254,963	-	1,254,963	-	1,254,963
Land improvements	259,826	(102,782)	157,044	-	157,044
Equipment	20,164,962	23,000	20,187,962	180,755	20,368,717
Infrastructure	23,000	-	23,000	418,011	441,011
Total capital assets, being depreciated	<u>21,702,751</u>	<u>(79,782)</u>	<u>21,622,969</u>	<u>598,766</u>	<u>22,221,735</u>
Less accumulated depreciation for:					
Building and structures	(488,222)	(368,824)	(857,046)	(31,374)	(888,420)
Land improvements	(116,515)	(28,530)	(145,045)	(800)	(145,845)
Equipment	(14,144,989)	(852,532)	(14,997,521)	(1,272,125)	(16,269,646)
Infrastructure	(1,870)	30	(1,840)	(17,640)	(19,480)
Total accumulated depreciation	<u>(14,751,596)</u>	<u>(1,249,856)</u>	<u>(16,001,452)</u>	<u>(1,321,939)</u>	<u>(17,323,391)</u>
Total capital assets, being depreciated, net	<u>6,951,155</u>	<u>(1,329,638)</u>	<u>5,621,517</u>	<u>(723,173)</u>	<u>4,898,344</u>
Business-type activities capital assets, net	<u><u>\$ 7,033,470</u></u>	<u><u>\$ (1,249,856)</u></u>	<u><u>\$ 5,783,614</u></u>	<u><u>\$ (379,363)</u></u>	<u><u>\$ 5,404,251</u></u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

During the year, the City corrected errors regarding depreciation charges on the capital assets of the business-type activities. This error correction resulted in the total increase of \$1,249,856 in accumulated depreciation balance.

Depreciation expenses were charged to Business-type Activities as follows:

Water	\$ 52,585
Rubbish	503,061
Sewer	<u>766,293</u>
 Total Depreciation	 <u><u>\$ 1,321,939</u></u>

(d) Interfund Transactions

The following table summarizes interfund receivables and payables at June 30, 2008:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds :		
Federal Grants	\$ 3,611,114	\$ 2,900,650
Retirement	6,551,939	-
Redevelopment Debt Service	-	452,062
Redevelopment Capital Projects	2,684,721	6,290,536
Low/Moderate Income Housing	3,328,059	43,888
Nonmajor Funds	<u>4,945,224</u>	<u>7,998,428</u>
	21,121,057	17,685,564
Internal Service Funds	<u>1,519,021</u>	<u>16,377,760</u>
	22,640,078	34,063,324
Water	6,114,174	1,178,068
Rubbish	642,192	-
Sewer	4,850,593	-
Non major Enterprise Fund	91,657	74,450
Agency Fund	<u>977,148</u>	<u>-</u>
	<u><u>\$ 35,315,842</u></u>	<u><u>\$ 35,315,842</u></u>

These interfund balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occurs, and 2) payments between funds are made.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Long-term Advances

The General Fund makes long-term advances to the Self Insurance Internal Service Fund to ensure sufficient cash is available to fund operations.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 6,414,036
Total long-term advances		<u><u>\$ 6,414,036</u></u>

Transfers

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>Public Finance</u> <u>Authority</u> <u>Debt Service</u>	<u>Redevelopment</u> <u>Capital Projects</u>	<u>Low/Moderate</u> <u>Income Housing</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Internal</u> <u>Service</u>	<u>Sewer</u>	
General Fund	\$ 4,599,488	\$	\$	\$	\$ 1,565,644	\$ 170,353	\$ 6,335,485
Redevelopment Debt Service		6,000,000					6,000,000
Redevelopment Capital Projects			3,258,589				3,258,589
Nonmajor Funds	20,242			2,749,488	200,000		2,969,730
Total	<u>\$ 4,619,730</u>	<u>\$ 6,000,000</u>	<u>\$ 3,258,589</u>	<u>\$ 2,749,488</u>	<u>\$ 1,765,644</u>	<u>\$ 170,353</u>	<u>\$ 18,563,804</u>

Interfund transfers were primarily used to fund capital improvements and debt service payments.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(e) Long-term Debt

1. Indebtedness

As of June 30, 2008, the City's long-term indebtedness consisted of the following:

	Date of Issue	Date of Maturity	Interest Rate	Amount of Issue	Outstanding June 30, 2008
Governmental Activities:					
Debt long-term liabilities:					
Bonds payable:					
1995 Series "C" refunding tax allocation bonds - taxable (the balance of \$27,565,146 includes \$17,427,616 of accreted value)	7/1/1995	8/1/2024	7.94%	\$ 10,137,530	\$ 27,565,146
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	7/6/2006	8/1/2013	5.00%	51,215,000	45,125,000
2008 Series Compton Public Finance Authority refunding and various capital projects bond	5/1/2008	9/1/2032	4.00%-5.25%	46,800,000	46,860,000
					<u>119,550,146</u>
Less: Deferral on refunding					
2006 Series A refunding tax allocation bond					(1,631,665)
1997 "A" Series Certificate of Participation					(466,603)
Less: Discount on Issue of 2008 Series Compton Public Finance refunding and various capital projects bond					(167,796)
Add: Bond Premium on issue of 2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt					1,391,162
Total bonds payable					<u>118,675,244</u>
Mortgage loan payable:					
Energy Retrofit / Revenue Enhancement	7/31/2006	7/31/2022	4.52%	4,012,184	3,549,039
Notes payable:					
Housing Section 108 notes	8/9/2001	8/1/2020	6.00%	5,000,000	4,700,000
Energy Conservation Assistance Loan	10/21/2004	6/22/2012	3.95%	635,087	392,213
Total notes payable					<u>5,092,213</u>
Capital lease obligation:					
Fire safety equipment					<u>244,876</u>
Compensated absences					<u>8,009,977</u>
Total Governmental Activities - Long-term Liabilities					<u>\$ 135,571,349</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2008</u>
Debt Long-term Liabilities:					
Bonds payable:					
1998 Sewer Revenue Refunding bonds	6/1/1998	9/1/2023	4.2%-5.375%	\$ 8,310,000	\$ 6,475,000
2000 Solid Waste Revenue bonds	6/29/2000	8/1/2020	Variable	6,000,000	<u>2,500,000</u>
Total bonds payable					<u>8,975,000</u>
Notes payable:					
Water utility note	12/15/1994	6/13/2013	8.10%	818,071	<u>256,320</u>
Capital lease obligations					<u>148,432</u>
Total Business-type Activities - Long-term Liabilities					<u><u>\$ 9,379,752</u></u>

Long-Term Debt – Governmental Activities:

Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Projects) Series 2008

On May 1, 2008, the City issued \$46,860,000 of Lease Revenue Bonds with an interest rate of 4.0% - 5.25% to advance refund \$14,700,000 outstanding 1997 “A” Certificate of Participation bonds with an interest rate of 7.5% and to finance various capital projects amounting to \$29,201,947.

The portion of net proceeds of \$12,426,721 (after payment of \$1,252,241 in underwriting fees, insurance, and other issuance costs) plus an additional \$2,769,730 representing reserve with escrow agent for the 1997 “A” Certificate of Participation were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 “A” Certificate of Participation. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the government-wide statement of net assets – governmental activities. The remaining portion of net proceeds \$33,181,038 were deposited to escrow agent as follows: \$29,201,947 to finance various capital projects, \$3,949,137 to reserve fund, and \$29,954 represents the unspent allocation for cost of issue.

The advance refunding resulted in a difference between the requisition price and the net carrying amounts of the old debt of \$485,267. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2032 using the effective-interest method. The transaction also resulted in an economic gain of \$2,970,159.

The 2008 Lease Revenue Bonds are secured by the Public Finance Authority’s (Authority) pledge of certain base rental payments made by the City to the Authority pursuant to a facility lease, dated May 1, 2008 between the Authority and the City.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A

On July 6, 2006, the City issued \$51.2 million in Tax Allocation Bonds to advance refund \$32 million of outstanding 1995A Series Bonds, \$14.7 million of 1995B Series Bonds and \$19.3 million of outstanding 1995-1 Series bonds. In prior years, the City defeased certain bonds by placing the proceeds of new bonds in irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2008, \$56 million of the bonds outstanding are considered defeased.

The 2006A Tax Allocation bonds are special obligations of the Agency, which are secured by an irrevocable pledge of the tax revenues payable to the Agency. Total principal and interest remaining on the bonds is \$53,360,000, payable through August 2013. For the current year, principal and interest paid and total incremental property tax revenues, were \$8,498,500 and \$19,826,558, respectively.

1995 Series "C" Refunding Tax Allocation Capital Appreciation Bonds

The 1995 Series "C" Refunding Tax Allocation Capital Appreciation bond was issued in 1995 but repayment of the liability will commence in 2014 to end in 2024. During the grace period before the loan payment commences, the interest on the bond is added as an accretion to the bond balance. The amount of the bond is \$10,137,530 while total accretion as of June 30, 2008 is \$17,427,616.

The 1995 Series "C" Tax Allocation Capital Appreciation bonds are special obligations of the Agency, which are secured by an irrevocable pledge of the tax revenues payable to the Agency. Total principal and interest remaining on the bond is \$63,800,011, payable through August 2024. There were no principal and interest payments made during the year. For the current year, the total incremental property tax revenues were \$19,826,558.

Energy Retrofit / Revenue Enhancement Mortgage Loan

On July 31, 2006, the City entered into a mortgage loan agreement of \$4,012,184 with Citi Mortgage Inc. to finance the development and installation of Citywide Energy Retrofit / Revenue Enhancement program. The mortgage has an interest rate of 4.52%. The proceeds of the mortgage arrangement was invested in a money market and deposited in an irrevocable trust with an escrow agent to provide for the payment of the vendor of the energy retrofit / revenue enhancement program. As of year end, full payment has been made to the vendor while the interest earned on the money market was reinvested and included as part of the City's investment.

This mortgage loan was omitted from the loan proceed and long-term liabilities of the prior year financial statements necessitating a restatement of the net assets of government-wide financial statements as contained in Note 5(f).

Housing Section 108 Notes

Housing Section 108 note in the amount of \$5,000,000 is a note payable to HUD, which was issued on August 2001. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides the City with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This note payable is guaranteed by the City's current and future CDBG allocations.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

The annual requirements to amortize all bonds outstanding, including mortgage note payable, other notes payable, and interest payments are as follows:

Year Ending June 30	Bonds Payable	
	Principal	Interest
2009	\$ 7,715,000	\$ 2,256,250
2010	6,935,000	1,927,000
2011	7,305,000	1,580,000
2012	7,690,000	1,215,000
2013	8,090,000	2,536,084
2014-2018	14,202,028	11,828,420
2019-2023	19,389,639	11,615,420
2024-2028	13,960,863	7,547,500
2029-2033	16,835,000	4,208,750
Total Debt Service Payment	102,122,530	\$ 44,714,424
Cumulative Accretion	17,427,616 *	
Total Principal, June 30, 2008	<u>\$ 119,550,146</u>	

* Accretion is included as interest for debt service payment schedule.

Year Ending June 30	Mortgage Loan Payable	
	Principal	Interest
2009	\$ 234,987	\$ 154,164
2010	115,122	147,873
2011	131,737	142,394
2012	149,587	136,143
2013	168,749	129,064
2014-2018	1,182,974	505,672
2019-2023	1,565,883	168,690
Total	<u>\$ 3,549,039</u>	<u>\$ 1,384,000</u>

Year Ending June 30	Notes Payable			
	Housing Section 108 Notes		Energy Conservation Asst. Loan	
	Principal	Interest	Principal	Interest
2009	\$ 200,000	288,020	\$ 92,379	\$ 14,592
2010	200,000	276,820	96,064	10,907
2011	200,000	265,400	99,896	7,075
2012	300,000	250,950	103,874	3,096
2013	300,000	233,250	-	-
2014-2018	2,000,000	848,060	-	-
2019-2023	1,500,000	148,225	-	-
Total	<u>\$ 4,700,000</u>	<u>\$ 2,310,725</u>	<u>\$ 392,213</u>	<u>\$ 35,670</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

The City has entered into lease agreements for financing fire, recreational and maintenance vehicles. The future minimum lease obligations are:

Year Ending June 30	Capital Lease Payable	
	Principal	Interest
2009	\$ 102,242	\$ 13,140
2010	102,898	7,654
2011	19,290	2,132
2012	20,446	1,097
Total	<u>\$ 244,876</u>	<u>\$ 24,023</u>

Long-Term Debt - Enterprise Funds Bond Indebtedness:

Sewer Refunding Bonds:

In June 1998, the City issued \$8.3 million in Sewer Revenue Refunding Bonds with an average interest rate of 5.2% to advance refund \$7.285 million of outstanding Series 1993 Sewer Revenue Bonds. The old bonds were defeased by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2008, \$2.6 million of the bonds outstanding are considered defeased.

The Sewer Refunding bonds are secured by the City's pledge of certain revenues, which consist of sewer service charge imposed by the City upon its property owners for the use of the sewer system for each year minus certain operation and maintenance expenses incurred by the City in connection with the operation of the sewer system. The total principal and interest remaining to be paid on the bonds is \$9,620,241. Principal and interest paid for the current year and total taxes and special assessments revenues were \$546,044 and \$904,138, respectively.

Interest on the new bonds is payable semiannually on March 1 and September 1. Principal maturity occurs on September 1 of each year starting in 1999 through 2023. As of June 30, 2008, the outstanding bond balance is \$6,475,000. The annual requirements to amortize all bonds outstanding, including interest payments, are listed below.

Year Ending June 30	Principal		Interest	
2009	\$	270,000	\$	336,356
2010		285,000		322,303
2011		295,000		307,441
2012		310,000		291,938
2013		330,000		275,537
2014-2018		1,920,000		1,092,038
2019-2023		2,485,000		504,041
2024-2028		580,000		15,588
Total	<u>\$</u>	<u>6,475,000</u>	<u>\$</u>	<u>3,145,241</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Solid Waste Management Facilities Bonds:

In March 2006, the City converted \$3,775,000 in Solid Waste Management Facilities Variable Rate Revenue Bonds, Series 2000, from a variable rate (the Bonds) to a fixed rate (the Convertible Bonds) maturing in August 2020. The Bonds were issued in June 2000 to finance the acquisition of land, vehicles, and other equipment for the City's Solid Waste Management Program. The Convertible Bonds bear a fixed rate of 4.8%.

The Solid Waste Management Facilities Bonds are secured by a pledge of the net revenues received by the City for the Solid Waste Management Program. The total principal and interest remaining to be paid on the bonds is \$2,990,800. Principal and interest paid for the current year and total customer net revenues were \$772,600 and \$9,820,752, respectively.

Interest on the bonds is payable on February 1st and August 1st of each year until maturity, redemption, or purchase thereof. As of June 30, the outstanding bond balance is \$2,500,000. The annual requirements to amortize all bonds outstanding, including interest payments, are as follows:

Year Ending		
June 30	Principal	Interest
2009	\$ 680,000	\$ 103,680
2010	715,000	70,200
2011	80,000	51,120
2012	80,000	47,280
2013	85,000	43,320
2014-2018	500,000	148,800
2019-2023	360,000	26,400
Total	<u>\$ 2,500,000</u>	<u>\$ 490,800</u>

Notes Payable – Water Utility:

The City's Water Utility Enterprise Fund borrowed \$933,393 for utility improvements under provisions of the State of California Safe Drinking Water contract. As of June 30, 2008, the outstanding note payable balance is \$256,320. Payments on the note are due semiannually. The term of the note is for 35 years at an interest rate of 7.40%.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

The total annual payments required to amortize the note as of June 30, 2008, including interest payments, are as follows:

Year Ending June 30	Principal	Interest
2009	\$ 27,096	\$ 11,436
2010	65,804	17,418
2011	70,763	12,459
2012	76,097	7,125
2013	16,560	2,563
Total	<u>\$ 256,320</u>	<u>\$ 51,001</u>

The City had lease agreements for financing heavy equipment. The future minimum lease obligations are as follows:

Year Ending June 30	Principal	Interest
2009	\$ 34,132	\$ 2,328
2010	36,044	2,458
2011	38,062	2,596
2012	40,194	2,741
Total	<u>\$ 148,432</u>	<u>\$ 10,123</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Changes in Long-term Debt:

The following is a summary of long-term debt transactions for the year ended June 30, 2008:

	Balance July 1, 2007 as Restated	Additions	Retirements	Balance June 30, 2008	Amount due Within One Year
Governmental Activities					
Debt long-term liabilities:					
Certificate of participation:					
1997 "A" refunding certificate of participation	\$ 16,145,000	\$ -	(16,145,000)	\$ -	\$ -
Bonds payable:					
1995 Series "C" refunding tax allocation bonds - taxable (the total balance of \$27,565,146 includes \$17,427,616 of accreted value)	10,137,530	-	-	10,137,530	-
Add: Interest Accretion	15,362,677	2,064,939	-	17,427,616	-
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	51,215,000	-	(6,090,000)	45,125,000	6,585,000
Less: deferred on refunding	(1,957,998)	-	326,333	(1,631,665)	-
Add: bond premium	1,669,395	-	(278,233)	1,391,162	-
2008 Series Compton Public Finance Authority refunding and various capital projects	-	46,860,000	-	46,860,000	1,130,000
Less: Discount on Issue	-	(174,508)	6,712	(167,796)	-
Less: Deferred on refunding of 1997 "A" Certificate of Participation	-	(485,267)	18,664	(466,603)	-
	<u>92,571,604</u>	<u>48,265,164</u>	<u>(22,161,524)</u>	<u>118,675,244</u>	<u>7,715,000</u>
Mortgage loan payable:					
Energy retrofit / revenue enhancement	4,012,184	-	(463,145)	3,549,039	234,987
Capital lease obligations:					
Fire safety and other equipment	425,142	92,307	(272,574)	244,876	102,242
Notes payable:					
Housing Section 108 notes	4,800,000		(100,000)	4,700,000	200,000
Energy Conservation Assistance Loan	481,002		(88,789)	392,213	92,379
Total notes payable	<u>5,281,002</u>	<u>-</u>	<u>(188,789)</u>	<u>5,092,213</u>	<u>292,379</u>
Other long-term liabilities:					
Compensated absences	7,387,919	3,718,966	(3,096,908)	8,009,977	3,096,908
Total governmental activities long-term liabilities	<u>\$ 109,677,851</u>	<u>\$ 52,076,437</u>	<u>\$ (26,182,940)</u>	<u>\$ 135,571,349</u>	<u>\$ 11,441,516</u>

The City's General Fund has typically been used to liquidate the City's compensated absences liabilities.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Business-type Activities	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amount Due Within One Year
Debt long-term Liabilities:					
Bonds payable:					
1998 sewer revenue refunding bonds	\$ 6,730,000	\$ -	(255,000)	\$ 6,475,000	\$ 270,000
2000 solid waste revenue bonds	3,150,000	-	(650,000)	2,500,000	680,000
Total bonds payable	9,880,000		(905,000)	8,975,000	950,000
Loan payable:					
Water utility note	347,319	-	(90,999)	256,320	27,096
Capital lease obligations	12,355	180,755	(44,678)	148,432	34,132
Total business-type activities - long-term liabilities	<u>\$ 10,239,674</u>	<u>\$ 180,755</u>	<u>(1,040,677)</u>	<u>\$ 9,379,752</u>	<u>\$ 1,011,228</u>

(g) Risk Management – Claims and Judgments

The City is self-insured for workers' compensation and general liability claims, which includes all other risk of loss. Excess insurance coverage is maintained for workers' compensation losses in excess of \$500,000 for fire/police Department employees, and \$375,000 for other department employees; and general liability claims in excess of \$1,000,000.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

The City records an estimated liability at the time of an incident based on the internal estimates performed by the City Attorney's Office of probable loss. A summary of the City's estimated liability calculation at June 30, 2008 is as follows:

	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</u>
Claims liabilities, July 1, 2006	\$ 2,364,107	\$ 5,885,655	\$ 8,249,762
Incurring claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,946,459	2,077,267	5,023,726
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(2,090,833)</u>	<u>(1,169,533)</u>	<u>(3,260,366)</u>
Claims liabilities, June 30, 2007	3,219,733	6,793,389	10,013,122
Adjustment - additional liability / (write back)	711,029	(3,121,682)	(2,410,653)
Incurring claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	1,810,808	-	1,810,808
Payments on claims attributable to events of both the current fiscal year and prior fiscal year	<u>(1,954,380)</u>	<u>(1,783,958)</u>	<u>(3,738,337)</u>
Claims liabilities, June 30, 2008	<u><u>\$ 3,787,190</u></u>	<u><u>\$ 1,887,749</u></u>	<u><u>\$ 5,674,940</u></u>

The City re-evaluated the estimated workers compensation and general liability claims during the year and closed previously opened liability claims for which the liability may not materialize. The re-evaluation resulted in a net adjustment of \$2,410,653 representing a write back of excess estimate previously made in the financial statements. This adjustment was treated as a change in accounting estimate during the year.

(5) Other Information

(a) Pension Plan Description

The City maintains three separate defined benefit pension plans for miscellaneous, safety-fire, and safety-police employees, which provided retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan for miscellaneous employees is an agent multi-employer public employee defined benefit plan, while plan for safety-fire and safety-police employees are a cost-sharing multi-employer public employee defined benefit plan. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for the participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

by State statutes within the Public Employees' Retirement law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy:

Active plan members are required to contribute 8% for miscellaneous employees and 9% for safety-fire employees for their annual covered salary. There is no active plan member for safety-police plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its member. The required employer contribution rate for fiscal year 2008 was 19.138% for miscellaneous employees and 46.731% for firefighters, of annual covered payroll. The contribution requirements of the Plan members are established by State status and the employer contribution rate is established and may be amended by CalPERS.

Plan Funding Status:

The funded status of the miscellaneous plan based on the June 30, 2007 actuarial valuation is as follows:

Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
\$130,255,772	\$109,385,522	\$20,870,250	84%	\$13,975,341	149.3%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual pension cost: For fiscal year 2007-2008, the City's annual pension costs \$2,895,656 for miscellaneous, \$2,474,283 for safety police, and \$2,740,432 for safety fire for PERS was equal to the City's required and actual contributions. The summary of principle assumptions and methods used to determine the annual required contribution is shown as follows for the Miscellaneous Plan:

Valuation date	June 30, 2007.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level percent of payroll.
Average remaining period	27 years as of the valuation date.
Asset valuation method	15 year smoothed market.
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%.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Individual salary growth

A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

The following is a summary of information for PERS for a three-year period ending each June 30:

Three-Year Trend Information for the Miscellaneous Plan

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 2,895,656	100%	\$ -
2007	2,238,055	100%	-
2006	2,816,110	100%	-

Three-Year Trend Information for the Safety Police Plan

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 2,474,283	100%	\$ -
2007	2,559,900	100%	-
2006	2,470,924	100%	-

Three-Year Trend Information for the Safety Fire Plan

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 2,740,432	100%	\$ -
2007	2,313,273	100%	-
2006	2,361,906	100%	-

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 percentage of pay over a closed 20-year period. Gain and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gain and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

(b) Litigation

The City has been named as a defendant in a litigation in which a former contracted waste management service provider alleged that the City wrongfully terminated their contractual relationship; as such, the plaintiff alleged a loss and was claiming damages in excess of \$20 million. On November 27, 2006, the City was awarded the sum of \$22,402,759 on its cross-complaint. The case is currently on appeal. The City did not record a receivable as of June 30, 2008.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

(c) Additional Payments to the City

The Community Redevelopment Agency agreed to remit certain incremental property taxes to the City for general governmental activities and specific projects that benefit the Agency's designated project areas. For the year ended June 30, 2008, payments to the City amounted to \$680,618.

(d) Commitments

The City has entered into a cancellable and non-cancellable operating agreement with the Los Angeles County Sheriffs Department for municipal law enforcement services. The operating period of the agreement is from July 1, 2005 to June 30, 2009. Both parties may terminate the agreement upon 60 days notice in writing. The City paid approximately \$15,062,171 for the service provided during the 2008 fiscal year.

Future service payments, required under this operating agreement in the next one year ending June 30, 2008, are as follows:

Year Ending June 30	Start-up Cost Services Charges	
	(Noncancelable)	(Cancelable)
2009	\$ -	\$ 15,131,186
Total	\$ -	\$ 15,131,186

(e) Post Employment Benefits

During the year ended June 30, 2008, the City implemented **GASB Statement No. 45, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions by State and Local Government Employers**.

1. Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

2. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and have put in 5 years of CalPERS services (unless disabled). The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2008:

	Safety	Fire	Miscellaneous	Total
Eligible active employees	-	74	288	362
Enrolled eligible retirees	171	85	218	474

The above table does not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

3. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the CalPERS Board. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirement. Effective July 1, 2007, the City's contribution rate was \$558 per month for each retiree. For the year ended June 30, 2008, the City contributed \$3,176,292 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment 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 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) not to exceed thirty years. The City's OPEB obligation as of June 30, 2007, the most recent actuarial valuation, was \$5,668,000. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 5,668,000	56%	\$2,491,708
6/30/2007	N/A	N/A	N/A
6/30/2006	N/A	N/A	N/A

4. Funding Status and Progress

The funded status based on the June 30, 2007 actuarial valuation is as follows:

Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
\$69,979,000	\$0	\$69,979,000	N/A	\$19,855,000	352.45%

Actuarial valuations of an ongoing plan involved 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 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.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

5. 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 the 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 Projected Unit Credit Cost Method. The actuarial assumptions include a 7.75% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4.5%. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

(f) Restatement of the Financial Statements

Governmental Fund / Governmental-Activities:

The accompanying financial statements contain a restatement of net assets. The beginning net assets at July 1, 2007 was restated to report correction of error for loans receivables and long-term liabilities, which were previously not reported, and for capital assets, which was previously overstated. The beginning net assets reported in the Government-wide financial statements at July 1, 2007 were restated as follows:

Governmental Activities:		Amount
Ending net assets, June 30, 2007, as previously stated	\$	94,093,076
Mortgage loan adjustment		(4,012,184)
Loans receivable adjustment		18,936,683
Capital assets adjustment		(2,659,813)
	\$	<u>106,357,762</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2008

Business-type Activities:

During the year, the City corrected depreciation error regarding the capital assets of its business-type activities. The City charged lesser amount of depreciation on the capital assets than expected which resulted in higher amount being carried reported for the capital assets in the prior years. Depreciation charges on the capital assets were properly computed during the year resulting in an additional charge of \$1,249,856 as noted in Note 4 (c) of this financial statements. The impact of the correction of this depreciation error on the capital asset categories of the business-type activities is shown Note 4 (c) while the effect on the net assets is shown below:

Net Assets	<u>Water</u>	<u>Rubbish</u>	<u>Sewer</u>
Ending Net Assets, June 30, 2007 as Previously Stated	\$ 4,300,720	\$ 735,826	\$ 3,825,547
Additional depreciation charge	(215,537)	(625,306)	(409,013)
Beginning Net Assets, July1, 2007 as Restated	<u>\$ 4,085,183</u>	<u>\$ 110,520</u>	<u>\$ 3,416,534</u>

In addition, in the Statement of Cash Flows for the Internal Service and Non Major Enterprise funds, the beginning cash and cash equivalent balance of \$(21,851,315) and \$(25,169) has been reclassified to due to other funds. This resulted in the beginning cash and cash equivalent balance to be zero.

(g) Contingency

The City participates in a number of federally assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. The City's grant programs have also been audited in accordance with the provisions of the Single Audit Act Amendments of 1996, which have disclosed material instances of noncompliance with certain federal program compliance requirements, and depending on the resolution of identified findings and questioned costs, the City may be required to repay a portion of grants to the federal granting agency. At this time, the amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined.

(h) Subsequent Event

Subsequent to the year end, the City investigated payments to certain service providers made by the Risk Management division. Upon the investigation, the City took a legal action to recover amounts deemed to have been improperly paid to those service providers.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COMPTON
Required Supplementary Information
Schedules of Funding Progress
June 30, 2008

PERS - Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Ratio	Annual Covered Payroll	* UAAL as a % of Covered Payroll
	(A)	(B)	(A-B)	(B/A)	(C)	[(A-B)/C]
6/30/2005	\$ 117,534,629	\$ 97,167,889	\$ 20,366,740	82.7%	\$ 12,174,768	167.3%
6/30/2006	\$ 122,975,578	\$ 102,506,156	\$ 20,469,422	88.6%	\$ 12,174,711	168.1%
6/30/2007	\$ 130,255,772	\$ 109,385,522	\$ 20,870,250	84.0%	\$ 13,975,341	149.3%

OPEB

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Ratio	Annual Covered Payroll	* UAAL as a % of Covered Payroll
	(A)	(B)	(A-B)	(B/A)	(C)	[(A-B)/C]
6/30/2007	\$ 69,979,000	\$ -	\$ 69,979,000	N/A	\$ 19,855,000	352.5%

* Unfunded Actuarial Accrued Liability

See Accompanying Note to Required Supplementary Information.

CITY OF COMPTON
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes and special assessments	\$ 25,325,075	\$ 25,342,204	\$ 25,582,647	\$ 240,443
Licenses and permits	3,954,410	3,954,410	3,548,748	(405,662)
Intergovernmental revenues	7,824,020	7,824,020	8,395,916	571,896
Fines, forfeitures, and penalties	2,129,013	2,129,013	1,798,654	(330,359)
Use of money and property	1,260,000	1,260,000	1,643,975	383,975
Charges for services	4,086,603	5,005,388	3,937,120	(1,068,268)
Other	3,234,855	6,172,749	25,755	(6,146,994)
Total revenues	47,813,976	51,687,784	44,932,815	(6,754,969)
Expenditures:				
Current:				
General government	5,027,849	5,041,728	5,612,087	(570,359)
Public safety	15,937,110	17,214,221	29,954,442	(12,740,221)
Public works	1,171,805	1,431,428	1,505,406	(73,978)
Management services	21,903,095	24,502,158	8,250,246	16,251,912
Environmental and human services	3,943,164	3,835,282	3,542,651	292,631
Debt Service:				
Principal	-	-	231,573	(231,573)
Interest	-	-	139,469	(139,469)
Total expenditures	47,983,023	52,024,817	49,235,874	2,788,943
Deficiency of revenues under expenditures	(169,047)	(337,033)	(4,303,059)	(3,966,026)
Other financing sources (uses):				
Transfers out	-	-	(6,335,485)	(6,335,485)
Net change in fund balance	(169,047)	(337,033)	(10,638,544)	(10,301,511)
Fund balance, beginning	22,418,586	22,418,586	22,418,586	-
Fund balance, ending	\$ 22,249,539	\$ 22,081,553	\$ 11,780,042	\$ (10,301,511)

See Accompanying Note to Required Supplementary Information.

CITY OF COMPTON
Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental revenues	\$ 12,140,201	\$ 13,904,674	\$ 11,466,532	\$ (2,438,142)
Use of money and property	3,258,132	3,258,132	2,786,683	(471,449)
Charges for services	168,000	168,000	943,501	775,501
Other	453,000	453,000	130,604	(322,396)
Total revenues	16,019,333	17,783,806	15,327,320	(2,456,486)
Expenditures:				
Current:				
General government	71,992	73,223	31,632	41,591
Public safety	474,363	477,894	462,993	14,901
Public works	238,366	253,924	5,234	248,690
Management services	315,824	200,845	-	200,845
Professional services	-	26,200	10,583	15,617
Environmental and human services	15,340,555	15,286,056	14,731,089	554,967
Debt service:				
Principal	-	-	100,000	(100,000)
Interest	-	-	296,215	(296,215)
Total expenditures	16,441,100	16,318,142	15,637,746	680,396
Excess (deficiency) of revenues over expenditures	(421,767)	1,465,664	(310,426)	(1,776,090)
Net change in fund balance	(421,767)	1,465,664	(310,426)	(1,776,090)
Fund balance, beginning	6,383,895	6,383,895	6,383,895	-
Fund balance, ending	\$ 5,962,128	\$ 7,849,559	\$ 6,073,469	\$ (1,776,090)

See Accompanying Note to Required Supplementary Information.

CITY OF COMPTON
Retirement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 12,905,000	\$ 12,905,000	\$ 14,130,346	\$ 1,225,346
Intergovernmental revenues	280,000	280,000	269,326	(10,674)
Total revenues	13,185,000	13,185,000	14,399,672	1,214,672
Expenditures:				
Current:				
General government	766,592	766,592	640,463	126,129
Public safety	4,632,757	4,632,757	4,582,565	50,192
Public works	63,923	63,923	109,721	(45,798)
Management services	7,033,444	7,033,444	7,787,174	(753,730)
Environmental and human services	983,129	983,129	919,350	63,779
Total expenditures	13,479,845	13,479,845	14,039,273	(559,428)
Excess (deficiency) of revenues over expenditures	(294,845)	(294,845)	360,399	655,244
Net change in fund balance	(294,845)	(294,845)	360,399	655,244
Fund balance, beginning	6,643,650	6,643,650	6,643,650	-
Fund balance, ending	\$ 6,348,805	\$ 6,348,805	\$ 7,004,049	\$ 655,244

See Accompanying Note to Required Supplementary Information.

CITY OF COMPTON
Note to Required Supplementary Information
June 30, 2008

(1) Budgetary Information

The Annual Budget adopted by the City Council provides for the City's general operations. The budget includes proposed expenditures and estimated revenues for all Governmental Funds.

The City Manager is authorized to make the necessary changes to the budget to assure adequate and proper standards of service. Actual expenditures may not exceed budgeted appropriations at the department level for the General Funds and at the fund level for all other budgeted funds.

A budget Supplement (Supplement) is published which reconciles revenues and expenditures at the legal level of control to the summarized amounts presented in the annual financial statements. This supplement can be obtained from the City Controller.

The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds. Budgets for the Governmental Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The modified-accrual basis of accounting is employed in the preparation of the budget.

At fiscal year-end, operating budget appropriations lapse; however incomplete capital improvement appropriations may be carried over to the following fiscal year.

SUPPLEMENTARY INFORMATION

CITY OF COMPTON
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes and special assessment	\$ 16,000,000	\$ 23,189,986	\$ 7,189,986
Use of money and property	<u>180,000</u>	<u>843,055</u>	<u>663,055</u>
 Total revenues	 <u>16,180,000</u>	 <u>24,033,041</u>	 <u>7,853,041</u>
Expenditures:			
Current:			
Professional services	-	300,818	(300,818)
Pass through payments	-	267,514	(267,514)
Debt service:			
Principal	9,895,467	6,091,750	3,803,717
Interest	<u>-</u>	<u>2,408,500</u>	<u>(2,408,500)</u>
 Total expenditures	 <u>9,895,467</u>	 <u>9,068,582</u>	 <u>826,885</u>
 Excess of revenues over expenditures	 <u>6,284,533</u>	 <u>14,964,459</u>	 <u>8,679,926</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(6,000,000)</u>	<u>(6,000,000)</u>
 Net change in fund balance	 6,284,533	 8,964,459	 2,679,926
 Fund balance, beginning	 <u>27,815,354</u>	 <u>27,815,354</u>	 <u>-</u>
 Fund balance, ending	 <u><u>\$ 34,099,887</u></u>	 <u><u>\$ 36,779,813</u></u>	 <u><u>\$ 2,679,926</u></u>

CITY OF COMPTON
Public Financing Authority Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ -	\$ 55,565	\$ 55,565
Expenditures:			
Debt service:			
Bond issuance costs	-	1,077,732	(1,077,732)
Payment to bond escrow agent	-	2,769,730	(2,769,730)
	<u>-</u>	<u>3,847,462</u>	<u>(3,847,462)</u>
Total expenditures	-	3,847,462	(3,847,462)
Deficiency of revenues under expenditures	<u>-</u>	<u>(3,791,897)</u>	<u>(3,791,897)</u>
Other financing sources (uses):			
Bond proceeds	-	46,860,000	46,860,000
Discount on bond	-	(174,508)	(174,508)
Paid to escrow agent	-	(12,426,721)	(12,426,721)
Transfers in	-	4,619,730	4,619,730
	<u>-</u>	<u>38,878,501</u>	<u>38,878,501</u>
Total other financing sources (uses)	-	38,878,501	38,878,501
Net change in fund balance	-	35,086,604	35,086,604
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ 35,086,604</u></u>	<u><u>\$ 35,086,604</u></u>

CITY OF COMPTON
Redevelopment Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 810,000	\$ 689,167	\$ (120,833)
Other	-	45,547	45,547
	<u>810,000</u>	<u>734,714</u>	<u>(75,286)</u>
Total revenues	<u>810,000</u>	<u>734,714</u>	<u>(75,286)</u>
Expenditures:			
Current:			
General government	5,291,105	4,104,959	1,186,146
Professional services	2,240,076	1,928,037	312,039
Pass through payments	-	24,000	(24,000)
Environmental and human services	8,938,727	3,811,347	5,127,380
	<u>16,469,908</u>	<u>9,868,343</u>	<u>6,601,565</u>
Total expenditures	<u>16,469,908</u>	<u>9,868,343</u>	<u>6,601,565</u>
Deficiency of revenues under expenditures	<u>(15,659,908)</u>	<u>(9,133,629)</u>	<u>6,526,279</u>
Other financing sources (uses):			
Gain on sale of land held for resale	4,426,067	3,764,243	(661,824)
Transfers in	300,000	6,000,000	5,700,000
Transfers out	-	(3,258,589)	(3,258,589)
	<u>4,726,067</u>	<u>6,505,654</u>	<u>1,779,587</u>
Total other financing sources (uses)	<u>4,726,067</u>	<u>6,505,654</u>	<u>1,779,587</u>
Net change in fund balance	<u>(10,933,841)</u>	<u>(2,627,975)</u>	<u>8,305,866</u>
Fund balance, beginning	<u>19,972,546</u>	<u>19,972,546</u>	<u>-</u>
Fund balance, ending	<u><u>9,038,705</u></u>	<u><u>\$ 17,344,571</u></u>	<u><u>\$ 8,305,866</u></u>

CITY OF COMPTON
Low/Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 150,000	\$ 177,011	\$ 27,011
Other	<u>75,000</u>	<u>60,377</u>	<u>(14,623)</u>
Total revenues	<u>225,000</u>	<u>237,388</u>	<u>12,388</u>
Expenditures:			
General government	14,577,278	10,058,308	4,518,970
Professional services	281,117	173,659	107,458
Environmental and human services	<u>279,386</u>	<u>205,939</u>	<u>73,447</u>
Total expenditures	<u>15,137,781</u>	<u>10,437,906</u>	<u>4,699,875</u>
Deficiency of revenues under expenditures	<u>(14,912,781)</u>	<u>(10,200,518)</u>	<u>4,712,263</u>
Other financing sources (uses):			
Transfers in	<u>3,200,000</u>	<u>3,258,589</u>	<u>58,589</u>
Net change in fund balance	(11,712,781)	(6,941,929)	4,770,852
Fund balance, beginning	<u>15,649,307</u>	<u>15,649,307</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 3,936,526</u></u>	<u><u>\$ 8,707,378</u></u>	<u><u>\$ 4,770,852</u></u>

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CITY OF COMPTON
Description of Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS

County Transportation Funds

The County Transportation Funds accounts for the operations of transit-related projects. Financing is provided by an additional voter-approved one-half cent tax levied within Los Angeles County.

Gasoline Tax Funds

The City's share of the State and County gas tax allocation is recorded in these funds. State law requires these gasoline taxes to be used to maintain street.

California Department of Transportation Grant Funds

The California Department of Transportation Grants' receipts and expenditures are recorded in these funds primarily for the development and maintenance of a City-wide computerized traffic light system as well as providing rides for elderly and handicapped residents.

Department of Health Service Grant Fund

The Department of Health Service Grants' receipts and expenditures are recorded in these funds for special services relating to narcotics and drugs programs.

California Department of Parks and Recreation Grant Funds

The California Department of Parks and Recreation Grants' receipts and expenditures are recorded in these funds. The City applies annually to the State programs and identifies specific park grounds and / or facility improvements for which these funds will be expended.

Special Assessments Fund

The Special Assessments Fund is used to account for costs of improving and maintaining street lighting in certain areas of the City.

Other Special Revenue Fund

This Fund accounts for receipts and expenditures from various grants. Comprised in this fund category are the funds for Law Enforcement programs, Used Oil Grant, Department of Water Resources (DWR) Groundwater Storage Grant, Air Quality Management Grant and other smaller grants for various special programs.

CITY OF COMPTON
Description of Nonmajor Governmental Funds
June 30, 2008

DEBT SERVICE FUND

Certificates of Participation (COP) Fund

The Certificate of Participation Fund is used to account for the accumulation of resources for, and the payment for, interest and principal on the City's 1997 Series A refunding issues of \$26.585 million.

CAPITAL PROJECT FUNDS

Public Finance Authority Fund

The Public Financing Authority Fund (Authority) is used to lease from and leaseback to the City, certain property under the lease agreement dated September 1, 1997.

Other Capital Projects Fund

This fund is used to account for financial resources expended for capital assets.

CITY OF COMPTON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds			
	County	Gasoline	California	Department of Health
	Transportation	Tax	Department of Transportation Grant	of Health Service Grant
Assets:				
Cash and cash equivalents	\$ 2,152,084	\$ -	\$ -	\$ -
Restricted investments	-	-	-	-
Property taxes receivable	-	-	-	-
Accounts receivable, net	287,252	508,498	1,599,603	922
Grants receivable	-	422,001	5,049	21,372
Due from other funds	2,096,834	-	720,888	20,779
Total assets	<u>\$ 4,536,170</u>	<u>\$ 930,499</u>	<u>\$ 2,325,540</u>	<u>\$ 43,073</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 77,064	\$ -	\$ 328,597	\$ -
Accrued liabilities	296,100	50,065	386,781	9,393
Due to other funds	113,082	-	2,284,842	328,526
Due to other governmental agencies	-	-	159,823	5,014
Other	-	-	-	7,786
Total liabilities	<u>486,246</u>	<u>50,065</u>	<u>3,160,043</u>	<u>350,719</u>
Fund balances:				
Reserved:				
Debt service	-	-	-	-
Unreserved:				
Undesignated	4,049,924	880,434	(834,503)	(307,646)
Total fund balances	<u>4,049,924</u>	<u>880,434</u>	<u>(834,503)</u>	<u>(307,646)</u>
Total liabilities and fund balances	<u>\$ 4,536,170</u>	<u>\$ 930,499</u>	<u>\$ 2,325,540</u>	<u>\$ 43,073</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
California Department of Parks and Recreation	Special Assessments	Other	COP	Public Financing Authority	Other	Total
\$ 11,182	\$ -	\$ 9,469	\$ -	\$ 5,491	\$ -	\$ 2,178,226
-	-	-	-	-	-	-
-	227,841	-	-	-	-	227,841
86	-	-	-	102	-	2,396,463
8,220	-	31,039	-	-	-	487,681
97,463	377,536	1,200,974	-	-	430,750	4,945,224
<u>\$ 116,951</u>	<u>\$ 605,377</u>	<u>\$ 1,241,482</u>	<u>\$ -</u>	<u>\$ 5,593</u>	<u>\$ 430,750</u>	<u>\$ 10,235,435</u>
\$ 31,203	\$ -	\$ 83,053	\$ -	\$ -	\$ -	\$ 519,917
	347,682	28,294	-	-	-	1,118,315
515,444	3,760,866	898,444	94,982	2,242	-	7,998,428
-	-	-	-	-	-	164,837
-	-	-	-	-	-	7,786
<u>546,647</u>	<u>4,108,548</u>	<u>1,009,791</u>	<u>94,982</u>	<u>2,242</u>	<u>-</u>	<u>9,809,283</u>
-	-	-	2,222,275	-	-	2,222,275
(429,696)	(3,503,171)	231,691	(2,317,257)	3,351	430,750	(1,796,123)
<u>(429,696)</u>	<u>(3,503,171)</u>	<u>231,691</u>	<u>(94,982)</u>	<u>3,351</u>	<u>430,750</u>	<u>426,152</u>
<u>\$ 116,951</u>	<u>\$ 605,377</u>	<u>\$ 1,241,482</u>	<u>\$ -</u>	<u>\$ 5,593</u>	<u>\$ 430,750</u>	<u>\$ 10,235,435</u>

CITY OF COMPTON
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds			
	County	Gasoline	California	Department of
	Transportation	Tax	Department of	Department
			Transportation	of Health
			Grant	Service Grant
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	3,073,479	1,739,968	3,723,641	66,461
Use of money and property	300,023	3,089	272	-
Charges for current services	-	-	-	3,952
Total revenues	<u>3,373,502</u>	<u>1,743,057</u>	<u>3,723,913</u>	<u>70,413</u>
Expenditures:				
Current:				
Professional services	-	-	-	-
Public safety	246,925	-	-	-
Public works	3,395,485	1,627,582	3,108,634	-
Management services	265,620	-	-	143,045
Environmental and human services	718,690	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,626,720</u>	<u>1,627,582</u>	<u>3,108,634</u>	<u>143,045</u>
Excess (deficiency) of revenue over expenditures	(1,253,218)	115,475	615,279	(72,632)
Other financing sources (uses):				
Transfers in	-	406,760	85,074	-
Transfers out	(200,000)	-	-	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>406,760</u>	<u>85,074</u>	<u>-</u>
Net change in fund balance	(1,453,218)	522,235	700,353	(72,632)
Fund balances (deficit), beginning	<u>5,503,142</u>	<u>358,199</u>	<u>(1,534,856)</u>	<u>(235,014)</u>
Fund balances (deficit), ending	<u>\$ 4,049,924</u>	<u>\$ 880,434</u>	<u>\$ (834,503)</u>	<u>\$ (307,646)</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
California Department of Parks and Recreation	Special Assessments	Other	COP	Public Financing Authority	Other	Total
\$ -	\$ 4,221,867	\$ -	\$ -	\$ -	\$ -	\$ 4,221,867
325,694	-	2,887,446	-	-	-	11,816,689
479	-	1,257	182,637	565	-	488,322
-	-	-	-	-	-	3,952
326,173	4,221,867	2,888,703	182,637	565	-	16,530,830
-	-	1,622,043	15,727	-	-	1,637,770
-	-	-	-	-	-	246,925
451,499	3,893,543	-	-	-	-	12,476,743
-	-	-	-	-	-	408,665
-	-	89,307	-	-	-	807,997
-	88,790	-	1,445,580	-	-	1,534,370
-	18,180	-	837,025	-	-	855,205
-	-	-	-	53,833	-	53,833
451,499	4,000,513	1,711,350	2,298,332	53,833	-	18,021,508
(125,326)	221,354	1,177,353	(2,115,695)	(53,268)	-	(1,490,678)
-	-	-	2,138,654	119,000	-	2,749,488
-	-	-	(2,769,730)	-	-	(2,969,730)
-	-	-	(631,076)	119,000	-	(220,242)
(125,326)	221,354	1,177,353	(2,746,771)	65,732	-	(1,710,920)
(304,370)	(3,724,525)	(945,662)	2,651,789	(62,381)	430,750	2,137,072
\$ (429,696)	\$ (3,503,171)	\$ 231,691	\$ (94,982)	\$ 3,351	\$ 430,750	\$ 426,152

CITY OF COMPTON
Nonmajor County Transportation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 2,913,171	\$ 3,073,479	\$ 160,308
Use of money and property	146,500	300,023	153,523
	<u>3,059,671</u>	<u>3,373,502</u>	<u>313,831</u>
Expenditures:			
Current:			
Public safety	265,658	246,925	18,733
Public works	2,638,339	3,395,485	(757,146)
Management services	606,518	265,620	340,898
Environmental and human services	771,082	718,690	52,392
	<u>4,281,597</u>	<u>4,626,720</u>	<u>(345,123)</u>
Deficiency of revenues under expenditures	(1,221,926)	(1,253,218)	(31,292)
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net change in fund balance	(1,221,926)	(1,453,218)	(231,292)
Fund balance, beginning	<u>5,503,142</u>	<u>5,503,142</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 4,281,216</u></u>	<u><u>\$ 4,049,924</u></u>	<u><u>\$ (231,292)</u></u>

CITY OF COMPTON
Nonmajor Gasoline Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 1,776,500	\$ 1,739,968	\$ (36,532)
Use of money and property	<u>1,700</u>	<u>3,089</u>	<u>1,389</u>
 Total revenues	 <u>1,778,200</u>	 <u>1,743,057</u>	 <u>(35,143)</u>
Expenditures:			
Current:			
Public works	<u>2,070,804</u>	<u>1,627,582</u>	<u>443,222</u>
 Excess (deficiency) of revenues over (under) expenditures	 (292,604)	 115,475	 (408,079)
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>406,760</u>	<u>406,760</u>
 Net change in fund balance	 (292,604)	 522,235	 814,839
 Fund balance, beginning	 <u>358,199</u>	 <u>358,199</u>	 <u>-</u>
 Fund balance, ending	 <u><u>\$ 65,595</u></u>	 <u><u>\$ 880,434</u></u>	 <u><u>\$ 814,839</u></u>

CITY OF COMPTON
Nonmajor California Department of Transportation Grant Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 2,596,314	\$ 3,723,641	\$ 1,127,327
Use of money and property	<u>200</u>	<u>272</u>	<u>72</u>
 Total revenues	 <u>2,596,514</u>	 <u>3,723,913</u>	 <u>1,127,399</u>
Expenditures:			
Current:			
Public works	<u>3,519,404</u>	<u>3,108,634</u>	<u>410,770</u>
 Excess (deficiency) of revenues over (under) expenditures	 (922,890)	 615,279	 1,538,169
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>85,074</u>	<u>85,074</u>
 Net change in fund balance	 (922,890)	 700,353	 1,623,243
 Fund deficit, beginning	 <u>(1,534,856)</u>	 <u>(1,534,856)</u>	 <u>-</u>
 Fund deficit, ending	 <u><u>\$ (2,457,746)</u></u>	 <u><u>\$ (834,503)</u></u>	 <u><u>\$ 1,623,243</u></u>

CITY OF COMPTON
Nonmajor Department of Health Service Grant Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 71,490	\$ 66,461	\$ (5,029)
Charges for current services	<u>1,030</u>	<u>3,952</u>	<u>2,922</u>
 Total revenues	 72,520	 70,413	 (2,107)
Expenditures:			
Current:			
Management services	<u>71,606</u>	<u>143,045</u>	<u>(71,439)</u>
 Deficiency of revenues under expenditures	 <u>914</u>	 <u>(72,632)</u>	 <u>(73,546)</u>
 Net change in fund balance	 914	 (72,632)	 (73,546)
 Fund deficit, beginning	 <u>(235,014)</u>	 <u>(235,014)</u>	 <u>-</u>
 Fund deficit, ending	 <u><u>\$ (234,100)</u></u>	 <u><u>\$ (307,646)</u></u>	 <u><u>\$ (73,546)</u></u>

CITY OF COMPTON
Nonmajor California Department of Parks and Recreation Service Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 99,837	\$ 325,694	\$ 225,857
Use of money and property	100	479	379
	<u>99,937</u>	<u>326,173</u>	<u>226,236</u>
Expenditures:			
Current:			
Public works	<u>208,172</u>	<u>451,499</u>	<u>(243,327)</u>
Deficiency of revenues under expenditures	<u>(108,235)</u>	<u>(125,326)</u>	<u>(17,091)</u>
Net change in fund balance	(108,235)	(125,326)	(17,091)
Fund deficit, beginning	<u>(304,370)</u>	<u>(304,370)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (412,605)</u></u>	<u><u>\$ (429,696)</u></u>	<u><u>\$ (17,091)</u></u>

CITY OF COMPTON
Nonmajor Special Assessments Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes and special assessments	\$ 3,944,870	\$ 4,221,867	\$ (276,997)
Expenditures:			
Current:			
Public works	4,171,355	3,893,543	277,812
Debt service:			
Principal	108,000	88,790	19,210
Interest	-	18,180	(18,180)
	<u>4,279,355</u>	<u>4,000,513</u>	<u>278,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(334,485)</u>	<u>221,354</u>	<u>555,839</u>
Net change in fund balance	(334,485)	221,354	555,839
Fund deficit, beginning	<u>(3,724,525)</u>	<u>(3,724,525)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (4,059,010)</u></u>	<u><u>\$ (3,503,171)</u></u>	<u><u>\$ 555,839</u></u>

CITY OF COMPTON
Nonmajor Other Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 2,057,110	\$ 2,887,446	\$ 830,336
Use of money and property	1,000	1,257	257
	<u>2,058,110</u>	<u>2,888,703</u>	<u>830,593</u>
Expenditures:			
Current:			
Professional services	4,102,072	1,622,043	2,480,029
Environmental and human services	193,763	89,307	104,456
Public Safety	296,348	-	296,348
	<u>4,592,183</u>	<u>1,711,350</u>	<u>2,880,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,534,073)</u>	<u>1,177,353</u>	<u>3,711,426</u>
Net change in fund balance	(2,534,073)	1,177,353	3,711,426
Fund deficit, beginning	<u>(945,662)</u>	<u>(945,662)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (3,479,735)</u></u>	<u><u>\$ 231,691</u></u>	<u><u>\$ 3,711,426</u></u>

CITY OF COMPTON
Nonmajor COP Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ -	\$ 182,637	\$ 182,637
Expenditures:			
Current:			
Professional services	25,000	15,727	9,273
Debt service:			
Principal	2,510,575	1,445,580	1,064,995
Interest	-	837,025	(837,025)
Total expenditures	<u>2,535,575</u>	<u>2,298,332</u>	<u>237,243</u>
Deficiency of revenues under expenditures	<u>(2,535,575)</u>	<u>(2,115,695)</u>	<u>419,880</u>
Other financing sources (uses):			
Transfers in	-	2,138,654	2,138,654
Transfers out	-	(2,769,730)	(2,769,730)
Total other financing sources (uses)	<u>-</u>	<u>(631,076)</u>	<u>(631,076)</u>
Net change in fund balance	(2,535,575)	(2,746,771)	(211,196)
Fund balance, beginning	<u>2,651,789</u>	<u>2,651,789</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 116,214</u>	<u>\$ (94,982)</u>	<u>\$ (211,196)</u>

CITY OF COMPTON
Nonmajor Public Financing Authority Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ -	\$ 565	\$ 565
Expenditures:			
Capital outlay	<u>55,208</u>	<u>53,833</u>	<u>1,375</u>
Deficiency of revenues under expenditures	<u>(55,208)</u>	<u>(53,268)</u>	<u>1,940</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>119,000</u>	<u>119,000</u>
Net change in fund balance	(55,208)	65,732	120,940
Fund deficit, beginning	<u>(62,381)</u>	<u>(62,381)</u>	<u>-</u>
Fund deficit (balance), ending	<u><u>\$ (117,589)</u></u>	<u><u>\$ 3,351</u></u>	<u><u>\$ 120,940</u></u>

CITY OF COMPTON
Nonmajor Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other	\$ -	\$ -	\$ -
Expenditures:			
Capital outlay	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning	430,750	430,750	-
Fund balance, ending	<u>\$ 430,750</u>	<u>\$ 430,750</u>	<u>\$ -</u>

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CITY OF COMPTON
Description of Nonmajor Enterprise Funds
June 30, 2008

ENTERPRISE FUNDS

Golf Course Fund

The Golf Course Fund is used to account for all activities of the City-owned golf course.

Recreation Fund

The Recreation Fund is used to account for recreational activities financed by user fees.

CITY OF COMPTON
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Assets:			
Current assets:			
Due from other funds	\$ -	\$ 91,657	\$ 91,657
Liabilities:			
Current liabilities:			
Due to other funds	74,450	-	74,450
Deposits	-	45,477	45,477
Total liabilities	<u>74,450</u>	<u>45,477</u>	<u>119,927</u>
Net Assets:			
Unrestricted	(74,450)	46,180	(28,270)
Total net assets	<u>\$ (74,450)</u>	<u>\$ 46,180</u>	<u>\$ (28,270)</u>

CITY OF COMPTON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 44,160	\$ 16,374	\$ 60,534
Other	-	1,150	1,150
Total operating revenue	<u>44,160</u>	<u>17,524</u>	<u>61,684</u>
Operating expenses:			
Public works	24,758	-	24,758
Environmental and human services	496	7,625	8,121
Total operating expenses	<u>25,254</u>	<u>7,625</u>	<u>32,879</u>
Change in net assets	18,906	9,899	28,805
Net assets, beginning	(93,356)	36,281	(57,075)
Net assets, ending	<u>\$ (74,450)</u>	<u>\$ 46,180</u>	<u>\$ (28,270)</u>

CITY OF COMPTON
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 44,160	\$ 17,524	\$ 61,684
Cash payment to suppliers for goods and services	<u>(25,520)</u>	<u>6,212</u>	<u>(19,308)</u>
Net cash provided by (used in) operating activities	<u>18,640</u>	<u>23,736</u>	<u>42,376</u>
Cash flows from non-capital financing activities:			
Loan to other funds	(93,090)	(23,736)	(116,826)
Loan repayment from other funds	<u>74,450</u>	<u>-</u>	<u>74,450</u>
Net cash provided by (used in) financing activities	<u>(18,640)</u>	<u>(23,736)</u>	<u>(42,376)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and cash equivalents, beginning, as restated	-	-	-
Cash and cash equivalents, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash			
Provided by (used in) operating activities:			
Operating income (loss)	\$ 18,906	\$ 9,899	\$ 28,805
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Changes in operating liabilities:			
Increase (decrease) in:			
Accounts payable	-	(1,190)	(1,190)
Accrued liabilities	(266)	-	(266)
Deposits payable	<u>-</u>	<u>15,027</u>	<u>15,027</u>
Net cash provided by operating activities	<u><u>\$ 18,640</u></u>	<u><u>\$ 23,736</u></u>	<u><u>\$ 42,376</u></u>

CITY OF COMPTON
Description of Nonmajor Internal Service Funds
June 30, 2008

Equipment Rental Fund

The Equipment Rental Fund was established to account for the rental costs of City equipment. Such costs are billed to the other departments at a rate which will provide for the future acquisition of equipment as well as operating costs.

Central Duplicating Fund

The Central Duplicating Fund was established to account for all duplicating costs. Such costs are billed to the other departments to cover operating costs.

Self-Insurance Funds

The Self-Insurance Funds were established to account for the City's self-insurance activities.

Central Purchasing Fund

The Central Purchasing Fund was established to account for all purchasing costs. The fund is currently not being used.

CITY OF COMPTON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Equipment Rental	Central Duplication	Self Insurance	Central Purchasing	Total
Assets:					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 161,256	\$ -	\$ 161,256
Due from other funds	-	196,388	1,322,633	-	1,519,021
Inventories, at cost	34,504	-	-	241	34,745
Total current assets	<u>34,504</u>	<u>196,388</u>	<u>1,483,889</u>	<u>241</u>	<u>1,715,022</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable	<u>44,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,109</u>
Total assets	<u>78,613</u>	<u>196,388</u>	<u>1,483,889</u>	<u>241</u>	<u>1,759,131</u>
Liabilities:					
Current liabilities:					
Due to other funds	1,172,184	-	15,205,335	241	16,377,760
Accrued liabilities	18,136	9,185	18,674	-	45,995
Self-insurance claim	-	-	5,674,940	-	5,674,940
Non-current liabilities:					
Advances from other funds	<u>-</u>	<u>-</u>	<u>6,414,036</u>	<u>-</u>	<u>6,414,036</u>
Total liabilities	<u>1,190,320</u>	<u>9,185</u>	<u>27,312,985</u>	<u>241</u>	<u>28,512,731</u>
Net Assets:					
Invested in capital assets	44,109	-	-	-	44,109
Unrestricted	<u>(1,155,816)</u>	<u>187,203</u>	<u>(25,829,096)</u>	<u>-</u>	<u>(26,797,709)</u>
Total net assets	<u>\$ (1,111,707)</u>	<u>\$ 187,203</u>	<u>\$ (25,829,096)</u>	<u>\$ -</u>	<u>\$ (26,753,600)</u>

CITY OF COMPTON
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Equipment Rental	Central Duplication	Self Insurance	Central Purchasing	Total
Operating revenues:					
Charges to other funds	\$ 1,305,189	\$ 536,667	\$ 5,321,813	\$ -	\$ 7,163,669
Total operating revenues	<u>1,305,189</u>	<u>536,667</u>	<u>5,321,813</u>	<u>-</u>	<u>7,163,669</u>
Operating expenses:					
General government	-	68,379	-	-	68,379
Administration and personnel services	1,400,349	444,730	-	-	1,845,079
Equipment rental	51,711	-	-	-	51,711
Self-insurance service	-	-	1,833,219	-	1,833,219
Total operating expenses	<u>1,452,060</u>	<u>513,109</u>	<u>1,833,219</u>	<u>-</u>	<u>3,798,388</u>
Operating income (loss)	<u>(146,871)</u>	<u>23,558</u>	<u>3,488,594</u>	<u>-</u>	<u>3,365,281</u>
Transfers in	<u>-</u>	<u>-</u>	<u>1,739,872</u>	<u>25,772</u>	<u>1,765,644</u>
Change in net assets	(146,871)	23,558	5,228,466	25,772	5,130,925
Net assets, beginning	<u>(964,836)</u>	<u>163,645</u>	<u>(31,057,562)</u>	<u>(25,772)</u>	<u>(31,884,525)</u>
Net assets, ending	<u>\$ (1,111,707)</u>	<u>\$ 187,203</u>	<u>\$(25,829,096)</u>	<u>\$ -</u>	<u>\$(26,753,600)</u>

CITY OF COMPTON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self Insurance</u>	<u>Central Purchasing</u>	<u>Total</u>
Cash flows from operating activities:					
Cash received from customers	\$ 1,305,189	\$ 536,667	\$ 5,321,813	\$ -	\$ 7,163,669
Cash payments to suppliers for goods and services	(996,939)	(296,272)	(5,300,668)	-	(6,593,879)
Cash payments to employees for services	<u>(485,372)</u>	<u>(217,779)</u>	<u>(917,685)</u>	<u>-</u>	<u>(1,620,836)</u>
Net cash provided by (used in) operating activities	<u>(177,122)</u>	<u>22,616</u>	<u>(896,540)</u>	<u>-</u>	<u>(1,051,046)</u>
Cash flows from non-capital financing activities:					
Loan to other funds	-	(22,616)	(1,445,194)	(26,013)	(1,493,823)
Loan repayment from other funds	177,122	-	763,118	241	940,481
Transfers from other funds (net)	<u>-</u>	<u>-</u>	<u>1,739,872</u>	<u>25,772</u>	<u>1,765,644</u>
Net cash provided by (used in) non-capital financing activities	<u>177,122</u>	<u>(22,616)</u>	<u>1,057,796</u>	<u>-</u>	<u>1,212,302</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	161,256	-	161,256
Cash and cash equivalents, beginning, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,256</u>	<u>\$ -</u>	<u>\$ 161,256</u>
Reconciliation of operating income to net cash provided by (used in) Operating activities:					
Operating income (loss)	\$ (146,871)	\$ 23,558	\$ 3,488,594	\$ -	\$ 3,365,281
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in operating assets and liabilities					
Decrease (increase) in:					
Inventories, at cost	(16,583)	-	-	-	(16,583)
Increase (decrease) in:					
Accounts payable	(25,244)	(8,641)	(45,681)	-	(79,566)
Accrued liabilities	11,576	7,699	(1,271)	-	18,004
Self-insurance claims	<u>-</u>	<u>-</u>	<u>(4,338,182)</u>	<u>-</u>	<u>(4,338,182)</u>
Net cash provided by (used in) operating activities	<u>\$ (177,122)</u>	<u>\$ 22,616</u>	<u>\$ (896,540)</u>	<u>\$ -</u>	<u>\$ (1,051,046)</u>

CITY OF COMPTON
Workforce Investment Act - WIA Funds
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 1,459,556	\$ 987,586	\$ (471,970)
Expenditures:			
Current:			
Environmental and human services	1,451,117	1,220,122	230,995
Excess (deficiency) of revenues over (under) expenditures	8,439	(232,536)	(240,975)
Net change in fund balance	8,439	(232,536)	(240,975)
Fund balance, beginning	241,583	241,583	-
Fund balance, ending	<u>\$ 250,022</u>	<u>\$ 9,047</u>	<u>\$ (240,975)</u>

Note:

This fund is part of Federal Grants Fund.

CITY OF COMPTON
Local Housing Authority Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental revenues	\$ 7,030,176	\$ 5,371,616	\$ (1,658,560)
Use of money and property	2,648,000	2,583,365	(64,635)
Charges for services	168,000	943,501	775,501
Other	<u>39,000</u>	<u>41,703</u>	<u>2,703</u>
 Total revenues	 9,846,176	 8,898,482	 (947,694)
Expenditures:			
Current:			
General government	42,148	24,006	(18,142)
Environmental and human services	<u>9,838,067</u>	<u>9,723,924</u>	<u>(114,143)</u>
 Total expenditures	 <u>9,880,215</u>	 <u>9,747,930</u>	 <u>(132,285)</u>
 Deficiency of revenues under expenditures	 <u>(34,039)</u>	 <u>(849,448)</u>	 <u>(815,409)</u>
 Net change in fund balance	 (34,039)	 (849,448)	 (815,409)
 Fund deficit, beginning	 <u>(22,297)</u>	 <u>(22,297)</u>	 <u>-</u>
 Fund deficit, ending	 <u><u>\$ (56,336)</u></u>	 <u><u>\$ (871,745)</u></u>	 <u><u>\$ (815,409)</u></u>

Note:

This fund is part of Federal Grants Fund.

STATISTICAL SECTION

City of Compton

Citywide Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax- Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2002-03	1,661,753,287	255,131,269	754,761,800	120,952,688	313,911,922	97,583,702	3,008,927,264	0.100407	0	0.000000
2003-04	1,773,285,849	280,818,378	788,515,144	119,076,258	307,420,995	103,877,230	3,165,239,394	0.100407	0	0.000000
2004-05	1,915,965,971	293,119,160	823,464,330	123,102,983	254,684,844	106,561,190	3,303,776,098	0.100407	0	0.000000
2005-06	2,179,105,090	320,188,802	869,338,204	149,170,470	246,332,180	108,335,827	3,655,798,919	0.100407	0	0.000000
2006-07	2,555,244,643	340,195,932	914,602,309	159,652,714	297,894,005	115,261,041	4,152,328,562	0.100407	4,451,047,079	1.071940
2007-08	2,937,940,729	389,234,065	1,083,916,707	171,249,546	262,133,301	119,828,149	4,724,646,199	0.100407	5,300,864,049	1.121960

Source: Los Angeles County Assessor data, MuniServices, LLC

1) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 05-000

2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Compton

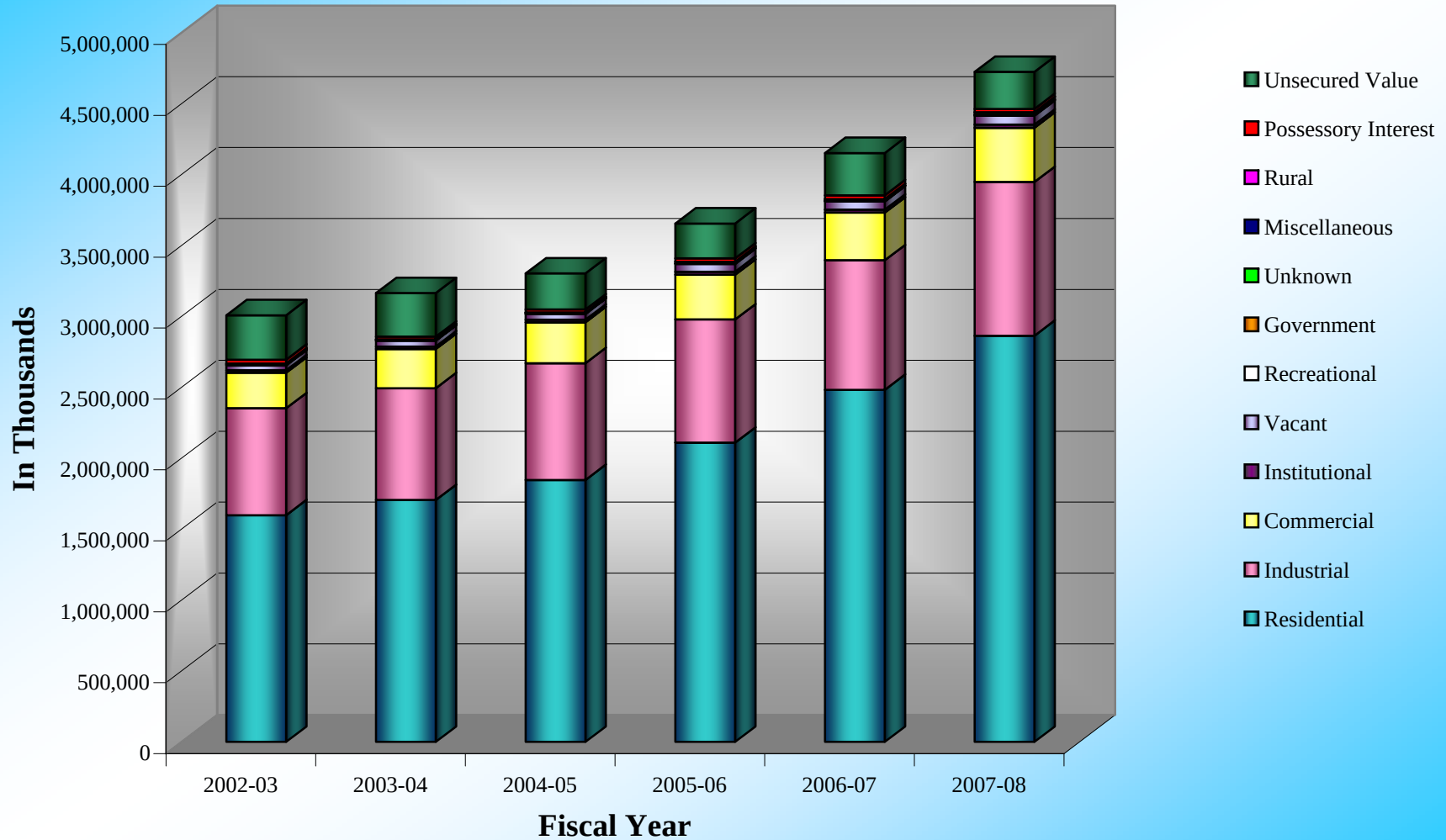
Net Assessed Value of Property by Land Use Code Last Ten Fiscal Years

Category	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Residential	0	0	0	0	1,598,700,761	1,706,264,217	1,847,830,512	2,110,499,767	2,482,705,990	2,864,881,847
Industrial	0	0	0	0	754,529,726	788,104,749	823,223,745	868,834,383	914,160,400	1,083,459,243
Commercial	0	0	0	0	250,661,939	276,414,335	287,955,272	314,761,914	335,735,179	383,207,137
Institutional	0	0	0	0	16,610,030	17,304,247	18,406,517	21,687,604	20,709,463	20,984,072
Vacant	0	0	0	0	34,236,838	41,278,219	40,597,698	54,205,782	57,586,889	62,393,943
Recreational	0	0	0	0	4,472,794	2,966,861	3,012,876	4,004,512	4,084,594	6,621,726
Government	0	0	0	0	2,746,296	0	0	910,000	928,200	1,775,000
Unknown	0	0	0	0	3,344,225	6,761,625	7,884,728	10,446,301	10,944,017	17,366,732
Miscellaneous	0	0	0	0	2,960,915	539,513	395,653	403,557	411,618	588,142
Rural	0	0	0	0	0	27,024	6,868	7,004	7,143	7,285
Possessory Interest	0	0	0	0	26,843,118	18,318,509	19,942,585	24,109,115	27,615,264	22,132,471
Net Secured Value	0	0	0	0	2,695,106,642	2,857,979,299	3,049,256,454	3,409,869,939	3,854,888,757	4,463,417,598
Unsecured Value	0	0	0	0	313,820,622	307,260,095	254,519,644	245,928,980	297,439,805	261,228,601
Net Taxable Value	0	0	0	0	3,008,927,264	3,165,239,394	3,303,776,098	3,655,798,919	4,152,328,562	4,724,646,199

Source: Los Angeles County Assessor data, MuniServices, LLC
Use code categories are based on Los Angeles County Assessor's data

City of Compton

Net Assessed Value of Property By Land Use Code



City of Compton

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Basic City and County Levy										
CITY OF COMPTON	0.000000	0.000000	0.000000	0.000000	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407
COUNTY OF LOS ANGELES	0.000000	0.000000	0.000000	0.000000	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593
TOTAL	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
CITY - COMPTON	0.000000	0.000000	0.000000	0.000000	0.451632	0.451632	0.451632	0.000000	0.451632	0.451632
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000663	0.000000
UNIFIED SCHOOLS	0.000000	0.000000	0.000000	0.000000	0.000000	0.055700	0.062613	0.000000	0.033825	0.059759
COMMNTY COLLEGE	0.000000	0.000000	0.000000	0.000000	0.000000	0.027143	0.003963	0.000000	0.019747	0.017629
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000000	0.000881	0.000462	0.000245	0.000000	0.000052	0.000000
METRO WATER DIST	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.004700	0.004500
DETENTION FAC	0.000000	0.000000	0.000000	0.000000	0.001033	0.000992	0.000923	0.000000	0.000000	0.000000
COMPTON AREA 1110	0.000000	0.000000	0.000000	0.000000	0.006700	0.006100	0.005800	0.000000	0.000000	0.000000
TOTAL	0.000000	0.000000	0.000000	0.000000	0.460246	0.542029	0.525176	0.000000	0.510619	0.533520
TOTAL TAX RATE	0.000000	0.000000	0.000000	0.000000	1.460246	1.542029	1.525176	1.000000	1.510619	1.533520

Source: Los Angeles County Auditor/Controller data, MuniServices, LLC TRA 2-800 is represented for this report.

City of Compton

Demographic and Economic Statistics Last Eight Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	County Population (1)	Median Sales Price - SFR	Median Household Income (2)
2000-01	93,493	971,298,777	10,389	-	33,171	5.7	10.0	-	-	-
2001-02	94,481	-	-	-	-	6.8	11.9	-	-	-
2002-03	95,263	-	-	-	-	7.0	12.2	-	-	-
2003-04	95,882	-	-	-	-	6.5	11.4	-	-	-
2004-05	96,033	1,211,648,361	12,617	27.8	34,673	5.3	9.5	-	-	-
2005-06	95,659	1,149,247,226	12,014	25.9	34,293	4.7	8.5	-	-	-
2006-07	99,451	1,295,249,824	13,024	24.7	-	4.7	8.4	10,275,914	372,400	38,682
2007-08	99,242	1,226,234,152	12,356	24.7	27,864	5.0	8.9	10,363,850	-	-

MuniServices, LLC

(-) Data Not Available

1) Population Projections are provided by the California Department of Finance Projections.

2) Income Data is provided by the United States Census Data and is adjusted for inflation.

3) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

****Student Enrollment reflects the total number of students enrolled in the Compton Unified School District. Any other school districts within the City are not accounted for in this statistic.**

City of Compton

Principal Property Tax Payers Current Fiscal Year and Nine Years Ago

Taxpayer	2007-08		1998-99	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Pr I Dominguez Hills	151,451,000	3.21%	0	0.00%
Amb Property L P	100,453,791	2.13%	0	0.00%
Ralphs Grocery Co	91,035,546	1.93%	0	0.00%
South Bay Industrials Co L L C	72,281,657	1.53%	0	0.00%
Prologis California I Llc	50,229,009	1.06%	0	0.00%
Los Angeles Industrial Park Ll	45,400,000	0.96%	0	0.00%
Inland Empire Realty Holding C	26,673,000	0.56%	0	0.00%
Ccl Plastic Packagingseda Spec	26,352,416	0.56%	0	0.00%
Walnut Industrial Park Llc	22,500,000	0.48%	0	0.00%
Amb Ndp Local L P	22,431,400	0.47%	0	0.00%
Amb Institutional Alliance	19,443,000	0.41%	0	0.00%
Compton Commercial Dev	17,478,720	0.37%	0	0.00%
Girardi Financial Llc	16,496,460	0.35%	0	0.00%
First Industrial Dev	14,280,000	0.30%	0	0.00%
Advo Inc.	12,610,140	0.27%	0	0.00%
Lake Plaza Llc	12,382,639	0.26%	0	0.00%
Boc Group Inc.	11,601,118	0.25%	0	0.00%
Demunno Kerdoon	11,027,089	0.23%	0	0.00%
Park Village Llc	10,404,000	0.22%	0	0.00%
Knickerbocker Properties Inc.	10,228,234	0.22%	0	0.00%
San Ysidro Investments Ii Llc	10,012,320	0.21%	0	0.00%
Entertainment Services	9,568,472	0.20%	0	0.00%
On Stanley Lp	9,550,434	0.20%	0	0.00%
Prism Iq Partners Llc	8,690,500	0.18%	0	0.00%
300 West Artesia LP	8,246,187	0.17%	0	0.00%
Total Top 25 Taxpayers	790,827,132	16.74%	0	0.00%
Total Taxable Value	4,724,646,199	100.00%	0	100.00%

Source: 2007-08 Los Angeles County Assessor data, MuniServices, LLC

City of Compton

Principal Sales Tax Producers Current Fiscal Year and Nine Years Ago

2007-08		1998-99	
Taxpayer	Business Type	Taxpayer	Business Type
American Dawn	Apparel Stores	Air Compressor Service & Mfg.	Heavy Industry
Arco Am/Pm Mini Marts	Service Stations	American Dawn	Apparel Stores
Aveda Services Inc	Chemical Products	Arco Am/Pm Mini Marts	Service Stations
Baltic Linen Company Inc.	Heavy Industry	California Dolly & Supply	Heavy Industry
Best Buy Stores	Furniture/Appliance	Circuit City	Furniture/Appliance
Chevron Service Stations	Service Stations	City Concrete Products	Bldg.Matls-Whsle
Circuit City	Furniture/Appliance	Concrete Tie Mfgco	Heavy Industry
Concrete Tie Mfg.Co.	Govt/Religious Orgs.	Cort Furniture Rental	Home Furnishings
Cvs/Pharmacy #9594	Drug Stores	Effective Graphics	Light Industry
Dad's Discounts Store #5039	Department Stores	Elite Optical	Specialty Stores
Home Depot	Bldg. Matls-Retail	Frederick's Of Hollywood	Women's Apparel
John B. Rudy Company Inc.	Electronic Equipment	Global Computer Supplies	Office Equipment
Martin Container Inc	Light Industry	Gordon Sand Company	Bldg.Matls-Whsle
Mc Donald's Restaurants	Restaurants	John B. Rudy Company Inc	Electronic Equipment
Mobil Service Stations	Service Stations	K Mart Stores	Department Stores
Optical One	Miscellaneous Retail	Komori West Inc.	Light Industry
Ralphs Grocery Company	Supermarkets	Leepers Woodturning Company	Bldg.Matls-Whsle
Rite-Aid #6313	Drug Stores	Owens Corning Fiberglass	Bldg Matls Whsle
Superior Super Warehouse	Food Markets	Ralph's Grocery Company	Food Markets
Target Store T-2275	Department Stores	S.Y. Texma	Furniture/Appliance
Toro Aire Inc	Office Equipment	Sav-On Drug Stores	Drug Stores
Transamerican Wholesale	Auto Parts/Repair	Seda Special Packaging	Light Industry
United Fabricare Supply Co., Inc.	Chemical Products	United Fabricare Supply Co Inc	Chemical Products
Wesco Distribution, Inc	Bldg Matls Whsle	W.W. Grainger	Electronic Equipment
Wilson Supply Co	Heavy Industry	Wesco Distribution Inc	Bldg Matls Whsle

Source: 2007-08 SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Compton

Principal Employers Current Fiscal Year and Nine Years Ago

Business Name	2007-08		1998-99	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Belkin International Inc	428	1.21%	0	0.00%
Compton Community College Dist	400	1.13%	0	0.00%
Nabors Well Services Co	400	1.13%	0	0.00%
Oberthur Card Systems Of Amer	346	0.98%	0	0.00%
Ablestik Laboratories	310	0.88%	0	0.00%
Celebrity Casinos Inc	303	0.86%	0	0.00%
Vandair Freight Systems	300	0.85%	0	0.00%
Fernando's Food Corp (Con Ag Foods)	255	0.72%	0	0.00%
Dependable Global Express Inc	200	0.57%	0	0.00%
CCL Container Plastic Pkg	180	0.51%	0	0.00%
Total Top Employers	105,217	8.84%	0	0.00%
1) Total City Labor Force	35,300			

Source: 2007-08 SBOE data, MuniServices, LLC

Results based on direct correspondence with city's local businesses.

1) Total City Labor Force provided by EDD Labor Force Data.

Other potential businesses that may qualify for Top 10 ranking were identified. However, current employee counts were unattainable.