

**CITY OF COMPTON
STATE OF CALIFORNIA**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

CITY OF COMPTON
Comprehensive Annual Financial Report
June 30, 2009

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SACRAMENTO

OAKLAND

WALNUT CREEK

NEWPORT BEACH

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, 2009, 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'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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 combining and individual 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 supplementary information has 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

May 19, 2010

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

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, 2009. 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 \$102,916,802 which was comprised of capital assets, net of related debt of \$105,434,915, restricted net assets for debt service of \$50,520,946, restricted net assets for federal grants of \$5,738,700, restricted net assets for retirement of \$10,096,799, and restricted net assets for low and moderate income housing of \$4,805,451 and unrestricted deficit net assets of (\$73,680,009).
- As of June 30, 2009, the City's governmental funds reported combined fund balances of \$111,041,448. Of this amount, \$6,117,709 or 6% 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 (\$2,586,510). However, the City Council has committed the amount of \$8,608,577 for various projects and programs leaving a deficit of (\$11,195,087) as unreserved – undesignated.

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).

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

The *governmental activities* of the City include general government, professional services, pass-through payments, public safety, public works, management services, environmental and human services, and interest on long-term debt. 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 19 through 21 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 decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, 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 funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Federal Grants Fund, the Retirement Fund, the Redevelopment Debt Service Fund, the Public Finance Authority Debt Service Fund, the Redevelopment Capital Projects Fund and the Low/Moderate Income Housing Fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the nonmajor governmental funds section of this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison schedule provided for all funds with an annually adopted budget. The budgetary comparison schedule for the General Fund, the Federal Grants Fund, and the Retirement Fund, are located in the required supplementary information to the financial statements. Budgetary comparison schedules for the remaining

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

funds are located in the supplementary information to the financial statements. The governmental fund financial statements can be found on pages 22 through 28 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 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, and central duplicating.

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 30 through page 37 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 38 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 39 through 77 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 obligations to provide pension and other postemployment 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 79 through 83 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the *required supplementary information* on pensions and other postemployment benefits.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

Combining and individual fund statements and schedules can be found on pages 92 through 117 of this report.

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, 2009.

	June 30, 2009	June 30, 2008	Amount Increase (Decrease)	% Increase (Decrease)
Governmental Activities				
Assets:				
Current and other assets	\$ 130,719,984	\$ 130,527,478	\$ 192,506	0.1%
Capital assets	132,577,491	134,586,510	(2,009,019)	-1.5%
Total assets	<u>263,297,475</u>	<u>265,113,988</u>	<u>(1,816,513)</u>	<u>-0.7%</u>
Liabilities:				
Current and other liabilities	18,580,461	14,204,549	4,375,912	30.8%
Long-term liabilities	141,800,212	138,063,057	3,737,155	2.7%
Total liabilities	<u>160,380,673</u>	<u>152,267,606</u>	<u>8,113,067</u>	<u>5.3%</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	105,434,915	103,263,431	2,171,484	2.1%
Restricted	71,161,896	25,708,266	45,453,630	176.8%
Unrestricted (deficit)	(73,680,009)	(16,125,315)	(57,554,694)	356.9%
Total net assets	<u>\$ 102,916,802</u>	<u>\$ 112,846,382</u>	<u>\$ (9,929,580)</u>	<u>-8.8%</u>
Business Activities				
Assets:				
Current and other assets	\$ 76,815,332	\$ 15,230,397	\$ 61,584,935	404.4%
Capital assets	4,364,524	5,404,251	(1,039,727)	-19.2%
Total assets	<u>81,179,856</u>	<u>20,634,648</u>	<u>60,545,208</u>	<u>293.4%</u>
Liabilities:				
Current and other liabilities	29,957,562	3,191,712	26,765,850	838.6%
Long-term liabilities	70,933,674	9,379,752	61,553,922	656.2%
Total liabilities	<u>100,891,236</u>	<u>12,571,464</u>	<u>88,319,772</u>	<u>702.5%</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	(3,303,471)	(2,452,431)	(851,040)	34.7%
Unrestricted (deficit)	10,592,091	10,515,615	76,476	0.7%
Total net assets	<u>\$ 7,288,620</u>	<u>\$ 8,063,184</u>	<u>\$ (774,564)</u>	<u>-9.6%</u>

Below is a summary schedule of the City's statements of activities for the year ended June 30, 2009.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

Statements of Activities				
Governmental Activities				
	June 30,	June 30,	Amount Increase	% Increase
	2009	2008	(Decrease)	(Decrease)
Revenues:				
Program revenues:				
Charges for services	\$ 28,649,770	\$ 22,755,605	\$ 5,894,165	25.9%
Operating grants and contributions	16,842,297	21,258,234	(4,415,937)	-20.8%
Capital grants and contributions	3,448,042	6,181,629	(2,733,587)	-44.2%
General revenues:				
Taxes:				
Property tax	38,725,002	26,763,000	11,962,002	44.7%
Sales and use tax	6,727,145	6,243,608	483,537	7.7%
Utility user tax	14,934,144	14,244,579	689,565	4.8%
Franchise tax	1,011,967	1,106,504	(94,537)	-8.5%
Transient occupancy taxes	194,220	256,218	(61,998)	-24.2%
Motor vehicle in-lieu of taxes	8,680,210	8,352,461	327,749	3.9%
Investment earnings	332,863	2,584,664	(2,251,802)	-87.1%
Gain on sale of land	119,651	3,764,243	(3,644,592)	-96.8%
Other	13,243,388	13,668,511	(425,123)	-3.1%
Transfers	433,316	(170,353)	603,669	-354.4%
Total revenue	<u>133,342,015</u>	<u>127,008,903</u>	<u>6,333,112</u>	<u>5.0%</u>
Expenses:				
General Government	38,272,613	23,443,830	14,828,783	63.3%
Professional Services	7,022,038	2,949,881	4,072,157	138.0%
Public Safety	22,303,016	35,581,399	(13,278,383)	-37.3%
Public Works	8,599,347	11,441,949	(2,842,602)	-24.8%
Management Services	39,865,098	18,243,546	21,621,552	118.5%
Environmental and Human Services	20,382,744	23,928,671	(3,545,927)	-14.8%
Interest on long-term debt	6,524,030	4,639,493	1,884,537	40.6%
Pass Through Payments	302,709	291,514	11,195	3.8%
Total expenditures	<u>143,271,595</u>	<u>120,520,283</u>	<u>22,751,312</u>	<u>18.9%</u>
Increase (decrease) in net assets	(9,929,580)	6,488,620	(16,418,200)	-253.0%
Net assets, Beginning of Year	112,846,382	106,357,762	6,488,620	6.1%
Net assets, End of Year	<u>\$ 102,916,802</u>	<u>\$ 112,846,382</u>	<u>\$ (9,929,580)</u>	<u>-8.8%</u>
Business-Type Activities				
	June 30,	June 30,	Amount Increase	% Increase
	2009	2008	(Decrease)	(Decrease)
Revenues:				
Program revenues:				
Charges for services	\$ 20,087,047	\$ 19,421,443	\$ 665,604	3.4%
General revenues	50,917	343,707	(292,790)	-85.2%
Transfers	(433,316)	-	-	N/A
Total revenues	<u>19,704,648</u>	<u>19,765,150</u>	<u>(60,502)</u>	<u>-0.3%</u>
Expenses:				
Water	8,676,522	7,728,075	948,447	12.3%
Rubbish	10,108,895	9,860,413	248,482	2.5%
Sewer	1,634,418	1,635,760	(1,342)	-0.1%
Golf course	49,014	25,255	23,759	94.1%
Recreational	10,363	7,625	2,738	35.9%
Total expenditures	<u>20,479,212</u>	<u>19,257,128</u>	<u>1,222,084</u>	<u>6.3%</u>
Increase (decrease) in net assets	(774,564)	508,021	(1,549,128)	-304.9%
Net assets, Beginning of Year	8,063,184	7,555,162	774,564	10.3%
Net assets, End of Year	<u>\$ 7,288,620</u>	<u>\$ 8,063,184</u>	<u>\$ (774,564)</u>	<u>-9.6%</u>

In the case of the City, assets exceeded liabilities by \$102,916,802 at June 30, 2009.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

The largest portion of the City's net assets \$105,434,915 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.

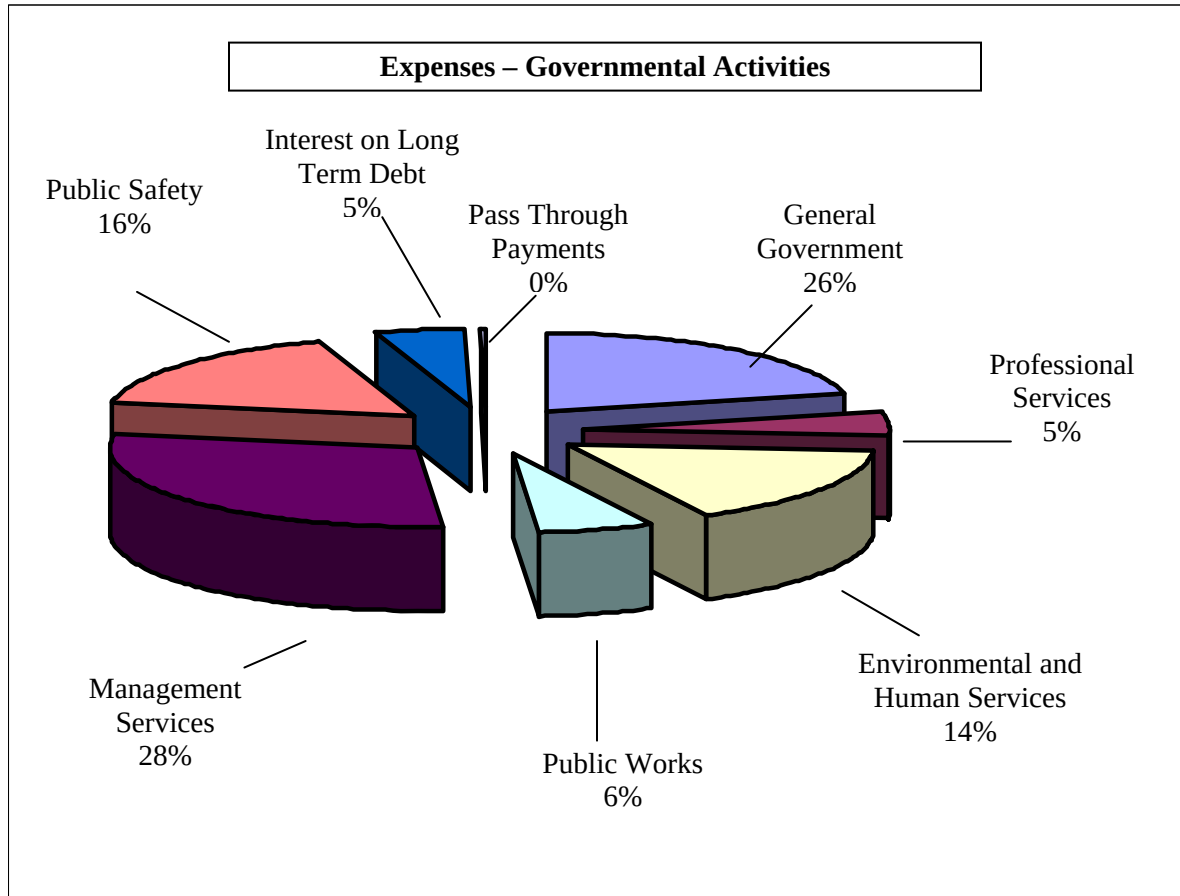
The second largest portion of the City's net assets represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$5,738,700 is for federal grants, \$10,096,799 is for retirement, \$50,520,946 is for repayment of long-term debt, and \$4,805,451 is for low/moderate income.

The current and other liabilities of the governmental activities increased by 30.8% due mainly to accrual for liabilities relating to construction, maintenance and other services obtained by the City before the year-end but for which invoices were submitted and payments made after the year-end. The amount of the increase reflects the general increase in total expenditures during the year compared to the previous year. The restricted net assets grew by 177% because of the increase in the debt service fund, which was restricted based on the provision of the debt agreements.

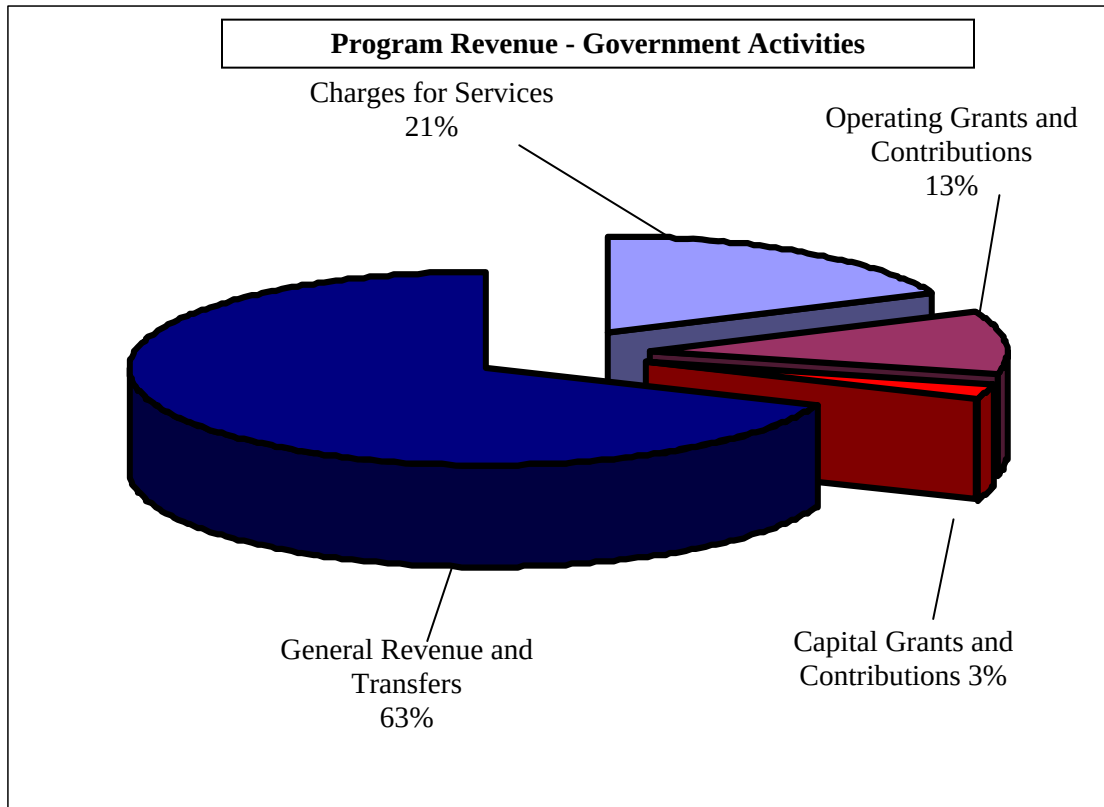
Governmental Activities: Governmental activities decreased the City's net assets by \$9,929,580, 8.8% decrease from prior year's net assets. Key elements of this decrease are as follows:

- As of the close of the fiscal year, overall revenues and transfers increased by \$6,333,112 (5%). Charges for services increased by 25.9% because of increased revenues for licenses and permits, rents and concessions, emergency medical services and other charges the City collected during the year. There were reductions of 21% and 44% in operating and capital grants/contributions received from other agencies as well as reduction in interest income because of decline in the amount of interest yielding investments held during the period but these reductions were offset by increased in property taxes which arose from new homes built in the City and a new shopping mall recently constructed.
- Overall expenses increased by \$22,751,312, 19% as compared to last year due mainly to increase in expenditures relating to professional services (138%) rendered to the City by various vendors related to the various City projects; cost of management services (119%) related to maintaining the current level of City operations and infrastructure; interest expense related to the City's bond obligations; and expenditures increased related to general government by 63%. Included in the general government expenditures is the amount of \$9.3 million for postemployment benefits other than pension (OPEB) costs of the City's employees which was accrued for under provisions of GASB 45 to recognize the City's OPEB liability for present and retired City employees.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)



Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

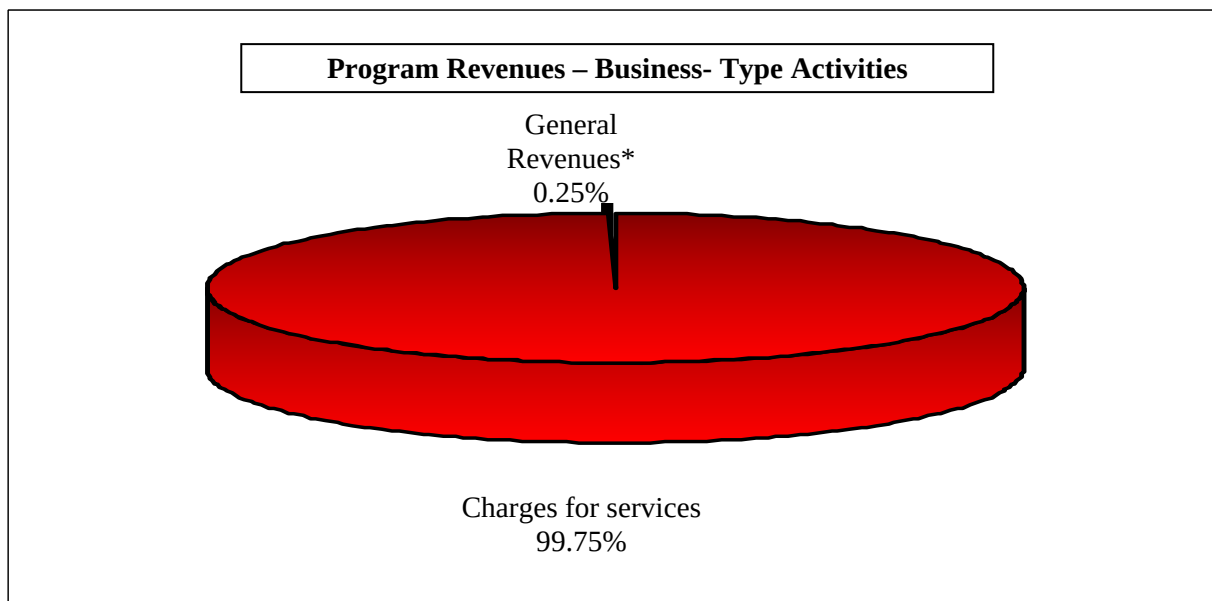
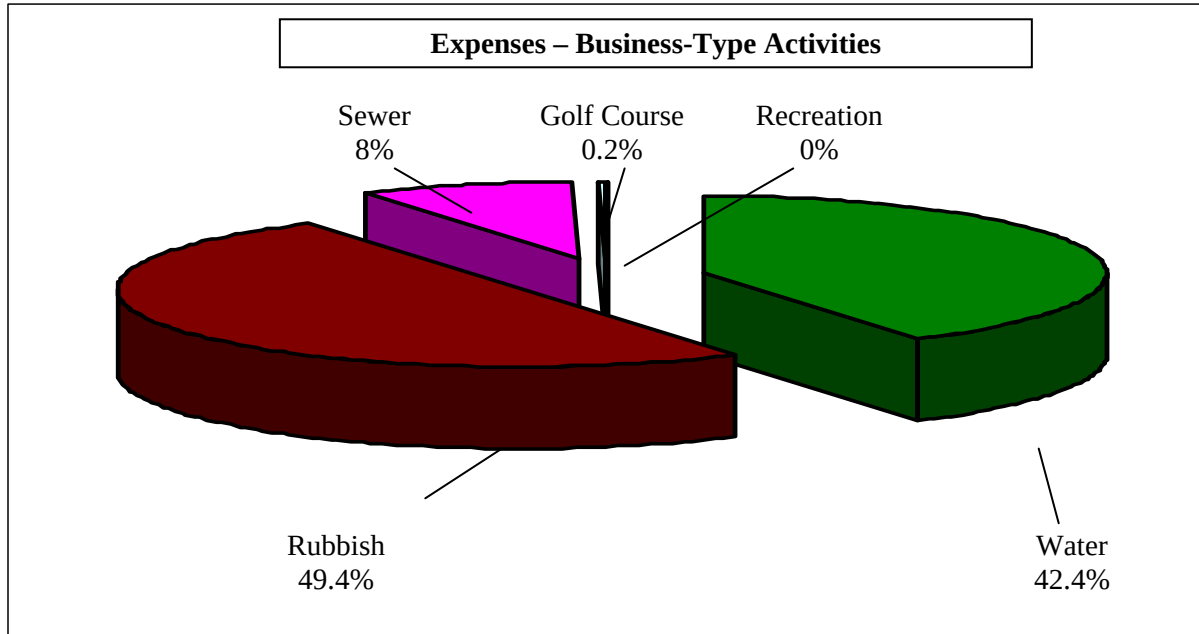


Business-type Activities: Business-type activities decreased the City's net assets overall by \$774,564. Key elements of this decrease are as follows:

- Water Fund's net assets decreased by \$15,873 due to increase in operating expenses inclusive of transfers out. The water rate was increased during the second half of the year to offset the increase in maintenance cost of the City's relatively old water wells and pipelines. However, the revenue from the half-year rate increase was not adequate to cover the total expenses. The impact of the water rate increase will be felt in the next fiscal year as it is expected that the full year revenue for the next fiscal year will be adequate to offset the total costs of the water operation. .
- Sewer Fund's net assets decreased by \$647,371 due to the fact that the Fund's total expenses exceeded the revenue from taxes and special assessments.
- Rubbish Fund's net assets decreased by \$117,105 also due to increase in operating expenses. The Fund had a 2% increase in revenue during the year but the increase was not enough to cover the 11% (\$899,548) increase in the contract costs of the rubbish operations.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

The overall current and other assets of business-type activities increased by 404.4% because of the proceeds of new bonds issued towards the end of the year, which were invested in restricted investments pending when the monies are used to finance the relevant projects. The long-term liabilities increased by 656.2% primarily due to the new bonds.



*Transfer out is not included in calculation of general revenue above.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

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 June 30, 2009, the City's governmental funds reported combined fund balances of \$111,041,448. Of this amount, \$6,117,709 or 6% 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 \$22,666,729; 2) to pay debt service \$50,520,946; 3) for land held for resale \$27,628,956; 4) for regional park maintenance \$2,500,000 and 5) for a variety of other restricted purposes \$1,607,108.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund deficit was (\$2,586,510) and the unreserved fund balance of the General Fund was deficit (\$11,195,087.) The City Council has designated \$2,559,178 for various projects and programs and \$6,049,399 for encumbrances for contracts and open purchase orders. General Fund expenditures in the next fiscal budget year will be curtailed to fall below the total revenues in order to eliminate the deficit in the General Fund.

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 \$16,859,018. The net decrease in fund balance was \$19,920,795. The decrease in the fund balance arose mainly from the amount of \$19,000,000 representing excess debt service reserve held over and above the bond indenture requirements which, was transferred from the Redevelopment Debt Service Fund to the Redevelopment Capital Projects Fund to finance other capital projects and operating expenditures of the Community Redevelopment Agency.

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 \$10,592,091 and total decrease in net assets for these funds was \$774,564. 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 \$4,035,166, while total net assets were \$5,057,296 at the end of the current year. The unrestricted net assets represent 47% of total Water Fund operating expenses of \$8,666,986, while total net assets represent 58% of that same amount. The net assets of the Water Fund decreased by \$15,873 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.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

The Rubbish Fund's unrestricted net assets were \$479,431 at the end of the current fiscal year, while total net assets were \$30,833. The unrestricted net assets represent 5% of the Rubbish Fund total operating expenses of \$10,015,210. The net assets of the Rubbish Fund decreased by \$117,105 during the fiscal year. This decrease is attributable mainly to interest expense exceeding investment income for the fiscal year.

The Sewer Fund's unrestricted net assets were \$6,099,979 while total net assets were \$2,222,976 at the end of the fiscal year. The unrestricted net assets represent 485% of total Sewer Fund operating expenses of \$1,256,828 while total net assets represent 177% of the same amount. The net assets of the Sewer Fund decreased by \$647,371 during the 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, and central duplicating. As of June 30, 2009, net assets of the internal service funds were a deficit \$25,257,219 and total increase in net assets for these funds were \$1,496,381. The services provided by the internal service funds have been allocated to governmental functions in the government-wide financial statements.

The Self-Insurance Fund possesses the largest deficit in this fund group totaling \$23,815,126. 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 as compared to the final budget represented a net increase of \$1,524,509 for revenue and \$6,108,689 for expenditures. 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. In total, the General Fund actual revenues as compared to budget represented a shortfall of \$16,967,169. Contributing to the shortfall is the fact that actual revenues from "Taxes and Special Assessments" decreased compared to budget by \$4,041,412 due to decline in the assessed value of the property on which the tax assessment was based; revenues from "Use of Money and Property" recorded a shortfall of \$4,517,282 compared to budget mainly due to reduction in the City's income yielding investments, and City budgeted to receive \$6 million advertisement revenue from a new advertisement franchise issued during the year but which did not materialize before the ended of the fiscal year. This advertisement revenue represented "Other Revenue" source for which there was no actual receipt thereby reducing the General Fund's total revenues. The total General Fund actual expenditures as compared to budget recorded a decrease of \$3.8 million. This decrease is mainly due to reduction in management services because of cuts in contract payments below the amount budgeted. Although there was an increase in general government expenditures of \$2.9 million compared to budget, this increase was offset by \$6.4 million reduction in management services expenditures. Minor increases in other categories of General Fund expenditures were about equal to decrease in other expenditures categories.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities amounts to \$136,942,015 (net of accumulated depreciation of \$166,217,661) as of June 30, 2009. This investment in capital assets includes land, construction in progress, buildings and structures, equipment, land improvements and infrastructure. The City's capital assets in the current year decreased by \$3,048,746 as a result of \$5,940,362 of capital additions and \$8,989,108 of depreciation expense for governmental activities and for business-type activities.

Capital Assets
(Net of Accumulated Depreciation)

	June 30, 2009	June 30, 2008	Amount Increase (Decrease)	% Increase (Decrease)
Governmental Activities				
Land	\$ 23,525,645	\$ 23,525,645	\$ -	0.0%
Construction in Progress	9,934,305	7,241,416	2,692,889	37.2%
Buildings and Structures	20,144,033	21,018,410	(874,377)	-4.2%
Land Improvements	772,410	810,557	(38,147)	-4.7%
Equipment	2,635,590	2,063,275	572,315	27.7%
Infrastructure	75,097,221	79,927,207	(4,829,986)	-6.0%
Total	<u>\$ 132,109,204</u>	<u>\$ 134,586,510</u>	<u>\$ (2,477,306)</u>	<u>-1.8%</u>

(Net of Accumulated Depreciation)

	June 30, 2009	June 30, 2008	Amount Increase (Decrease)	% Increase (Decrease)
Business Activities				
Land	\$ 162,097	\$ 162,097	\$ -	0.0%
Construction in Progress	413,590	343,810	69,780	20.3%
Buildings and Structures	335,169	366,543	(31,374)	-8.6%
Land Improvements	10,399	11,199	(800)	-7.1%
Equipment	3,039,378	4,099,071	(1,059,693)	-25.9%
Infrastructure	403,891	421,531	(17,640)	-4.2%
Total	<u>\$ 4,364,524</u>	<u>\$ 5,404,251</u>	<u>\$ (1,039,727)</u>	<u>-19.2%</u>

Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 55 through 56 of this report.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

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

Governmental Activities :

• Construction in progress relating to the City's infrastructure improvement	\$ 4,961,062
• Purchase of motor vehicles and fire fighting and other equipment	673,484
• Depreciation charge for the fiscal year	<u>(7,643,565)</u>
Total	<u><u>\$ (2,009,019)</u></u>

Business-type activities:

• Construction in progress relating to the City's infrastructure improvement	\$ 69,780
• Purchase of equipment	236,036
• Depreciation charge for the fiscal year	<u>(1,345,543)</u>
Total	<u><u>\$ (1,039,726)</u></u>

Debt Administration: As at the end of the fiscal year, the City had total debt outstanding of \$202,914,149. Out of this, \$190,897,248 represents bonds and notes issued for redevelopment and various capital improvements, \$1,676,476 represents tax sharing obligation of the Community Redevelopment Agency, \$705,556 relates to capital lease obligations utilized for capital assets of the City and \$9,634,869 represents compensated absences. Deductions include repayments of bonds and other debt facilities totaling \$11,291,696.

During the year, the City issued \$44,040,000 of Water Revenue Bonds with interest rates ranging from 5.625% to 6.00% to finance part of the cost of overhauling the City's Water System. The bond payments will commence in fiscal year 2010 and end in fiscal year 2040. Also, the City issued \$18,710,000 of Sewer Revenue Bonds with interest rates ranging from 5.625% to 6.00% to finance part of the cost of overhauling the antiquated Sewer System of the City. Repayment of the Sewer Revenue Bonds will commence in fiscal year 2010 and end fiscal year 2040. Both bonds were rated "A" by Standard & Poor's.

Management's Discussion and Analysis (Continued)
June 30, 2009
(Unaudited)

Outstanding Debt

Governmental Activities	July 1, 2008	Additions	Retirements	June 30, 2009
Bonded indebtedness:				
Tax allocation and refunding bonds	\$ 118,675,244	\$ 2,232,157	\$ (7,641,524)	\$ 113,265,877
Other long-term debt:				
Tax sharing obligation	-	1,676,476	-	1,676,476
Compensated absences	8,009,977	2,755,055	(1,937,307)	8,827,725
Capital leases	244,876	515,104	(168,724)	591,256
Notes and loans payable	5,092,213	-	(292,379)	4,799,834
Mortgage loan	3,549,039	-	(234,987)	3,314,052
	<u>\$ 135,571,349</u>	<u>\$ 7,178,792</u>	<u>\$ (10,274,921)</u>	<u>\$ 132,475,220</u>

Business Activities	July 1, 2008	Additions	Retirements	June 30, 2009
Bonded indebtedness:				
Water revenue bonds	\$ -	\$ 43,001,179	\$ -	\$ 43,001,179
Sewer revenue bonds	6,475,000	18,267,629	(270,000)	24,472,629
Solid waste revenue bonds	2,500,000	-	(680,000)	1,820,000
Other long-term debt:				
Notes and loans payable	256,320	-	(32,643)	223,677
Capital leases	148,432	-	(34,132)	114,300
Compensated absences	-	807,144	-	807,144
Total	<u>\$ 9,379,752</u>	<u>\$ 61,268,808</u>	<u>\$ (1,016,775)</u>	<u>\$ 70,438,929</u>

Next Year's Budget

The budget for fiscal year 2009-2010 grew 6.4% 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's services. Areas of concern in formulating the fiscal year 2010 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 2010 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 Willowbrook Avenue, Compton, CA 90220.

BASIC FINANCIAL STATEMENTS

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CITY OF COMPTON
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 8,328,493	\$ 506,289	\$ 8,834,782
Restricted investments	67,199,487	61,557,000	128,756,487
Receivables, net	35,144,184	2,420,240	37,564,424
Internal balances	(10,629,602)	10,629,602	-
Inventories, at cost	15,572	282,749	298,321
Prepaid expenses	1,278,892	-	1,278,892
Land held for resale	27,628,956	-	27,628,956
Capital assets :			
Nondepreciable	33,459,950	575,688	34,035,638
Depreciable	99,117,541	3,788,836	102,906,377
Deferred bond issuance costs	1,754,002	1,419,452	3,173,454
Total Assets	263,297,475	81,179,856	344,477,331
Liabilities:			
Accounts payable	2,585,540	4,386	2,589,926
Accrued liabilities	8,915,903	1,730,072	10,645,975
Accrued interest payable	802,917	175,484	978,401
Deposits	426,278	1,047,620	1,473,898
Self-insurance claims	1,027,877	-	1,027,877
Due to external parties	436,168	-	436,168
Due to other governmental agencies	232,590	-	232,590
Unearned revenue	28,303	-	28,303
Other	6,834	-	6,834
Long-term liabilities:			
Self-insurance claims	4,118,051	-	4,118,051
Postemployment benefit obligation	9,324,992	494,745	9,819,737
Due within one year	9,452,250	1,389,144	10,841,394
Due in more than one year	123,022,970	69,049,785	192,072,755
Total Liabilities	160,380,673	73,891,236	234,271,909
Net Assets:			
Invested in capital assets, net of related debt	105,434,915	(3,303,471)	102,131,444
Restricted for:			
Federal grants	5,738,700	-	5,738,700
Retirement	10,096,799	-	10,096,799
Debt service	50,520,946	-	50,520,946
Low/Moderate income housing	4,805,451	-	4,805,451
Unrestricted (deficit)	(73,680,009)	10,592,091	(63,087,918)
Total net assets	<u>\$ 102,916,802</u>	<u>\$ 7,288,620</u>	<u>\$ 110,205,422</u>

See Accompanying Notes to Financial Statements.

CITY OF COMPTON
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Governmental Activities:				
General government	\$ 38,272,613	\$ 19,934,692	\$ -	\$ -
Professional services	7,022,038	-	-	-
Pass-through payments	302,709	-	-	-
Public safety	22,303,016	-	161,199	-
Public works	8,599,347	4,315,571	1,640,675	3,448,042
Management services	39,865,098	1,828,782	1,039,923	-
Environmental and human services	20,382,744	2,570,725	14,000,500	-
Interest on long-term debt	6,524,030	-	-	-
Total governmental activities	143,271,595	28,649,770	16,842,297	3,448,042
Business-type Activities:				
Water	8,676,522	9,085,575	-	-
Rubbish	10,108,895	9,988,931	-	-
Sewer	1,634,418	949,914	-	-
Golf course	49,014	47,488	-	-
Recreational	10,363	15,139	-	-
Total business-type activities	20,479,212	20,087,047	-	-
Total	163,750,807	48,736,817	16,842,297	3,448,042

General revenue:

Taxes:

Property taxes

Sales and use taxes

Utility user taxes

Franchise taxes

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

Net assets, ending

See Accompanying Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (18,337,921)	\$ -	\$ (18,337,921)
(7,022,038)	-	(7,022,038)
(302,709)	-	(302,709)
(22,141,817)	-	(22,141,817)
804,941	-	804,941
(36,996,393)	-	(36,996,393)
(3,811,519)	-	(3,811,519)
(6,524,030)	-	(6,524,030)
<u>(94,331,486)</u>	<u>-</u>	<u>(94,331,486)</u>
-	409,053	409,053
-	(119,964)	(119,964)
-	(684,504)	(684,504)
-	(1,526)	(1,526)
-	4,776	4,776
<u>-</u>	<u>(392,165)</u>	<u>(392,165)</u>
<u>(94,331,486)</u>	<u>(392,165)</u>	<u>(94,723,651)</u>
38,725,002	-	38,725,002
6,727,145	-	6,727,145
14,934,144	-	14,934,144
1,011,967	-	1,011,967
194,220	-	194,220
8,680,210	-	8,680,210
332,863	48,382	381,245
119,651	-	119,651
13,243,388	2,535	13,245,923
433,316	(433,316)	-
<u>84,401,906</u>	<u>(382,399)</u>	<u>84,019,507</u>
(9,929,580)	(774,564)	(10,704,144)
<u>112,846,382</u>	<u>8,063,184</u>	<u>120,909,566</u>
<u>\$ 102,916,802</u>	<u>\$ 7,288,620</u>	<u>\$ 110,205,422</u>

CITY OF COMPTON
Balance Sheet
Governmental Funds
June 30, 2009

		Special Revenue	
	General	Federal Grants	Retirement
Assets:			
Cash and investments	\$ 405,576	\$ 5,045,309	\$ -
Restricted investments	-	-	-
Property taxes receivable	2,111,512	-	825,822
Accounts receivable	460,744	588,927	88,554
Grants receivable	-	150,384	-
Due from other funds	25,722,431	738,797	9,218,088
Prepaid items	58,934	859,831	360,127
Inventories	244	-	-
Notes receivable, net	-	-	-
Loans receivable	-	4,899,333	-
Land held for resale	-	-	-
Total Assets	<u>\$ 28,759,441</u>	<u>\$ 12,282,581</u>	<u>\$ 10,492,591</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 112,352	\$ 68,147	\$ -
Accrued liabilities	4,401,471	182,080	395,792
Due to other funds	26,777,522	1,305,955	-
Due to other governmental agencies	-	53,233	-
Deposits	54,606	-	-
Deferred revenue	-	4,927,636	-
Other	-	6,830	-
Total Liabilities	<u>31,345,951</u>	<u>6,543,881</u>	<u>395,792</u>
Fund Balances:			
Reserved:			
Prepaid items	58,934	859,831	360,127
Inventories	244	-	-
Notes receivable	-	-	-
Land held for resale	-	-	-
Debt service	-	-	-
Regional park	2,500,000	-	-
Encumbrances	6,049,399	1,543,184	-
Unreserved-undesignated, reported in:			
General fund	(11,195,087)	-	-
Special revenue funds	-	3,335,685	9,736,672
Capital projects funds	-	-	-
Total Fund Balances	<u>(2,586,510)</u>	<u>5,738,700</u>	<u>10,096,799</u>
Total Liabilities and Fund Balances	<u>\$ 28,759,441</u>	<u>\$ 12,282,581</u>	<u>\$ 10,492,591</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		
\$ -	\$ -	\$ 627,722	\$ 220,351	\$ 1,519,945	\$ 7,818,903
33,782,689	33,416,798	-	-	-	67,199,487
2,456,328	-	-	-	212,616	5,606,278
903,604	1,434	1,586,324	342,635	330,869	4,303,091
-	-	-	-	478,239	628,623
-	449,984	27,779,504	8,801	3,866,100	67,783,705
-	-	-	-	-	1,278,892
-	-	-	-	-	244
-	-	327,972	-	-	327,972
-	-	-	19,378,887	-	24,278,220
-	-	22,300,956	5,328,000	-	27,628,956
<u>\$ 37,142,621</u>	<u>\$ 33,868,216</u>	<u>\$ 52,622,478</u>	<u>\$ 25,278,674</u>	<u>\$ 6,407,769</u>	<u>\$ 206,854,371</u>
\$ 1,586,324	\$ 4,361	\$ 330,565	\$ -	\$ 483,790	\$ 2,585,539
-	201,927	1,048,585	117,083	1,673,995	8,020,933
17,592,155	-	6,556,101	977,253	5,920,116	59,129,102
-	-	-	-	179,357	232,590
-	-	371,672	-	-	426,278
1,105,124	-	-	19,378,887	-	25,411,647
-	-	-	-	4	6,834
<u>20,283,603</u>	<u>206,288</u>	<u>8,306,923</u>	<u>20,473,223</u>	<u>8,257,262</u>	<u>95,812,923</u>
-	-	-	-	-	1,278,892
-	-	-	-	-	244
-	-	327,972	-	-	327,972
-	-	22,300,956	5,328,000	-	27,628,956
16,859,018	33,661,928	-	-	-	50,520,946
-	-	-	-	-	2,500,000
-	-	5,209,738	1,431,298	8,433,110	22,666,729
-	-	-	-	-	(11,195,087)
-	-	-	-	(10,305,325)	2,767,032
-	-	16,476,889	(1,953,847)	22,722	14,545,764
<u>16,859,018</u>	<u>33,661,928</u>	<u>44,315,555</u>	<u>4,805,451</u>	<u>(1,849,493)</u>	<u>111,041,448</u>
<u>\$ 37,142,621</u>	<u>\$ 33,868,216</u>	<u>\$ 52,622,478</u>	<u>\$ 25,278,674</u>	<u>\$ 6,407,769</u>	<u>\$ 206,854,371</u>

CITY OF COMPTON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Fund balances - total governmental funds	\$ 111,041,448
Amounts reported for governmental activities in the statement 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.	132,109,204
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(139,557,058)
Accrued interest payable that is not due and payable is not reported in governmental funds.	(802,917)
Internal service funds are used by management to charge the cost of certain activities such as equipment, printing, and risk management 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	(25,257,219)
Loans receivable are initially reported as an expenditure in governmental funds and then reported as a receivable and deferred revenue at fiscal year-end. The deferred revenue is eliminated in the statement of net assets.	24,278,220
Property tax receivable collectible 60 days of year-end are not available to pay current period expenditures and, are shown as deferred revenue in the governmental funds.	1,105,124
Net assets of governmental activities	<u><u>\$ 102,916,802</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, 2009

		Special Revenue	
	General	Federal Grants	Retirement
Revenue:			
Taxes and special assessments	\$ 26,450,609	\$ -	\$ 16,108,729
Licenses and permits	3,817,856	-	-
Intergovernmental revenues	8,747,907	10,792,825	328,663
Fines, forfeitures, and penalties	1,983,459	-	-
Use of money and property	3,991,806	2,857,703	11,000
Charges for services	3,502,274	922,781	-
Gain on sale of land held for resale	-	-	-
Other	-	407,217	128,192
Total Revenue	48,493,911	14,980,526	16,576,584
Expenditures:			
Current:			
General government	9,394,659	44,781	652,936
Professional services	-	-	-
Pass-through payments	-	-	-
Public safety	17,319,774	178,508	4,831,841
Public works	1,565,979	15,558	73,436
Management services	29,249,649	102,963	6,928,901
Environmental and human services	4,047,431	13,712,940	996,720
Debt service:			
Principal	203,362	200,000	-
Interest	86,517	288,020	-
Bond issuance costs	-	-	-
Total expenditures	61,867,371	14,542,770	13,483,834
Excess (Deficiency) of Revenues Over Expenditures	(13,373,460)	437,756	3,092,750
Other Financing Sources (Uses):			
Transfers in	3,114,721	1,157,451	-
Transfers out	(4,107,813)	(1,929,976)	-
Total Other Financing Sources (Uses)	(993,092)	(772,525)	-
Net Change in Fund Balance	(14,366,552)	(334,769)	3,092,750
Fund Balances, Beginning	11,780,042	6,073,469	7,004,049
Fund Balances, Ending	\$ (2,586,510)	\$ 5,738,700	\$ 10,096,799

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		
\$ 8,386,487	\$ -	\$ 19,178,504	\$ -	\$ 4,315,571	\$ 74,439,900
-	-	-	-	-	3,817,856
-	-	40,169	-	8,354,819	28,264,383
-	-	-	-	-	1,983,459
135,337	197,525	214,796	13,923	193,742	7,615,832
-	1,918,363	-	-	3,422	6,346,840
-	-	119,651	-	-	119,651
-	-	50,590	184,110	52,616	822,725
8,521,824	2,115,888	19,603,710	198,033	12,920,170	123,410,646
-	403,543	3,973,994	7,347,347	70,310	21,887,570
463,285	-	1,460,647	588,309	1,239,638	3,751,879
302,709	-	-	-	-	302,709
-	-	-	-	252,228	22,582,351
-	-	-	-	11,905,436	13,560,409
-	213,296	-	-	750,851	37,245,660
-	-	2,362,389	-	964,959	22,084,439
6,585,000	1,130,000	-	-	92,379	8,210,741
2,091,625	1,948,306	-	-	14,592	4,429,060
-	23,461	-	-	-	23,461
9,442,619	3,718,606	7,797,030	7,935,656	15,290,393	134,078,279
(920,795)	(1,602,718)	11,806,680	(7,737,623)	(2,370,223)	(10,667,633)
-	273,024	20,210,000	3,835,696	1,856,860	30,447,752
(19,000,000)	(94,982)	(5,045,696)	-	(1,762,282)	(31,940,749)
(19,000,000)	178,042	15,164,304	3,835,696	94,578	(1,492,997)
(19,920,795)	(1,424,676)	26,970,984	(3,901,927)	(2,275,645)	(12,160,630)
36,779,813	35,086,604	17,344,571	8,707,378	426,152	123,202,078
\$ 16,859,018	\$ 33,661,928	\$ 44,315,555	\$ 4,805,451	\$ (1,849,493)	\$ 111,041,448

CITY OF COMPTON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances- total governmental funds	\$ (12,160,630)
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds report capital outlay and other capital projects 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.	(2,433,197)
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.	6,708,663
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.	(9,987,458)
Certain loans are recorded as expenditures in the governmental funds when issued. Repayments of these long-term loans are recorded as revenues in the governmental funds when collected. However, neither of these transactions have an effect on net assets.	5,341,537
Incremental property taxes not collected within 60 days after year-end are deferred in the governmental funds but are recognized in the statement of activities on the accrual basis of accounting.	1,105,124
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.	1,496,381
Change in net assets of governmental activities	\$ <u>(9,929,580)</u>

See Accompanying Notes to Financial Statements.

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

Business-Type Activities - Enterprise Funds

	Water	Rubbish	Sewer
Assets:			
Current assets:			
Cash and cash equivalents	\$ 200	\$ -	\$ 506,089
Restricted investments	42,336,583	694,982	18,525,435
Property taxes receivable	-	-	46,549
Accounts receivable	1,564,943	808,549	199
Due from other funds	5,128,254	766,311	4,706,851
Inventories, at cost	282,749	-	-
Total current assets	<u>49,312,729</u>	<u>2,269,842</u>	<u>23,785,123</u>
Noncurrent assets:			
Capital assets :			
Nondepreciable	428,288	-	147,400
Depreciable, net	817,519	676,420	2,294,897
Deferred bond issuance costs	664,596	-	754,856
Total noncurrent assets	<u>1,910,403</u>	<u>676,420</u>	<u>3,197,153</u>
Total assets	<u>51,223,132</u>	<u>2,946,262</u>	<u>26,982,276</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,000	-	2,386
Due to other funds	651	-	-
Accrued liabilities	679,451	1,022,181	28,312
Accrued interest payable	24,715	36,400	114,369
Deposits	997,830	-	-
Self-insurance claims	-	-	-
Notes payable	65,804	-	-
Bonds payable	-	715,000	285,000
Capital lease	-	-	36,044
Compensated absences	287,296	-	-
Total current liabilities	<u>2,057,747</u>	<u>1,773,581</u>	<u>466,111</u>
Noncurrent liabilities:			
Postemployment benefit obligation	429,189	36,848	27,304
Notes payable	157,873	-	-
Bonds payable	43,001,179	1,105,000	24,187,629
Capital lease	-	-	78,256
Compensated absences	519,848	-	-
Self-insurance claims	-	-	-
Total noncurrent liabilities	<u>44,108,089</u>	<u>1,141,848</u>	<u>24,293,189</u>
Total liabilities	<u>46,165,836</u>	<u>2,915,429</u>	<u>24,759,300</u>
Net assets:			
Invested in capital assets, net of related debt	1,022,130	(448,598)	(3,877,003)
Unrestricted (deficit)	4,035,166	479,431	6,099,979
Total net assets (deficit)	<u>\$ 5,057,296</u>	<u>\$ 30,833</u>	<u>\$ 2,222,976</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ -	\$ 506,289	\$ 509,590
-	61,557,000	-
-	46,549	-
-	2,373,691	-
103,281	10,704,697	1,127,406
-	282,749	15,328
103,281	75,470,975	1,652,324
-	575,688	44,109
-	3,788,836	424,178
-	1,419,452	-
-	5,783,976	468,287
103,281	81,254,951	2,120,611
-	4,386	-
74,444	75,095	20,847,779
128	1,730,072	894,970
-	175,484	-
49,790	1,047,620	-
-	-	1,027,877
-	65,804	-
-	1,000,000	-
-	36,044	106,389
-	287,296	-
124,362	4,421,801	22,877,015
1,404	494,745	-
-	157,873	-
-	68,293,808	-
-	78,256	382,764
-	519,848	-
-	-	4,118,051
1,404	69,544,530	4,500,815
125,766	73,966,331	27,377,830
-	(3,303,471)	(20,866)
(22,485)	10,592,091	(25,236,353)
\$ (22,485)	\$ 7,288,620	\$ (25,257,219)

CITY OF COMPTON
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

Business-Type Activities - Enterprise Funds

Operating revenues:

	Water	Rubbish	Sewer
Charges for services	\$ 9,041,402	\$ 9,988,931	\$ -
Charges to other funds	-	-	-
Other	-	-	-
Total operating revenues	<u>9,041,402</u>	<u>9,988,931</u>	<u>-</u>

Operating expenses:

General government	49,731	-	-
Public works	-	-	287,144
Administration and personnel services	982,380	309,395	-
Environmental and human services	7,558,687	9,202,754	-
Equipment rental	-	-	-
Basin maintenance and services	-	-	203,390
Self-insurance services	-	-	-
Depreciation	76,188	503,061	766,294
Total operating expenses	<u>8,666,986</u>	<u>10,015,210</u>	<u>1,256,828</u>
Operating income (loss)	<u>374,416</u>	<u>(26,279)</u>	<u>(1,256,828)</u>

Nonoperating revenues (expenses):

Investment income	8,390	2,859	37,133
Interest expense	(9,536)	(93,685)	(344,668)
Bond issuance cost (amortization)	-	-	(32,922)
Taxes and special assessments	44,173	-	949,914
Total nonoperating revenues (expenses)	<u>43,027</u>	<u>(90,826)</u>	<u>609,457</u>
Income (loss) before transfers	417,443	(117,105)	(647,371)

Transfers in	-	-	-
Transfers out	<u>(433,316)</u>	<u>-</u>	<u>-</u>
Change in net assets	(15,873)	(117,105)	(647,371)
Net assets, beginning	<u>5,073,169</u>	<u>147,938</u>	<u>2,870,347</u>
Net assets, ending	<u>\$ 5,057,296</u>	<u>\$ 30,833</u>	<u>\$ 2,222,976</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 62,627	\$ 19,092,960	\$ -
-	-	8,466,405
2,535	2,535	-
65,162	19,095,495	8,466,405
-	49,731	-
48,452	335,596	-
-	1,291,775	2,595,977
10,925	16,772,366	-
-	-	370,150
-	203,390	-
-	-	5,839,284
-	1,345,543	90,926
59,377	19,998,401	8,896,337
5,785	(902,906)	(429,932)
-	48,382	-
-	(447,889)	-
-	(32,922)	-
-	994,087	-
-	561,658	-
5,785	(341,248)	(429,932)
-	-	1,926,313
-	(433,316)	-
5,785	(774,564)	1,496,381
(28,270)	8,063,184	(26,753,600)
\$ (22,485)	\$ 7,288,620	\$ (25,257,219)

CITY OF COMPTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water	Rubbish	Sewer
Cash flows from operating activities:			
Cash received from customers	\$ 8,953,679	\$ 9,967,292	\$ -
Cash payments to suppliers for goods and services	(4,128,331)	(8,771,670)	(429,505)
Cash payment to employees for services	(3,905,106)	(272,547)	(16,083)
Net cash provided by (used in) operating activities	920,242	923,075	(445,588)
Cash flows from non-capital financing activities:			
Loan repayments from other funds	985,920	-	143,742
Loans to other funds	(1,177,418)	(124,119)	-
Transfers (to) from other funds	(433,316)	-	-
Taxes and special assessments	44,173	-	949,914
Net cash provided by (used in) non-capital financing Activities	(580,641)	(124,119)	1,093,656
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(305,812)	-	-
Net capital lease payment	-	-	(34,132)
Bond financing (net of deferred bond issuance costs)	42,336,583	-	17,903,451
Principal paid on bonds and notes payable	(32,643)	(680,000)	(270,000)
Interest paid on long-term debt	(9,536)	(107,289)	(344,668)
Net cash provided by (used in) capital and related financing activities	41,988,592	(787,289)	17,254,651
Cash flows from investing activities:			
Increase in restricted investments	(42,336,583)	(14,526)	(17,911,420)
Interest received on investments	8,390	2,859	37,132
Net cash used in investing activities	(42,328,193)	(11,667)	(17,874,288)
Net increase in cash and cash equivalents	-	-	28,431
Cash and cash equivalents, beginning	200	-	477,658
Cash and cash equivalents, ending	\$ 200	\$ -	\$ 506,089

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 62,627	\$ 18,983,598	\$ 8,858,020
(50,997)	(13,380,503)	(7,082,512)
-	(4,193,736)	(1,775,376)
11,630	1,409,359	132
-	1,129,662	995,204
(11,630)	(1,313,167)	(2,547,365)
-	(433,316)	1,926,313
-	994,087	-
(11,630)	377,266	374,152
-	(305,812)	-
-	(34,132)	(25,950)
-	60,240,034	-
-	(982,643)	-
-	(461,493)	-
-	58,455,954	(25,950)
-	(60,262,529)	-
-	48,381	-
-	(60,214,148)	-
-	28,431	348,334
-	477,858	161,256
\$ -	\$ 506,289	\$ 509,590

CITY OF COMPTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	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)	\$ 374,416	\$ (26,279)	\$ (1,256,828)
Adjustments to reconcile operating income (loss) to			
net cash provided by (used in) operating activities:			
Depreciation expense	76,188	503,061	766,294
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Taxes receivable	-	-	(5,396)
Accounts receivable	(87,723)	58,364	1,997
Inventories	(81,865)	-	-
Increase (decrease) in:			
Accounts payable	(261)	-	-
Accrued liabilities	(655,548)	351,081	21,041
Compensated absences	807,144	-	-
Postemployment benefit obligation	429,189	36,848	27,304
Deposits payable	58,702	-	-
Self-insurance claims	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 920,242</u>	<u>\$ 923,075</u>	<u>\$ (445,588)</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 5,785	\$ (902,906)	\$ (429,932)
-	1,345,543	90,926
-	(5,396)	-
-	(27,362)	-
-	(81,865)	19,176
-	(261)	-
128	(283,298)	848,974
-	807,144	-
1,404	494,745	-
4,313	63,015	-
-	-	(529,012)
<u>\$ 11,630</u>	<u>\$ 1,409,359</u>	<u>\$ 132</u>

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

Assets:

Cash and investments	\$	362,493
Accounts receivable		92,115
Due from other funds		436,168
Total assets	\$	<u>890,776</u>

Liabilities:

Accrued liabilities	\$	2,988
Deposits		711,885
Agency obligations		175,903
Total liabilities	\$	<u>890,776</u>

See Accompanying Notes to Financial Statements.

CITY OF COMPTON
Notes to Financial Statements
June 30, 2009

(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 City Council members are designated as Commissioners of the Agency, and thus, the City has a continuing accountability for fiscal matters of the Agency.

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. The City Council also acts as the Housing Authority's governing body. As such, the City Council establishes policy, appoints management, and exercises budgetary control.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, special assessments, franchise taxes, licenses, other taxes, grants, charges for services, and investment earnings 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, 2009

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 Special Revenue Fund* – This fund is used to account for various grants received from the agencies of the Federal government.
- *Retirement Special Revenue 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 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, 2009

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, and self-insurance 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 government-wide and fund financial statements to the extent that the private-sector 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 City 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 nonoperating 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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

operating revenues of the enterprise and internal service funds are charges for sales and services. Operating 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 nonoperating 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, generally based on quoted market prices. The City's investment in the Local Agency Investment Fund (LAIF) is part of the State Treasurer's Investment Pool operated in accordance with the California Government Code Section 16429. The reported value of the pool is the same as the fair value of the pool shares. Investments in money market mutual funds are stated at fair value which as of the year end equals the cost of the investments in the money market mutual funds.

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 an asset 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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

Depreciation on capital assets 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 and in the proprietary fund financial statements. Compensated absences are recorded as a liability and expenditures in the governmental funds when due and payable.

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, 2009 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	4 th Monday of September
Due dates	November 1 and February 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 tax receivables are adjusted to their net realizable values by deducting any estimated uncollectible amounts reported to the City.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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, Net 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.
- *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, 2009, the restricted net assets balance was \$71,161,896 for governmental activities, of which, \$10,096,799 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/expenses, 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 funds balance sheet includes a reconciliation between fund balances-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* for governmental funds (excludes internal service funds) are as follows:

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Land	\$ 23,525,645
Construction in progress	9,934,305
Depreciable building and structures, net	20,144,033
Depreciable land improvement, net	772,410
Depreciable equipment, net	2,635,590
Depreciable infrastructure, net	75,097,221
	<u>\$ 132,109,204</u>

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 \$139,557,058 adjustment are as follows:

Bonds payable	\$ (114,067,303)
Mortgage loan payable	(3,314,052)
Notes payable	(4,799,834)
Tax sharing obligation	(1,676,476)
Capital lease obligation	(102,104)
Compensated absences	(8,827,725)
Deferred charge on refunding (amortized as interest expense)	1,753,271
Deferred bond issuance costs (amortized over life of debt)	1,754,002
Unamortized bond discount	161,084
Unamortized bond premium	(1,112,929)
Postemployment benefit obligation	(9,324,992)
	<u>\$ (139,557,058)</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 change 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 outlay 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	\$ 5,119,442
Depreciation expense	(7,552,639)
	<u>\$ (2,433,197)</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

One 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. The details of this adjustment are as follows:

Debt principal repayment:	
Bond payable	\$ 7,715,000
Mortgage loan payable	234,987
Capital lease obligation	142,773
Notes payable	292,379
Debt issuance:	
Property tax sharing obligation	(1,676,476)
	<u>\$ 6,708,663</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	\$ 137,187
Current year interest accretion	(2,232,157)
Amortization of bond premium	278,233
Amortization of bond discount	(6,712)
Amortization of deferred on refunding	(344,997)
Amortization of issuance cost	(167,980)
Change in compensated absences	(817,748)
Change in postemployment benefit obligation	(6,833,284)
	<u>\$ (9,987,458)</u>

Another element of that reconciliation states that “Certain loans are recorded as expenditures in the governmental funds when issued. Repayments of these long-term loans are recorded as revenues in the governmental funds when collected. However, neither of these transactions have an effect on net assets.” The details of this adjustment are as follows:

Loans granted	\$ 5,875,511
Loan repayments received	(362,340)
Loans written-off	(171,634)
Change in loans receivable	<u>\$ 5,341,537</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

(3) Stewardship, Compliance and Accountability

Individual Department and Fund Disclosures

For the year ended June 30, 2009, the following departments of the City had expenditures in the General Fund that exceeded the budget appropriations by the indicated amounts:

Fire Department	\$ 1,987,918
City Council	171,980
City Attorney	125,943
City Manager	54,146
Public Works (Engineering)	5,403
Public Works (Street Maintenance)	21,614
Nondepartmental	6,882,565

At June 30, 2009, the following funds had accumulated deficits:

General Fund	\$ 2,586,510
Nonmajor Governmental Funds:	
California Department of Transportation Grant	\$ 444,584
Department of Health Service Grant	325,468
California Department of Parks and Recreation Grant	375,171
Special Assessment Special Revenue Fund	3,178,017
Nonmajor Enterprise Funds:	
Golf Course	\$ 75,976
Internal Service Funds:	
Equipment Rental	\$ 1,669,496
Self-Insurance	23,815,126

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 \$23,815,126. This amount represents an improvement of \$2,013,970 over the previous year deficit of \$25,829,096 due mainly to reduction in self-insurance expenses and reduction in general liability estimate resulting from a more efficient management of the general liability and worker's compensation operations during the year.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

(4) Detailed notes on all Funds

(a) Cash and Investments

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

Statement of Net Assets:

Cash and investments	\$ 8,834,782
Restricted investments	128,756,487

Fiduciary Funds:

Cash and investments	<u>362,493</u>
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Total Cash and Investments	<u><u>\$ 137,953,762</u></u>
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Cash and investments at June 30, 2009 are classified as follows:

Cash on hand	\$ 16,150
Investments	<u>137,937,612</u>

Total Cash and Investments	<u><u>\$ 137,953,762</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, 2009

Investments are limited to:

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio *	Investment in One Issuer
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	15%
Reverse Repurchase Agreements	90 days	20%	15%
Time Deposits	5 years	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 and concentration of credit risk.

Investments are limited to:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Notes	5 years	30%	None
Federal Agency Securities	5 years	30%	None
Negotiable Certificates 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	5 years	25%	None
Money Market Funds	None	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Guaranteed Investment Contracts	30 years	None	None

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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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) 12 Months or Less</u>
Money Market Funds	\$ 1,607,695	\$ 1,607,695
Held by Fiscal Agent:		
Money Market Funds	128,756,487	128,756,487
State Investment Pool (LAIF)	7,573,430	7,573,430
	<u>\$ 137,937,612</u>	<u>\$ 137,937,612</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	\$ 1,607,695	AAA	\$ 177,984	\$ 1,429,711
Held by Fiscal Agent:				
Money Market Funds	128,756,487	AAA	128,756,487	-
State Investment Pool	7,573,430	N/A	-	7,573,430
	<u>\$ 137,937,612</u>		<u>\$ 128,934,471</u>	<u>\$ 9,003,141</u>

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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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 cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2009 was \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion, of that amount, 14.71% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 235 days as of June 30, 2009.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

(b) Receivables

Receivables at June 30, 2009 are as follows:

Investment Type	Property Taxes	Accounts	Grants	Notes, net	Loans	Total
Governmental Activities:						
General Fund	\$ 2,111,512	\$ 460,744	\$ -	\$ -	\$ -	\$ 2,572,256
Federal grants	-	588,927	150,384	-	4,899,333	5,638,644
Retirement	825,822	88,554	-	-	-	914,376
Redevelopment debt service	2,456,328	903,604	-	-	-	3,359,932
PFA debt serviec	-	1,434	-	-	-	1,434
Redevelopment capital projects	-	1,586,324	-	327,972	-	1,914,296
Low/moderate income housing	-	342,635	-	-	19,378,887	19,721,522
Nonmajor governmental funds	212,616	330,869	478,239	-	-	1,021,724
	<u>\$ 5,606,278</u>	<u>\$ 4,303,091</u>	<u>\$ 628,623</u>	<u>\$ 327,972</u>	<u>\$ 24,278,220</u>	<u>\$ 35,144,184</u>
Business-Type Activities:						
		Property Taxes	Accounts	Allowance	Total	
Water		\$ -	\$ 2,533,360	\$ (968,417)	\$ 1,564,943	
Rubbish		-	1,522,417	(713,868)	808,549	
Sewer		46,549	199	-	46,748	
		<u>\$ 46,549</u>	<u>\$ 4,055,976</u>	<u>\$ (1,682,285)</u>	<u>\$ 2,420,240</u>	
Net Total Receivables						<u>\$ 37,564,424</u>

Notes Receivable

The City's notes receivable in the Redevelopment Capital Projects Fund as of June 30, 2009 are composed of the following:

Borrower	Balance	Allowance	Net Balance
Bakewell and Bunkley Investment Company	\$ 3,500,000	\$ (3,172,028)	\$ 327,972
Other Loans	80,885	(80,885)	-
Total notes receivable	<u>\$ 3,580,885</u>	<u>\$ (3,252,913)</u>	<u>\$ 327,972</u>

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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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 assistance to qualified Community Housing Development Organization (CHDO) for low and moderate housing developments. This assistance is 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 \$5,875,511, the amount collected as loan repayment was \$362,340 and the amount treated as grant (written-off) was \$171,634. The loans receivable balance as of the year end was \$22,305,192.

Loans to Community Housing Development Organization (CHDO):

Also, the City provided funds to the Community Housing Development Organization (CHDO) to boost construction of new homes in the City. At June 30, 2009, the loans receivable balance was \$1,589,403 for the Federal Grants fund.

Residential Rehabilitation Assistance Program:

This program comprises the Fit-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 maximum of \$10,000. The beneficiary is required to repay the grant to the City only upon the sale, refinance, transfer, and 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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

10 years, the loan is forgiven and treated as a grant. The total amount of the residential rehabilitation assistance granted during the year was \$735,167. This amount has been reported as an expenditure in the financial statements as it is improbable that any of the grants or the deferred equity loans 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, 2009, the total loans receivable was \$383,625.

(c) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

Governmental Activities:

Governmental Activities:

	Balance July 1, 2008	Addition	Transfer	Balance June 30, 2009
Capital Assets, Not Being Depreciated:				
Land	\$ 23,525,645	\$ -	\$ -	\$ 23,525,645
Construction in progress	7,241,416	4,961,062	(2,268,173)	9,934,305
Total Capital Assets, not Being Depreciated	<u>30,767,061</u>	<u>4,961,062</u>	<u>(2,268,173)</u>	<u>33,459,950</u>
Capital Assets, Being Depreciated:				
Building and structures	36,049,346	-	-	36,049,346
Land improvements	6,625,204	-	293,411	6,918,615
Equipment	41,664,973	673,484	1,579,000	43,917,457
Infrastructure	159,385,088	-	395,762	159,780,850
Total Capital Assets, Being Depreciated	<u>243,724,611</u>	<u>673,484</u>	<u>2,268,173</u>	<u>246,666,268</u>
Less Accumulated Depreciation for:				
Building and structures	(15,030,936)	(874,377)	-	(15,905,313)
Land improvements	(5,814,647)	(331,558)	-	(6,146,205)
Equipment	(39,601,698)	(1,211,882)	-	(40,813,580)
Infrastructure	<u>(79,457,881)</u>	<u>(5,225,748)</u>	<u>-</u>	<u>(84,683,629)</u>
Total Accumulated Depreciation	<u>(139,905,162)</u>	<u>(7,643,565)</u>	<u>-</u>	<u>(147,548,727)</u>
Total Capital Assets, Being Depreciated, Net	<u>103,819,449</u>	<u>(6,970,081)</u>	<u>2,268,173</u>	<u>99,117,541</u>
Governmental Activities Capital Assets, Net	<u>\$ 134,586,510</u>	<u>\$ (2,009,019)</u>	<u>\$ -</u>	<u>\$ 132,577,491</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 2,037,520
Public safety	579,324
Public works	<u>5,026,721</u>
Total Depreciation	<u><u>\$ 7,643,565</u></u>

Business-type Activities:

	Balance July 1, 2008	Addition	Balance June 30, 2009
Capital Assets, Not Being Depreciated:			
Land	\$ 162,097	\$ -	\$ 162,097
Construction in progress	343,810	69,780	413,590
	<u>505,907</u>	<u>69,780</u>	<u>575,687</u>
Capital Assets, Being Depreciated:			
Building and structures	1,254,963	-	1,254,963
Land improvements	157,044	-	157,044
Equipment	20,368,717	236,036	20,604,753
Infrastructure	441,011	-	441,011
Total Capital Assets, Being Depreciated	<u>22,221,735</u>	<u>236,036</u>	<u>22,457,771</u>
Less Accumulated Depreciation for:			
Building and structures	(888,420)	(31,374)	(919,794)
Land improvements	(145,845)	(800)	(146,645)
Equipment	(16,269,646)	(1,295,729)	(17,565,375)
Infrastructure	(19,480)	(17,640)	(37,120)
Total Accumulated Depreciation	<u>(17,323,391)</u>	<u>(1,345,543)</u>	<u>(18,668,934)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,898,344</u>	<u>(1,109,507)</u>	<u>3,788,837</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 5,404,251</u></u>	<u><u>\$ (1,039,727)</u></u>	<u><u>\$ 4,364,524</u></u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Depreciation expense was charged to Business-type Activities as follows:

Water	\$ 76,188
Rubbish	503,061
Sewer	<u>766,294</u>
Total Depreciation	<u><u>\$ 1,345,543</u></u>

(d) Interfund Transactions

The following table summarizes interfund receivables and payables at June 30, 2009:

	Due From Other Funds	Due To Other Funds
Governmental Funds :		
General Fund	\$ 25,722,431	\$ 26,777,522
Federal Grants Special Revenue Fund	738,797	1,305,955
Retirement Fund	9,218,088	-
Redevelopment Debt Service Fund	-	17,592,155
Public Finance Authority Debt Service Fund	449,984	-
Redevelopment Capital Projects Fund	27,779,504	6,556,101
Low/Moderate Income Housing Capital Projects Fund	8,801	977,253
Nonmajor Governmental Funds	<u>3,866,100</u>	<u>5,920,116</u>
	67,783,705	59,129,102
Internal Service Funds	<u>1,127,406</u>	<u>20,847,779</u>
	68,911,111	79,976,881
Enterprise Funds :		
Water	5,128,254	651
Rubbish	766,311	-
Sewer	4,706,851	-
Nonmajor Enterprise Funds	103,281	74,444
Agency Funds	<u>436,168</u>	<u>-</u>
	<u><u>\$ 80,051,976</u></u>	<u><u>\$ 80,051,976</u></u>

These interfund balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) interfund loans, and 3) payments between funds are made.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Transfers

Transfers Out	Transfers In							Total
	General Fund	Federal Grants	Public Finance Authority Debt Service	Redevelopment Capital Projects	Low/Moderate Income Housing	Nonmajor Funds	Internal Service	
Governmental activities:								
General Fund	\$ -	\$ 1,157,451	\$ 273,024	\$ -	\$ -	\$ 951,026	\$ 1,726,312	\$ 4,107,813
Federal Grants	1,929,976	-	-	-	-	-	-	1,929,976
Public Finance Authority Debt Service	-	-	-	-	-	94,982	-	94,982
Redevelopment Capital Projects	-	-	-	1,210,000	3,835,696	-	-	5,045,696
Redevelopment Debt Service	-	-	-	19,000,000	-	-	-	19,000,000
Nonmajor Funds	1,184,745	-	-	-	-	377,536	200,001	1,762,282
Business-Type activities:								
Water Fund	-	-	-	-	-	433,316	-	433,316
	<u>\$ 3,114,721</u>	<u>\$ 1,157,451</u>	<u>\$ 273,024</u>	<u>\$ 20,210,000</u>	<u>\$ 3,835,696</u>	<u>\$ 1,856,860</u>	<u>\$ 1,926,313</u>	<u>\$ 32,374,065</u>

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

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

(e) Long-term Debt

1. Indebtedness

As of June 30, 2009, the City's long-term indebtedness consisted of the following:

Governmental Activities	Date of Issue	Date of Maturity	Interest Rate	Amount of Issue	Outstanding June 30, 2009
Debt long-term Liabilities:					
Bonds Payable:					
1995 Series "C" refunding tax allocation bonds - taxable (The balance of \$27,565,146 includes \$19,659,773 of accreted value)	7/1/1995	8/1/2024	7.94%	\$ 10,137,530	\$ 29,797,303
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	7/6/2006	8/1/2013	5.00%	51,215,000	38,540,000
2008 Series Compton Public Finance Authority refunding and various capital projects bonds	5/1/2008	9/1/2032	4.00%-5.25%	46,860,000	45,730,000
					114,067,303
Less : Deferral on refunding					
2006 Series A refunding tax allocation bonds					(1,305,332)
2008 Series Compton Public Finance Authority					(447,939)
Less : Discount on Issue of 2008 Series Compton PFA refunding and various capital projects bonds					(161,084)
Add: Bond Premium on issue of 2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt					1,112,929
Total bonds payable					113,265,877
Mortgage Loan Payable:					
Energy Retrofit / Revenue Enhancement	7/31/2006	7/31/2022	4.52%	4,012,184	3,314,052
Notes Payable:					
Housing Section 108 Notes	8/9/2001	8/1/2020	6.00%	5,000,000	4,500,000
Energy Conservation Assistance Loan	10/21/2004	6/22/2012	3.95%	635,087	299,834
Total notes payable					4,799,834
Tax Sharing obligations					1,676,476
Capital lease obligations					
Tree Trimming and Other Equipment					591,256
Compensated absences					8,827,725
Total Governmental Activities - Long-term Liabilities					\$ 132,475,220

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2009</u>
Debt Long-Term Liabilities:					
Bonds payable:					
1998 Sewer Revenue Refunding Bonds	6/1/1998	9/1/2023	4.200 - 5.375%	\$ 8,310,000	\$ 6,205,000
2000 Solid Waste Revenue Bonds	6/29/2000	8/1/2020	4.800%	6,000,000	1,820,000
Water Revenue Bonds, Series 2009	5/20/2009	8/1/2039	5.625 - 6.000%	44,040,000	44,040,000
Sewer Revenue Bonds, Series 2009	5/20/2009	9/1/2039	5.625 - 6.000%	18,710,000	<u>18,710,000</u>
					70,775,000
Less: Discount on issue					
Water Revenue Bonds, Series 2009					(1,038,821)
Sewer Revenue Bonds, Series 2009					<u>(442,371)</u>
Total Bonds Payable					69,293,808
Notes payable:					
Water Utility Note	12/15/1994	6/13/2013	8.10%	818,071	223,677
Capital Lease obligations					114,300
Compensated absences					807,144
Total Business-type Activities - Long-term Liabilities					<u><u>\$ 70,438,929</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" Certificates of Participation with an interest rate of 7.5% and to finance various capital projects amounting to \$29,201,947. The City defeased the old bonds by placing a portion of the proceeds of the new bonds in an 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, 2009, \$13 million of the bonds outstanding are considered defeased.

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. Total principal and interest remaining on the bonds is \$84,647,751, payable through September 2032. Principal and interest paid for the current year which also represents the rental payments made by the City to the Authority was \$3,078,306.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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 an 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, 2009, \$49 million of the bonds outstanding are considered defeased.

The Series 2006 A Tax Allocation Bonds are special obligations of the Community Redevelopment 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 \$44,518,750, payable through August 2013. For the current year, principal and interest paid and total incremental property tax revenues, were \$8,676,625 and \$27,564,991, respectively.

1995 Series "C" Refunding Tax Allocation Capital Appreciation Bonds

The 1995 Series "C" Refunding Tax Allocation Capital Appreciation bonds were issued in 1995 but repayment of the liability will commence in 2014 and end in 2024. During the grace period before the bonds payments commence, the interest on the bonds is added as an accretion to the bond balance. The amount of the bonds is \$10,137,530 while total accretion as of June 30, 2009 is \$19,659,773.

The 1995 Series "C" Refunding 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 bonds 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 \$27,564,991.

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.

The total principal and interest remaining on the mortgage loan is \$4,543,887, payable through July 2022. Principal and interest paid during the year was \$389,151.

Housing Section 108 Note

Housing Section 108 note in the amount of \$5,000,000 is a note payable to HUD, which was issued in 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, 2009

The total principal and interest remaining on the note is \$6,522,705, payable through August 2020. Principal and interest paid during the year was \$488,020.

Energy Conservation Assistance Loan

In October 2004, the City obtained \$635,087 of Energy Conservation Assistance Loan from the California Energy Commission to finance energy efficient improvements for the City's streetlights and traffic signals. The City utilized the loan to change the traffic signal lighting to the light-emitting diode (LED) type which, consume less electricity than the incandescent bulbs. The interest rate on the loan is 3.95%.

The total principal and interest remaining on the loan is \$320,912, payable through June 2012. Principal and interest paid during the year was \$106,971.

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
2010	\$ 6,935,000	\$ 4,246,888
2011	7,305,000	3,900,138
2012	7,690,000	3,534,888
2013	8,090,000	3,150,388
2014	9,839,895	7,173,002
2015-2019	12,271,375	28,725,557
2020-2024	14,491,260	20,750,909
2025-2029	14,055,000	5,682,689
2030-2033	13,730,000	1,734,750
Total Debt Service	94,407,530	\$ 78,899,209
Cumulative Accretion	19,659,773	
Total Principal, June 30, 2009	\$ 114,067,303	

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Year Ending June 30	Mortgage Loan Payable	
	Principal	Interest
2010	\$ 115,122	\$ 147,873
2011	131,737	142,394
2012	149,587	136,143
2013	168,749	129,064
2014	189,303	121,095
2015-2019	1,309,774	450,097
2020-2023	1,249,780	103,169
	<u>\$ 3,314,052</u>	<u>\$ 1,229,835</u>

Year Ending June 30	Notes Payable			
	Housing Section 108 Notes		Energy Conservation Asst. Loan	
	Principal	Interest	Principal	Interest
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	300,000	215,130	-	-
2015-2019	2,200,000	715,105	-	-
2020-2021	1,000,000	66,050	-	-
	<u>\$ 4,500,000</u>	<u>\$ 2,022,705</u>	<u>\$ 299,834</u>	<u>\$ 21,078</u>

The City has entered into lease agreements for tree trimming truck, film processor/ speedsetter equipment, and printing press machine. The future minimum lease obligations are:

Year Ending June 30	Capital Lease Payable	
	Principal	Interest
2010	\$ 168,757	\$ 18,411
2011	112,727	25,841
2012	119,547	19,141
2013	105,120	12,026
2014	85,105	5,634
	<u>\$ 591,256</u>	<u>\$ 81,053</u>

Property Tax Sharing Obligation

The Community Redevelopment Agency of the City received revenues from property taxes collected on its behalf by Los Angeles County. A portion of the property tax revenue is to be deposited in a trust fund to be established by and administered for the Compton Unified School District unless the amount is spent on a mutually beneficial and agreed project between Community Redevelopment Agency of the City and the Compton Unified School District. As of the year end the amount of the property tax share which has not been

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

spent on a mutually agreed project and which may be payable to Compton Unified School District was \$1,676,476.

The Community Redevelopment Agency of the City has an agreement with the Los Angeles County regarding the County's share of property taxes relating to a portion of the Agency's redevelopment areas. The agreement indicated that this tax share (amounting to \$20.6 million as of the year-end) shall be utilized and will not be payable to the County if the Agency executes mutually agreed projects. The agreement also indicated that the amount shall be deferred and shall be subordinated to the indebtedness of the Agency. The amount has not been included as indebtedness in these financial statements.

Long-Term Debt - Enterprise Funds Bond Indebtedness:

Water Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$44,040,000 of Water Revenue Bonds with an interest rate of 5.625% - 6.00% to finance part of the cost of overhauling the City's Water System.

The net proceeds of \$42,336,583 (after deduction of \$1,038,821 relating to discount on the bond issue, and payment of \$664,596 in underwriting fees, insurance, and other issuance costs) was deposited with an escrow agent as follows: \$34,876,156 to finance the Water System project, \$3,339,000 to Reserve account, \$4,100,623 to Interest account, and \$20,804 represents the unspent allocation for cost of issue.

The 2009 Water Revenue Bonds are secured by the net revenues of the City's Water operations. Total principal and interest remaining on the bond is \$96,620,148. There were no principal and interest payments made during the year. For the current year, the net revenues of the Water operations of the City were \$9,351,129. The annual requirements to amortize all bonds outstanding, including interest payments, are listed below.

Year Ending		
June 30	Principal	Interest
2010	\$ -	\$ 1,627,886
2011	-	2,472,737
2012	-	2,472,737
2013	-	2,472,737
2014	765,000	2,461,263
2015-2019	4,315,000	11,846,869
2020-2024	5,515,000	10,716,828
2025-2029	7,295,000	8,944,491
2030-2034	9,785,000	6,447,750
2035-2039	13,215,000	3,022,350
2040	3,150,000	94,500
	<u>\$ 44,040,000</u>	<u>\$ 52,580,148</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Sewer Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$18,710,000 of Sewer Revenue Bonds with an interest rate of 5.625% - 6.00% to finance part of the cost of overhauling the antiquated Sewer System of the City.

The net proceeds of \$17,908,134 (after deduction of \$442,371 relating to discount on the bond issue, and payment of \$359,495 in underwriting fees, insurance, and other issuance costs) was deposited with an escrow agent as follows: \$14,646,416 to finance the Sewer System project, \$1,415,700 to Reserve account, \$1,828,413 to Interest account, and \$17,605 represents the unspent allocation for cost of issue.

The 2009 Sewer Revenue Bonds are secured by all of the sewer service charges imposed by the City upon its property owners for the use of the sewer system excluding operation and maintenance expenses payable from the sewer service charges. Total principal and interest remaining on the bond is \$41,095,921. There were no principal and interest payments made during the year. For the current year, the total of the sewer service charges (reported as taxes and special assessments) was \$949,914. The annual requirements to amortize all bonds outstanding, including interest payments, are listed below.

Year Ending June 30	Principal	Interest
2010	\$ -	\$ 778,606
2011	-	1,049,806
2012	-	1,049,806
2013	-	1,049,806
2014	335,000	1,044,781
2015-2019	1,865,000	5,026,538
2020-2024	2,335,000	4,542,047
2025-2029	3,090,000	3,791,081
2030-2034	4,150,000	2,732,400
2035-2039	5,600,000	1,281,000
2040	1,335,000	40,050
	<u>\$ 18,710,000</u>	<u>\$ 22,385,921</u>

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 liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2009 \$2.0 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 \$9,013,885. Principal

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

and interest paid for the current year and total taxes and special assessments revenues were \$606,356 and \$949,914, respectively.

Interest on the 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, 2009, the outstanding bond balance is \$6,205,000. The annual requirements to amortize all bonds outstanding, including interest payments, are listed below.

Year Ending June 30	Principal	Interest
2010	\$ 285,000	\$ 322,303
2011	295,000	307,441
2012	310,000	291,938
2013	330,000	275,537
2014	345,000	258,241
2015-2019	2,020,000	986,581
2020-2024	2,620,000	366,844
Total	\$ 6,205,000	\$ 2,808,885

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 Bonds are secured by a pledge of the net revenues received by the City for the Solid Waste Management Program. Total total principal and interest remaining to be paid on the bonds is \$2,207,120. Principal and interest paid for the current year and total customer net revenues were \$783,680 and \$10,248,835, 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, 2009 the outstanding bond balance is \$1,820,000. The annual requirements to amortize all bonds outstanding, including interest payments, are as follows:

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Year Ending June 30	Principal	Interest
2010	\$ 715,000	\$ 70,200
2011	80,000	51,120
2012	80,000	47,280
2013	85,000	43,320
2014	90,000	39,120
2015-2019	525,000	124,200
2020-2021	245,000	11,880
Total	<u>\$ 1,820,000</u>	<u>\$ 387,120</u>

Notes Payable – Water Utility:

The City's Water Utility Enterprise Fund borrowed \$818,071 for utility improvements under provisions of the State of California Safe Drinking Water contract. As of June 30, 2009, the outstanding note payable balance is \$223,677. Payments on the note are due semiannually. The term of the note is for 19.5 years at an interest rate of 8.10%.

The total annual payments required to amortize the note as of June 30, 2009, including interest payments, are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 65,804	\$ 17,418
2011	70,763	12,459
2012	76,097	7,125
2013	11,013	2,563
Total	<u>\$ 223,677</u>	<u>\$ 39,565</u>

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

Year Ending June 30	Principal	Interest
2010	\$ 36,044	\$ 6,401
2011	38,062	4,382
2012	40,194	2,251
Total	<u>\$ 114,300</u>	<u>\$ 13,034</u>

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

Changes in Long-term Debt:

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

Governmental Activities	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amount due Within One Year
Debt Long-Term Liabilities:					
Bonds Payable:					
1995 Series "C" refunding tax allocation bonds - taxable (The total balance of \$29,797,303 includes \$19,659,773 of accreted value)	\$ 10,137,530	-	-	\$ 10,137,530	\$ -
Add: Interest accretion	17,427,616	2,232,157	-	19,659,773	-
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	45,125,000	-	(6,585,000)	38,540,000	6,935,000
Less: Deferred on refunding	(1,631,665)	-	326,333	(1,305,332)	-
Add: Bond premium	1,391,162	-	(278,233)	1,112,929	-
2008 Series Compton Public Finance Authority refunding and various capital projects	46,860,000	-	(1,130,000)	45,730,000	-
Less: Discount on issue	(167,796)	-	6,712	(161,084)	-
Less: Deferred on refunding of 1997 "A" Certificates of participation	(466,603)	-	18,664	(447,939)	-
	<u>118,675,244</u>	<u>2,232,157</u>	<u>(7,641,524)</u>	<u>113,265,877</u>	<u>6,935,000</u>
Mortgage Loan Payable:					
Energy Retrofit / Revenue Enhancement	3,549,039	-	(234,987)	3,314,052	115,122
Capital lease obligations:					
Tree Trimming and Other Equipment	244,876	515,104	(168,724)	591,256	168,757
Notes Payable:					
Housing Section 108 note	4,700,000	-	(200,000)	4,500,000	200,000
Energy Conservation Assistance Loan	392,213	-	(92,379)	299,834	96,064
Total notes payable	<u>5,092,213</u>	<u>-</u>	<u>(292,379)</u>	<u>4,799,834</u>	<u>296,064</u>
Tax Sharing obligations					
Tax share indebtedness	-	1,676,476	-	1,676,476	-
	<u>-</u>	<u>1,676,476</u>	<u>-</u>	<u>1,676,476</u>	<u>-</u>
Other Long-term liabilities:					
Compensated absences	8,009,977	2,755,055	(1,937,307)	8,827,725	1,937,307
Total Governmental Activities					
Long-term Liabilities	<u>\$ 135,571,349</u>	<u>\$ 7,178,792</u>	<u>\$ (10,274,921)</u>	<u>\$ 132,475,220</u>	<u>\$ 9,452,250</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, 2009

Business-type Activities	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amount due Within One Year
Debt Long-Term Liabilities:					
Bonds payable:					
1998 Sewer Revenue Refunding Bonds	\$ 6,475,000	\$ -	\$ (270,000)	\$ 6,205,000	\$ 285,000
2000 Solid Waste Revenue Bonds	2,500,000	-	(680,000)	1,820,000	715,000
Water Revenue Bonds, Series 2009	-	44,040,000	-	44,040,000	-
Sewer Revenue Bonds, Series 2009	-	18,710,000	-	18,710,000	-
Total Bonds Payable	8,975,000	62,750,000	(950,000)	70,775,000	1,000,000
Less: Discount on issue					
Water Revenue Bonds, Series 2009	-	(1,038,821)	-	(1,038,821)	-
Sewer Revenue Bonds, Series 2009	-	(442,371)	-	(442,371)	-
Total Bonds Payable	8,975,000	61,268,808	(950,000)	69,293,808	1,000,000
Loan payable:					
Water Utility Note	256,320	-	(32,643)	223,677	65,804
Capital Lease obligations	148,432	-	(34,132)	114,300	36,044
Compensated absences	-	807,144	-	807,144	287,296
Total Business-type Activities - Long-term liabilities	<u>\$ 9,379,752</u>	<u>\$ 62,075,952</u>	<u>\$ (1,016,775)</u>	<u>\$ 70,438,929</u>	<u>\$ 1,389,144</u>

(f) 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. No settlements exceeded insurance coverage during the last three years.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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, 2009 is as follows:

	Workers Compensation	General Liability	Total
Claims liabilities, July 1, 2007	\$ 3,219,733	\$ 6,793,389	\$ 10,013,122
Adjustment-additional liability/ (write-off)	711,029	(3,121,682)	(2,410,653)
Incurred 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 years	<u>(1,954,380)</u>	<u>(1,783,957)</u>	<u>(3,738,337)</u>
Claims liabilities, June 30, 2008	3,787,190	1,887,750	5,674,940
Incurred claims representing the total of a provision for events of the current fiscal year and any changes in the provision for events of prior fiscal year	1,620,734	295,641	1,916,375
Payments on claims attributable to events of both the current fiscal year and prior fiscal year	<u>(1,652,913)</u>	<u>(792,474)</u>	<u>(2,445,387)</u>
Claims liabilities, June 30, 2009	<u><u>\$ 3,755,011</u></u>	<u><u>\$ 1,390,917</u></u>	<u><u>\$ 5,145,928</u></u>

(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 provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan for miscellaneous employees is an agent multi-employer public employee defined benefit plan, while the plan for safety-fire and safety-police employees is 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 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.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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 members. The required contribution rate for fiscal year 2009 was 19.116% for miscellaneous employees and 47.024% for firefighters of annual covered payroll. The fiscal year annual required contribution was based on an actuarial valuation performed as of June 30, 2006. The contribution requirements of the Plan members are established by State statutes 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, 2008 actuarial valuation is as follows:

Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
<u>\$136,746,394</u>	<u>\$115,068,267</u>	<u>\$21,678,267</u>	<u>84%</u>	<u>\$15,453,499</u>	<u>140%</u>

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.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

For fiscal year 2008-2009, the City's annual pension costs of \$3,370,048 for miscellaneous, \$2,452,688 for safety-police, and \$2,912,263 for safety-fire for PERS was equal to the City's required and actual contributions. The summary of principal assumptions and methods used to determine the annual required contribution (June 30, 2006 valuation) and the funded status of the plan (June 30, 2008 valuation) is shown as follows for the miscellaneous plan:

Valuation date	June 30, 2006 and June 30 2008
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Average remaining period	27 years and 26 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%
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%

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

The following is a summary of information for PERS for a three-year period ended 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
2009	\$ 3,370,048	100%	\$ -
2008	2,895,656	100%	-
2007	2,238,055	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
2009	\$ 2,452,688	100%	\$ -
2008	2,474,283	100%	-
2007	2,559,900	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
2009	\$ 2,912,263	100%	\$ -
2008	2,740,432	100%	-
2007	2,313,273	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 30 year amortization period.

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

(b) Postemployment Benefits

In the prior year, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions by State and Local Government Employers*.

1. Plan Description

The City provides retiree medical benefits under the CalPERS health insurance plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City does not maintain a trust fund for its other postemployment benefits. 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 5 years of CalPERS service (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, 2009:

	Safety	Fire	Miscellaneous	Total
Eligible Active Employees	-	74	367	441
Enrolled eligible retirees	171	85	183	439

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.

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 \$580 per month for each retiree. For the year ended June 30, 2009, the City contributed \$3,297,292 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost 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 annual OPEB cost for the year ended June 30, 2009, based on the 2007 actuarial valuation (the most recent actuarial valuation), was \$10,625,321. During the year ended June 30, 2009, the City changed the discount rate used for determining the annual required contribution for OPEB from 7.75% to 4.25% because the City does not intend to fund the ARC in the foreseeable future. The impact of this change was to increase the ARC from an estimated \$6.7 million to \$8.8 million for the current year. The following table shows the components of

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

OPEB Cost and Obligation

Annual Required Contribution (ARC)	\$ 8,847,539
Interest on net OPEB obligation	180,995
Adjustment to ARC	1,596,787
Annual pension cost	10,625,321
Contribution made	(3,297,292)
Increase in net OPEB obligation	7,328,029
Net OPEB obligation - beginning	2,491,708
Net OPEB obligation - ending	<u>\$ 9,819,737</u>

The City's annual OPEB cost for the year ended June 30, 2009 was \$10,625,321. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$10,625,321	31%	\$9,819,737
6/30/2008	\$5,668,000	56%	\$2,491,708
6/30/2007	N/A	N/A	N/A (1)

(1) The City of Compton implemented GASB 45 for the fiscal year ended June 30, 2008. Information prior to FY 2008 is not available. The City's annual OPEB contribution paid is significantly lower than the annual required contribution because the City currently operates a Pay-As-You-Go plan. The City makes payment on an actual invoice basis representing the actual health expenses incurred by the covered retired employees during the year. Further, because the plan is not prefunded, there are no plan assets. The City does not intend to prefund the OPEB plan in the foreseeable future.

4. Funding Status and Progress

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

Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
\$113,725,000	\$0	\$113,725,000	N/A	\$19,855,000	572.78%

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

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, morality, 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, will present 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 as additional valuations are performed. During the year ended June 30, 2009, the City changed the discount rate used to determine the plan's accrued actuarial liability (AAL) from 7.75% to 4.25%, which resulted in an increase of the AAL from \$69,979,000 to \$113,725,000 as of June 30, 2007.

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 June 30, 2007 actuarial valuation was used to determine the ARC for fiscal year 2009 and disclose the funded status of the plan. The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 4.25% 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% 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.

(c) Contingency

The City participates in a number of federally assisted grant programs, which are subject to program compliance audits by the grantors or their representative. 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 instances of noncompliance with certain federal program compliance requirements, and depending on the resolution of the identified findings and questioned costs, the City may be required to repay a portion of grants to the federal granting agency. Subsequent to year end, the U.S Department of Housing and Urban Development (HUD) commenced an audit of the Housing Section 8 program for years ended June 30, 2005 to June 30, 2007. As of time of this report, the amount of questioned or disallowed costs for which the City may be liable could not be determined.

(d) Subsequent event – SERAF

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be

CITY OF COMPTON
Notes to Financial Statements (Continued)
June 30, 2009

made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education, which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately \$8.3 million in fiscal year 2009-2010 and \$1.7 million in fiscal year 2010-2011. Payment is to be made on or before May 10 of the applicable years. In response to AB 26 4x, the Agency will fund this SERAF payment from its property tax revenues for the fiscal years 2009-2010 and 2010-2011.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit in October 2009. The lawsuit will assert that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint will also assert impairment of contract and gift of public funds arguments. On May 4, 2010, the Sacramento Superior Court issued a decision denying the petition as well as rejecting the California Redevelopment Association's request for a stay of the SERAF transfers required by Health and Safety Code section 33690. The Agency made its required \$8.3 million payment on May 10, 2010, as required by AB 26 4x. CRA will continue to pursue an appeal of the adverse decision.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF COMPTON
Required Supplementary Information
Schedule of Funding Progress
June 30, 2009

PERS - Miscellaneous Plan

Valuation Date	Entry Age Normal Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A-B)	Funded Ratio (B/A)	Annual Covered Payroll (C)	UAAL as a % of Covered Payroll [(A-B)/C]
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%
6/30/2008	\$ 136,746,394	\$ 115,068,267	\$ 21,678,127	84.1%	\$ 15,453,499	140.3%

OPEB

Valuation Date	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A-B)	Funded Ratio (B/A)	Annual Covered Payroll (C)	UAAL as a % of Covered Payroll [(A-B)/C]
6/30/2007	\$ 113,725,000	\$ -	\$ 113,725,000	N/A	\$ 19,855,000	572.8%

See Accompanying Note to Required Supplementary Information.

CITY OF COMPTON
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes and special assessments	\$ 30,492,021	\$ 30,492,021	\$ 26,450,609	\$ (4,041,412)
Licenses and permits	4,301,503	4,301,503	3,817,856	(483,647)
Intergovernmental revenues	7,804,750	7,804,750	8,747,907	943,157
Fines, forfeitures, and penalties	2,451,851	2,451,851	1,983,459	(468,392)
Use of money and property	8,509,388	8,509,388	3,991,806	(4,517,582)
Charges for services	3,590,050	3,590,050	3,502,274	(87,776)
Other	6,787,008	8,311,517	-	(8,311,517)
Total revenues	63,936,571	65,461,080	48,493,911	(16,967,169)
Expenditures:				
Current:				
General government	6,062,125	6,486,133	9,394,659	(2,908,526)
Public safety	16,727,092	16,630,400	17,319,774	(689,374)
Public works	1,344,138	1,416,358	1,565,979	(149,621)
Management services	29,346,283	35,614,022	29,249,649	6,364,373
Environmental and human services	6,047,753	5,176,355	4,047,431	1,128,924
Debt Service:				-
Principal	-	234,812	203,362	31,450
Interest	-	78,000	86,517	(8,517)
Total expenditures	59,527,391	65,636,080	61,867,371	3,768,709
Excess (deficiency) of revenues over (under) expenditures	4,409,180	(175,000)	(13,373,460)	(13,198,460)
Other financing sources (uses):				
Transfers in	4,130,079	-	3,114,721	(3,114,721)
Transfers out	(55,228)	-	(4,107,813)	4,107,813
Total other financing sources (uses)	4,074,851	-	(993,092)	(993,092)
Net change in fund balance	8,484,031	(175,000)	(14,366,552)	(14,191,552)
Fund balance, beginning	11,780,042	11,780,042	11,780,042	-
Fund balance, ending	\$ 20,264,073	\$ 11,605,042	\$ (2,586,510)	\$ (14,191,552)

CITY OF COMPTON
Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental revenues	\$ 13,214,356	\$ 13,048,433	\$ 10,792,825	\$ (2,255,608)
Use of money and property	2,127,000	2,127,000	2,857,703	730,703
Charges for services	803,100	803,100	922,781	119,681
Other	391,005	391,005	407,217	16,212
Total revenues	16,535,461	16,369,538	14,980,526	(1,389,012)
Expenditures:				
Current:				
General government	52,639	3,449,142	44,781	3,404,361
Public safety	919,777	759,085	178,508	580,577
Public works	206,578	724,149	15,558	708,591
Management services	372,113	561,726	102,963	458,763
Environmental and human services	13,736,621	19,769,942	13,712,940	6,057,002
Debt Service:				
Principal	-	-	200,000	(200,000)
Interest	-	-	288,020	(288,020)
Total expenditures	15,287,728	25,264,044	14,542,770	10,721,274
Excess (deficiency) of revenues over (under) expenditures				
Net change in fund balance	1,247,733	(8,894,506)	437,756	9,332,262
Other financing sources (uses):				
Transfers in	-	-	1,157,451	1,157,451
Transfers out	-	-	(1,929,976)	(1,929,976)
Total other financing sources (uses)	-	-	(772,525)	(772,525)
Net change in fund balance	1,247,733	(8,894,506)	(334,769)	8,559,737
Fund balance, beginning	6,073,469	6,073,469	6,073,469	-
Fund balance (deficit), ending	\$ 7,321,202	\$ (2,821,037)	\$ 5,738,700	\$ 8,559,737

CITY OF COMPTON
Retirement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 13,371,981	\$ 13,371,981	\$ 16,108,729	\$ 2,736,748
Intergovernmental revenues	269,000	269,000	328,663	59,663
Use of money and property	-	-	11,000	11,000
Other	4,302,335	4,424,825	128,192	(4,296,633)
Total revenues	17,943,316	18,065,806	16,576,584	(1,489,222)
Expenditures:				
Current:				
General government	877,603	877,603	652,936	224,667
Public safety	5,100,617	5,100,617	4,831,841	268,776
Public works	62,479	62,479	73,436	(10,957)
Management services	10,531,384	10,531,384	6,928,901	3,602,483
Environmental and human services	1,371,239	1,493,723	996,720	497,003
Total expenditures	17,943,322	18,065,806	13,483,834	4,581,972
Excess (deficiency) of revenues over (under) expenditures	(6)	-	3,092,750	3,092,750
Net change in fund balance	(6)	-	3,092,750	3,092,750
Fund balance, beginning	7,004,049	7,004,049	7,004,049	-
Fund balance, ending	\$ 7,004,043	\$ 7,004,049	\$ 10,096,799	\$ 3,092,750

CITY OF COMPTON
Note to Required Supplementary Information
June 30, 2009

(1) Budgetary Information

(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 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.

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.

SUPPLEMENTARY INFORMATION

CITY OF COMPTON
Redevelopment 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:			
Taxes and special assessment	\$ 10,036,617	\$ 8,386,487	\$ (1,650,130)
Use of money and property	<u>285,650</u>	<u>135,337</u>	<u>(150,313)</u>
Total revenues	<u>10,322,267</u>	<u>8,521,824</u>	<u>(1,800,443)</u>
Expenditures:			
Current:			
Professional services	426,800	463,285	(36,485)
Pass through payments	-	302,709	(302,709)
Debt service:			
Principal	7,803,843	6,585,000	1,218,843
Interest	<u>2,091,625</u>	<u>2,091,625</u>	<u>-</u>
Total expenditures	<u>10,322,268</u>	<u>9,442,619</u>	<u>879,649</u>
Deficiency of revenues under expenditures	<u>(1)</u>	<u>(920,795)</u>	<u>(920,794)</u>
Other financing sources (uses):			
Transfer out	<u>-</u>	<u>(19,000,000)</u>	<u>(19,000,000)</u>
Net change in fund balance	(1)	(19,920,795)	19,920,794
Fund balance, beginning	<u>36,779,813</u>	<u>36,779,813</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 36,779,812</u></u>	<u><u>\$ 16,859,018</u></u>	<u><u>\$ 19,920,794</u></u>

CITY OF COMPTON
Public Financing Authority Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 150,000	\$ 197,525	\$ 47,525
Other	2,239,750	1,918,363	(321,387)
	<u>2,389,750</u>	<u>2,115,888</u>	<u>(273,862)</u>
Expenditures:			
Management services	356,127	213,296	142,831
Debt service:			
Principal	2,600,000	1,130,000	1,470,000
Interest	-	1,948,306	(1,948,306)
Bond issuance costs	-	23,461	(23,461)
Capital outlay	7,430,622	403,543	7,027,079
	<u>10,386,749</u>	<u>3,718,606</u>	<u>6,668,143</u>
Deficiency of revenues under expenditures	<u>(7,996,999)</u>	<u>(1,602,718)</u>	<u>6,394,281</u>
Other financing sources (uses):			
Transfers in	55,228	273,024	217,796
Transfers out	-	(94,982)	(94,982)
	<u>55,228</u>	<u>178,042</u>	<u>122,814</u>
Net change in fund balance	(7,941,771)	(1,424,676)	6,517,095
Fund balance, beginning	<u>35,086,604</u>	<u>35,086,604</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 27,144,833</u></u>	<u><u>\$ 33,661,928</u></u>	<u><u>\$ 6,517,095</u></u>

CITY OF COMPTON
Redevelopment Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Taxes and special assessments	\$ 15,696,910	\$ 19,178,504	\$ 3,481,594
Use of money and property	200,000	214,796	14,796
Intergovernmental revenues	-	40,169	40,169
Other	-	50,590	50,590
Gain on sale of land held for resale	-	119,651	119,651
Total Revenues	15,896,910	19,603,710	3,706,800
Expenditures:			
Current:			
General government	8,074,641	3,973,994	4,100,647
Professional services	4,662,837	1,460,647	3,202,190
Environmental and human services	24,358,165	2,362,389	21,995,776
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	37,095,643	7,797,030	29,298,613
Excess (deficiency) of revenues over (under) expenditures	(21,198,733)	11,806,680	33,005,413
Other financing sources (uses):			
Transfers in	7,002,304	20,210,000	13,207,696
Transfers out	-	(5,045,696)	(5,045,696)
Total other financing sources (uses)	7,002,304	15,164,304	8,162,000
Net change in fund balance	(14,196,429)	26,970,984	41,167,413
Fund balance, beginning	17,344,571	17,344,571	-
Fund deficit, ending	<u>\$ 3,148,142</u>	<u>\$ 44,315,555</u>	<u>\$ 41,167,413</u>

CITY OF COMPTON
Low/Moderate Income Housing Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 165,000	\$ 13,923	\$ (151,077)
Other	75,000	184,110	109,110
Total revenues	240,000	198,033	(41,967)
Expenditures:			
Current:			
General government	9,708,675	7,347,347	2,361,328
Professional services	722,171	588,309	133,862
Total expenditures	10,430,846	7,935,656	2,495,190
Deficiency of revenues under expenditures	(10,190,846)	(7,737,623)	2,453,223
Other financing sources:			
Transfers in	2,665,692	3,835,696	1,170,004
Net change in fund balance	(7,525,154)	(3,901,927)	3,623,227
Fund balance, beginning	8,707,378	8,707,378	-
Fund balance, ending	\$ 1,182,224	\$ 4,805,451	\$ 3,623,227

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CITY OF COMPTON
Description of Nonmajor Governmental Funds
June 30, 2009

SPECIAL REVENUE FUNDS

County Transportation Funds

The County Transportation Funds account 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, 2009

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 account for the 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, 2009

	Special Revenue Funds			
	County Transportation	Gasoline Tax	California Department of Transportation Grant	Department of Health Service Grant
Assets				
Cash and cash equivalents	\$ 1,473,365	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Accounts receivable, net	199,728	129,102	-	2,039
Grants receivable	-	-	414,755	4,601
Due from other funds	1,852,083	246,229	1,243,231	-
Total assets	<u>\$ 3,525,176</u>	<u>\$ 375,331</u>	<u>\$ 1,657,986</u>	<u>\$ 6,640</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 127,909	\$ -	\$ 196,119	\$ -
Accrued liabilities	861,553	51,482	537,966	4,962
Due to other funds	697,019	-	1,194,142	322,128
Due to other governmental agencies	-	-	174,343	5,014
Other	-	-	-	4
Total liabilities	<u>1,686,481</u>	<u>51,482</u>	<u>2,102,570</u>	<u>332,108</u>
Fund balances:				
Reserved:				
Encumbrances	2,394,042	55,619	5,321,580	2,195
Unreserved:				
Undesignated	(555,347)	268,230	(5,766,164)	(327,663)
Total fund balances	<u>1,838,695</u>	<u>323,849</u>	<u>(444,584)</u>	<u>(325,468)</u>
Total liabilities and fund balances	<u>\$ 3,525,176</u>	<u>\$ 375,331</u>	<u>\$ 1,657,986</u>	<u>\$ 6,640</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
California Department of Parks and Recreation Grant	Special Assessments	Other	COP	Public Financing Authority	Other	Total
\$ 11,471	\$ -	\$ 10,853	\$ -	\$ 24,256	\$ -	\$ 1,519,945
-	212,616	-	-	-	-	212,616
-	-	-	-	-	-	330,869
-	-	58,883	-	-	-	478,239
-	-	524,557	-	-	-	3,866,100
<u>\$ 11,471</u>	<u>\$ 212,616</u>	<u>\$ 594,293</u>	<u>\$ -</u>	<u>\$ 24,256</u>	<u>\$ -</u>	<u>\$ 6,407,769</u>
\$ 31,203	\$ -	\$ 128,559	\$ -	\$ -	\$ -	\$ 483,790
-	171,320	46,712	-	-	-	1,673,995
355,438	3,219,315	130,540	-	1,534	-	5,920,116
-	-	-	-	-	-	179,357
-	-	-	-	-	-	4
<u>386,641</u>	<u>3,390,635</u>	<u>305,811</u>	<u>-</u>	<u>1,534</u>	<u>-</u>	<u>8,257,262</u>
-	572,206	87,468	-	-	-	8,433,110
<u>(375,170)</u>	<u>(3,750,225)</u>	<u>201,014</u>	<u>-</u>	<u>22,722</u>	<u>-</u>	<u>(10,282,603)</u>
<u>(375,170)</u>	<u>(3,178,019)</u>	<u>288,482</u>	<u>-</u>	<u>22,722</u>	<u>-</u>	<u>(1,849,493)</u>
<u>\$ 11,471</u>	<u>\$ 212,616</u>	<u>\$ 594,293</u>	<u>\$ -</u>	<u>\$ 24,256</u>	<u>\$ -</u>	<u>\$ 6,407,769</u>

CITY OF COMPTON
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			
			California	
	County	Gasoline	Department of	Department
	Transportation	Tax	Transportation	of Health
			Grant	Service Grant
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	2,627,760	1,588,586	3,434,677	52,089
Use of money and property	190,204	359	1,205	-
Charges for current services	-	-	-	2,039
Other	-	-	-	-
Total revenues	<u>2,817,964</u>	<u>1,588,945</u>	<u>3,435,882</u>	<u>54,128</u>
Expenditures:				
Current:				
General government	70,310	-	-	-
Professional services	-	-	-	-
Public safety	252,228	-	-	-
Public works	3,155,750	2,145,530	2,720,710	-
Management services	655,597	-	-	58,776
Environmental and human services	695,308	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,829,193</u>	<u>2,145,530</u>	<u>2,720,710</u>	<u>58,776</u>
Excess (deficiency) of revenue over expenditures	(2,011,229)	(556,585)	715,172	(4,648)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(325,253)</u>	<u>(13,174)</u>
Total other financing sources (uses)	(200,000)	-	(325,253)	(13,174)
Net change in fund balance	(2,211,229)	(556,585)	389,919	(17,822)
Fund balances (deficit), beginning	<u>4,049,924</u>	<u>880,434</u>	<u>(834,503)</u>	<u>(307,646)</u>
Fund balances (deficit), ending	<u>\$ 1,838,695</u>	<u>\$ 323,849</u>	<u>\$ (444,584)</u>	<u>\$ (325,468)</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
California Department of Parks and Recreation Grant	Special Assessments	Other	COP	Public Financing Authority	Other	Total
\$ -	\$ 4,315,571	\$ -	\$ -	\$ -	\$ -	\$ 4,315,571
126,000	-	525,707	-	-	-	8,354,819
346	-	987	-	641	-	193,742
-	-	1,383	-	-	-	3,422
1	-	52,615	-	-	-	52,616
126,347	4,315,571	580,692	-	641	-	12,920,170
-	-	-	-	-	-	70,310
-	-	1,239,638	-	-	-	1,239,638
-	-	-	-	-	-	252,228
-	3,883,446	-	-	-	-	11,905,436
-	-	-	-	36,478	-	750,851
157,503	-	112,148	-	-	-	964,959
-	92,379	-	-	-	-	92,379
-	14,592	-	-	-	-	14,592
157,503	3,990,417	1,351,786	-	36,478	-	15,290,393
(31,156)	325,154	(771,094)	-	(35,837)	-	(2,370,223)
85,951	377,536	1,243,183	94,982	55,208	-	1,856,860
(270)	(377,536)	(415,299)	-	-	(430,750)	(1,762,282)
85,681	-	827,884	94,982	55,208	(430,750)	94,578
54,525	325,154	56,790	94,982	19,371	(430,750)	(2,275,645)
(429,696)	(3,503,171)	231,691	(94,982)	3,351	430,750	426,152
\$ (375,171)	\$ (3,178,017)	\$ 288,481	\$ -	\$ 22,722	\$ -	\$ (1,849,493)

CITY OF COMPTON
Nonmajor County Transportation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 2,800,000	\$ 2,627,760	\$ (172,240)
Use of money and property	-	190,204	190,204
	<u>2,800,000</u>	<u>2,817,964</u>	<u>17,964</u>
Total revenues	<u>2,800,000</u>	<u>2,817,964</u>	<u>17,964</u>
Expenditures:			
Current:			
General government	96,792	70,310	26,482
Public safety	361,148	252,228	108,920
Public works	6,908,696	3,155,750	3,752,946
Management services	1,184,473	655,597	528,876
Environmental and human services	889,802	695,308	194,494
	<u>9,440,911</u>	<u>4,829,193</u>	<u>4,611,718</u>
Total expenditures	<u>9,440,911</u>	<u>4,829,193</u>	<u>4,611,718</u>
Deficiency of revenues under expenditures	(6,640,911)	(2,011,229)	4,629,682
Other financing uses:			
Transfers out	-	(200,000)	(200,000)
	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net change in fund balance	<u>(6,640,911)</u>	<u>(2,211,229)</u>	<u>4,429,682</u>
Fund balance, beginning	4,049,924	4,049,924	-
	<u>4,049,924</u>	<u>4,049,924</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (2,590,987)</u>	<u>\$ 1,838,695</u>	<u>\$ 4,429,682</u>

CITY OF COMPTON
Nonmajor Gasoline Tax Special Revenue 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:			
Intergovernmental revenues	\$ 2,169,554	\$ 1,588,586	\$ (580,968)
Use of money and property	<u>2,700</u>	<u>359</u>	<u>(2,341)</u>
Total revenues	<u>2,172,254</u>	<u>1,588,945</u>	<u>(583,309)</u>
Expenditures:			
Current:			
Public works	<u>2,258,275</u>	<u>2,145,530</u>	<u>112,745</u>
Deficiency of revenues under expenditures	<u>(86,021)</u>	<u>(556,585)</u>	<u>(470,564)</u>
Net change in fund balance	(86,021)	(556,585)	(470,564)
Fund balance, beginning	<u>880,434</u>	<u>880,434</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 794,413</u></u>	<u><u>\$ 323,849</u></u>	<u><u>\$ (470,564)</u></u>

CITY OF COMPTON
Nonmajor California Department of Transportation Grant Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 1,272,633	\$ 3,434,677	\$ 2,162,044
Use of money and property	<u>-</u>	<u>1,205</u>	<u>1,205</u>
Total revenues	<u>1,272,633</u>	<u>3,435,882</u>	<u>2,163,249</u>
Expenditures:			
Current:			
Public works	<u>12,819,315</u>	<u>2,720,710</u>	<u>10,098,605</u>
Excess (deficiency) of revenues over (under) expenditures	(11,546,682)	715,172	12,261,854
Other financing uses:			
Transfers out	<u>-</u>	<u>(325,253)</u>	<u>(325,253)</u>
Net change in fund balance	(11,546,682)	389,919	11,936,601
Fund deficit, beginning	<u>(834,503)</u>	<u>(834,503)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (12,381,185)</u></u>	<u><u>\$ (444,584)</u></u>	<u><u>\$ 11,936,601</u></u>

CITY OF COMPTON
Nonmajor Department of Health Service Grant Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 71,490	\$ 52,089	\$ (19,401)
Charges for current services	-	2,039	2,039
Total revenues	71,490	54,128	(17,362)
Expenditures:			
Current:			
Management services	71,836	58,776	13,060
Deficiency of revenues under expenditures	(346)	(4,648)	(4,302)
Other financing uses:			
Transfers out	-	(13,174)	(13,174)
Net change in fund balance	(346)	(17,822)	(17,476)
Fund deficit, beginning	(307,646)	(307,646)	-
Fund deficit, ending	<u>\$ (307,992)</u>	<u>\$ (325,468)</u>	<u>\$ (17,476)</u>

CITY OF COMPTON
Nonmajor California Department of Parks and Recreation Service Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 157,500	\$ 126,000	\$ (31,500)
Use of money and property	400	346	(54)
Other	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>157,900</u>	<u>126,347</u>	<u>(31,553)</u>
Expenditures:			
Current:			
Public works	572	-	572
Environmental and human services	<u>157,500</u>	<u>157,503</u>	<u>(3)</u>
Total expenditures	<u>158,072</u>	<u>157,503</u>	<u>569</u>
Deficiency of revenues under expenditures	<u>(172)</u>	<u>(31,156)</u>	<u>(30,984)</u>
Other financing sources (uses):			
Transfers in	-	85,951	85,951
Transfers out	<u>-</u>	<u>(270)</u>	<u>(270)</u>
Total other financing sources (uses)	-	85,681	85,681
Net change in fund balance	(172)	54,525	54,697
Fund deficit, beginning	<u>(429,696)</u>	<u>(429,696)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (429,868)</u></u>	<u><u>\$ (375,171)</u></u>	<u><u>\$ 54,697</u></u>

CITY OF COMPTON
Nonmajor Special Assessments Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Taxes and special assessments	\$ 4,234,041	\$ 4,315,571	\$ 81,530
Expenditures:			
Current:			
Public works	4,849,655	3,883,446	966,209
Debt Service:			
Principal	-	92,379	(92,379)
Interest	-	14,592	(14,592)
Total expenditures	4,849,655	3,990,417	859,238
Excess (deficiency) of revenues over (under) expenditures	(615,614)	325,154	940,768
Other financing sources (uses):			
Transfers in	-	377,536	377,536
Transfers out	-	(377,536)	(377,536)
Total other financing sources (uses)	-	-	-
Net change in fund balance	(615,614)	325,154	940,768
Fund deficit, beginning	(3,503,171)	(3,503,171)	-
Fund deficit, ending	\$ (4,118,785)	\$ (3,178,017)	\$ 940,768

CITY OF COMPTON
Nonmajor Other Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 1,872,781	\$ 525,707	\$ (1,347,074)
Use of money and property	-	987	987
Charges for current services	9,470	1,383	(8,087)
Other	-	52,615	52,615
	<u>1,882,251</u>	<u>580,692</u>	<u>(1,301,559)</u>
Total revenues			
	<u>1,882,251</u>	<u>580,692</u>	<u>(1,301,559)</u>
Expenditures:			
Current:			
Professional services	2,337,501	1,239,638	1,097,863
Public safety	9,470	-	9,470
Environmental and human services	167,388	112,148	55,240
	<u>2,514,359</u>	<u>1,351,786</u>	<u>1,162,573</u>
Total expenditures			
	<u>2,514,359</u>	<u>1,351,786</u>	<u>1,162,573</u>
Deficiency of revenues under expenditures	<u>(632,108)</u>	<u>(771,094)</u>	<u>(138,986)</u>
Other financing sources (uses):			
Transfers in	-	1,243,183	1,243,183
Transfers out	-	(415,299)	(415,299)
	<u>-</u>	<u>827,884</u>	<u>827,884</u>
Total other financing sources (uses)			
	<u>-</u>	<u>827,884</u>	<u>827,884</u>
Net change in fund balance			
	<u>(632,108)</u>	<u>56,790</u>	<u>688,898</u>
Fund balance, beginning			
	<u>231,691</u>	<u>231,691</u>	<u>-</u>
Fund balance (deficit), ending			
	<u><u>\$ (400,417)</u></u>	<u><u>\$ 288,481</u></u>	<u><u>\$ 688,898</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	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Professional services	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfers in	-	94,982	94,982
Net change in fund balance	-	94,982	94,982
Fund deficit, beginning	(94,982)	(94,982)	-
Fund deficit, ending	\$ (94,982)	\$ -	\$ 94,982

CITY OF COMPTON
Nonmajor Public Financing Authority Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Use of money and property	\$ -	\$ 641	\$ 641
Expenditures:			
Current - Management services	<u>55,228</u>	<u>36,478</u>	<u>18,750</u>
Deficiency of revenues under expenditures	(55,228)	(35,837)	(18,109)
Other financing sources:			
Transfers in	<u>55,228</u>	<u>55,208</u>	<u>(20)</u>
Net change in fund balance	-	19,371	(18,129)
Fund balance, beginning	<u>3,351</u>	<u>3,351</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 3,351</u></u>	<u><u>\$ 22,722</u></u>	<u><u>\$ (18,129)</u></u>

CITY OF COMPTON
Nonmajor Other Capital Projects 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:			
Other	\$ -	\$ -	\$ -
Expenditures:			
Capital outlay	<u> -</u>	<u> -</u>	<u> -</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing uses:			
Transfers out	<u> -</u>	<u> (430,750)</u>	<u> (430,750)</u>
Net change in fund balance	-	(430,750)	(430,750)
Fund balance, beginning	<u> 430,750</u>	<u> 430,750</u>	<u> -</u>
Fund balance, ending	<u><u> \$ 430,750</u></u>	<u><u> \$ -</u></u>	<u><u> \$ (430,750)</u></u>

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CITY OF COMPTON
Description of Nonmajor Enterprise Funds
June 30, 2009

ENTERPRISE FUNDS

Golf Course Fund

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

Recreational 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, 2009

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Assets:			
Current assets:			
Due from other funds	\$ -	\$ 103,281	\$ 103,281
Liabilities:			
Current liabilities:			
Accrued liabilities	128	-	128
Due to other funds	74,444	-	74,444
Deposits	-	49,790	49,790
Noncurrent liabilities:			
Postemployment benefit obligation	1,404	-	1,404
Total liabilities	<u>75,976</u>	<u>49,790</u>	<u>125,766</u>
Net Assets:			
Unrestricted (deficit)	(75,976)	53,491	(22,485)
Total net assets (deficit)	<u><u>\$ (75,976)</u></u>	<u><u>\$ 53,491</u></u>	<u><u>\$ (22,485)</u></u>

CITY OF COMPTON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 47,488	\$ 15,139	\$ 62,627
Other	<u>-</u>	<u>2,535</u>	<u>2,535</u>
Total operating revenue	<u>47,488</u>	<u>17,674</u>	<u>65,162</u>
Operating expenses:			
Public works	48,452	-	48,452
Environmental and human services	<u>562</u>	<u>10,363</u>	<u>10,925</u>
Total operating expenses	<u>49,014</u>	<u>10,363</u>	<u>59,377</u>
Change in net assets	(1,526)	7,311	5,785
Net assets (deficit), beginning	<u>(74,450)</u>	<u>46,180</u>	<u>(28,270)</u>
Net assets (deficit), ending	<u><u>\$ (75,976)</u></u>	<u><u>\$ 53,491</u></u>	<u><u>\$ (22,485)</u></u>

CITY OF COMPTON
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 47,488	\$ 15,139	\$ 62,627
Cash payment to suppliers for goods and services	<u>(47,482)</u>	<u>(3,515)</u>	<u>(50,997)</u>
Net cash provided by operating activities	<u>6</u>	<u>11,624</u>	<u>11,630</u>
Cash flows from non-capital financing activities:			
Loan to other funds	<u>(6)</u>	<u>(11,624)</u>	<u>(11,630)</u>
Net cash provided by (used in) financial activities	<u>(6)</u>	<u>(11,624)</u>	<u>(11,630)</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning	-	-	-
Cash and cash equivalents, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,526)	\$ 7,311	\$ 5,785
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Changes in operating liabilities:			
Increase (decrease) in:			
Accrued liabilities	128	-	128
Deposits payable	-	4,313	4,313
Postemployment benefit obligation	<u>1,404</u>	<u>-</u>	<u>1,404</u>
Net cash provided by operating activities	<u><u>\$ 6</u></u>	<u><u>\$ 11,624</u></u>	<u><u>\$ 11,630</u></u>

CITY OF COMPTON
Description of Nonmajor Internal Service Funds
June 30, 2009

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.

CITY OF COMPTON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Equipment Rental	Central Duplication	Self Insurance	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 509,590	\$ 509,590
Due from other funds	-	326,357	801,049	1,127,406
Inventories, at cost	15,328	-	-	15,328
Total current assets	15,328	326,357	1,310,639	1,652,324
Noncurrent assets:				
Capital assets:				
Nondepreciable	44,109	-	-	44,109
Depreciated	108,859	315,319	-	424,178
Total assets	168,296	641,676	1,310,639	2,120,611
Liabilities:				
Current liabilities:				
Due to other funds	1,645,803	-	19,201,976	20,847,779
Accrued liabilities	96,985	20,124	777,861	894,970
Self-insurance claims	-	-	1,027,877	1,027,877
Capital lease	-	106,389	-	106,389
Noncurrent liabilities:				
Capital lease	95,004	287,760	-	382,764
Self-insurance claims	-	-	4,118,051	4,118,051
Total liabilities	1,837,792	414,273	25,125,765	27,377,830
Net Assets:				
Invested in capital assets, net of related debt	57,964	(78,830)	-	(20,866)
Unrestricted (deficit)	(1,727,460)	306,233	(23,815,126)	(25,236,353)
Total net assets (deficit)	\$ (1,669,496)	\$ 227,403	\$ (23,815,126)	\$ (25,257,219)

CITY OF COMPTON
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Equipment Rental	Central Duplication	Self Insurance	Total
Revenues:				
Charges to other funds	\$ 1,826,743	\$ 712,721	\$ 5,926,941	\$ 8,466,405
Total Revenue	<u>1,826,743</u>	<u>712,721</u>	<u>5,926,941</u>	<u>8,466,405</u>
Operating expenses:				
Administration and personnel services	2,002,286	593,691	-	2,595,977
Equipment rental	370,150	-	-	370,150
Self-insurance services	-	-	5,839,284	5,839,284
Depreciation	12,096	78,830	-	90,926
Total operating expenses	<u>2,384,532</u>	<u>672,521</u>	<u>5,839,284</u>	<u>8,896,337</u>
 Operating income (loss)	 <u>(557,789)</u>	 <u>40,200</u>	 <u>87,657</u>	 <u>(429,932)</u>
 Transfers in	 <u>-</u>	 <u>-</u>	 <u>1,926,313</u>	 <u>1,926,313</u>
 Change in net assets	 (557,789)	 40,200	 2,013,970	 1,496,381
Net assets (deficit), beginning	<u>(1,111,707)</u>	<u>187,203</u>	<u>(25,829,096)</u>	<u>(26,753,600)</u>
Net assets (deficit), ending	<u>\$ (1,669,496)</u>	<u>\$ 227,403</u>	<u>\$ (23,815,126)</u>	<u>\$ (25,257,219)</u>

CITY OF COMPTON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Equipment Rental	Central Duplication	Self Insurance	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,826,743	\$ 712,721	\$ 6,318,556	\$ 8,858,020
Cash payments to suppliers for goods and services	(1,812,491)	(349,031)	(4,920,990)	(7,082,512)
Cash payments to employees for services	(461,922)	(233,719)	(1,079,735)	(1,775,376)
	<u>(447,670)</u>	<u>129,971</u>	<u>317,831</u>	<u>132</u>
Net cash provided by (used in) operating activities				
	<u>(447,670)</u>	<u>129,971</u>	<u>317,831</u>	<u>132</u>
Cash flows from non-capital financing activities:				
Loan repayment from other funds	473,620	-	521,584	995,204
Loan to other funds	-	(129,971)	(2,417,394)	(2,547,365)
Transfers from other funds (net)	-	-	1,926,313	1,926,313
	<u>473,620</u>	<u>(129,971)</u>	<u>30,503</u>	<u>374,152</u>
Net cash provided by (used in) non-capital financing activities				
	<u>473,620</u>	<u>(129,971)</u>	<u>30,503</u>	<u>374,152</u>
Cash flows from capital and related financing activities:				
Net capital lease payment	(25,950)	-	-	(25,950)
	<u>(25,950)</u>	<u>-</u>	<u>-</u>	<u>(25,950)</u>
Net increase in cash and cash equivalents	-	-	348,334	348,334
Cash and cash equivalents, beginning	-	-	161,256	161,256
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,590</u>	<u>\$ 509,590</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (557,789)	\$ 40,200	\$ 87,657	\$ (429,932)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	12,096	78,830	-	90,926
Changes in operating assets and liabilities				
Decrease (increase) in:				
Inventories, at cost	19,176	-	-	19,176
Increase (decrease) in:				
Accrued liabilities	78,847	10,941	759,186	848,974
Self-insurance claims	-	-	(529,012)	(529,012)
	<u>(447,670)</u>	<u>129,971</u>	<u>317,831</u>	<u>132</u>
Net cash provided by (used in) operating activities				
	<u>\$ (447,670)</u>	<u>\$ 129,971</u>	<u>\$ 317,831</u>	<u>\$ 132</u>

CITY OF COMPTON
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets:				
Cash and investments	\$ 360,451	\$ 2,849	\$ 807	\$ 362,493
Accounts receivable	8,499	88,026	4,410	92,115
Due from other funds	977,148	-	540,980	436,168
Total assets	<u>\$ 1,346,098</u>	<u>\$ 90,875</u>	<u>\$ 546,197</u>	<u>\$ 890,776</u>
 Liabilities:				
Accrued liabilities	\$ 2,866	\$ 23,313	\$ 23,191	\$ 2,988
Deposits	1,343,232	157,474	788,821	711,885
Agency obligations	-	175,903	-	175,903
Total liabilities	<u>\$ 1,346,098</u>	<u>\$ 356,690</u>	<u>\$ 812,012</u>	<u>\$ 890,776</u>

Workforce Investment Act - WIA Funds
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 1,194,455	\$ 1,046,119	\$ (148,336)
Expenditures:			
Current - Environmental and human services	1,399,201	1,013,004	386,197
Excess (deficiency) of revenues over (under) expenditures	(204,746)	33,115	237,861
Other financing sources (uses):			
Transfers in	-	117,479	93,810
Transfers out	-	(162,163)	(162,163)
Total other financing sources (uses)	-	(44,684)	(68,353)
Net change in fund balance	(204,746)	(11,569)	169,508
Fund balance, beginning	9,047	9,047	-
Fund deficit, ending	\$ (195,699)	\$ (2,522)	\$ 169,508

Note:

This is part of Federal Grants Fund.

**Local Housing Authority Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009**

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 7,071,445	\$ 6,999,078	\$ (72,367)
Use of money and property	2,089,000	2,527,132	438,132
Charges for services	803,100	922,781	119,681
Other	4,000	43,104	39,104
Total revenues	9,967,545	10,492,095	524,550
Expenditures:			
General government	52,639	44,781	7,858
Environmental and human services	10,781,224	9,800,670	980,554
Total expenditures	10,833,863	9,845,451	988,412
Net change in fund balance	(866,318)	646,644	(463,862)
Fund deficit, beginning	(871,745)	(871,475)	-
Fund deficit, ending	<u>\$ (1,738,063)</u>	<u>\$ (224,831)</u>	<u>\$ (463,862)</u>

Note:

This is part of Federal Grants Fund.

STATISTICAL SECTION

City of Compton

City Only Assessed Value and Estimated Actual Value of Taxable Property Last Seven Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax- Exempt Property	*Taxable Assessed Value	Estimated Actual Taxable Value (1)	Factor of Taxable Assessed Value (1)
2002-03	\$1,487,562,249	\$25,914,251	\$42,363,139	\$34,131,122	\$33,172,349	\$74,862,864	\$1,548,280,246	\$0	0.000000
2003-04	1,587,118,445	27,212,212	33,203,304	35,036,465	32,262,720	76,705,730	1,638,127,416	0	0.000000
2004-05	1,717,312,459	29,536,516	37,838,444	36,929,634	30,769,653	79,771,512	1,772,615,194	0	0.000000
2005-06	1,955,069,437	32,781,604	42,109,754	44,070,029	27,791,117	80,106,898	2,021,715,043	0	0.000000
2006-07	2,270,868,570	38,961,878	46,197,304	45,054,789	34,767,150	83,271,158	2,352,578,533	2,521,823,033	1.071940
2007-08	2,607,691,757	43,459,744	52,185,046	49,212,595	31,234,734	85,196,819	2,698,587,057	3,027,706,734	1.121960
2008-09	2,754,412,213	45,160,523	55,308,244	70,843,223	26,866,528	81,650,818	2,870,939,913	3,091,818,546	1.076936

Source: Los Angeles County Assessor data, MuniServices, LLC

1) 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.

*Public Utility values are excluded from these figures.

City of Compton

RDA Only Assessed Value and Estimated Actual Value of Taxable Property Last Seven Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax- Exempt Property	*Taxable Assessed Value	Estimated Actual Taxable Value (1)	Factor of Taxable Assessed Value (1)
2002-03	\$174,191,038	\$229,217,018	\$712,398,661	\$59,713,143	\$280,739,573	\$22,455,533	\$1,433,803,900	\$0	0.000000
2003-04	186,167,404	253,606,166	755,311,840	65,420,742	275,158,275	26,870,958	1,508,793,469	0	0.000000
2004-05	198,653,512	263,582,644	785,625,886	65,915,972	223,915,191	26,474,886	1,511,218,319	0	0.000000
2005-06	224,035,653	287,407,198	827,228,450	80,683,914	218,541,063	27,921,517	1,609,974,761	0	0.000000
2006-07	284,376,073	301,234,054	868,405,005	86,656,421	263,126,855	31,663,643	1,772,134,765	1,899,622,140	1.071940
2007-08	330,248,972	345,774,321	1,031,731,661	99,576,536	230,898,567	34,303,386	2,003,926,671	2,248,325,568	1.121960
2008-09	348,497,161	368,665,448	1,112,151,081	105,473,012	263,035,520	38,414,540	2,159,407,682	2,325,543,871	1.076936

Source: Los Angeles County Assessor data, MuniServices, LLC

1) 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.

*Public Utility values are excluded from these figures.

City of Compton

Citywide Assessed Value and Estimated Actual Value of Taxable Property Last Seven 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	\$93,844,265	\$313,911,922	\$97,318,397	\$2,982,084,146	0.100407	\$0	0.000000
2003-04	1,773,285,849	280,818,378	788,515,144	100,457,207	307,420,995	103,576,688	3,146,920,885	0.100407	0	0.000000
2004-05	1,915,965,971	293,119,160	823,464,330	102,845,606	254,684,844	106,246,398	3,283,833,513	0.100407	0	0.000000
2005-06	2,179,105,090	320,188,802	869,338,204	124,753,943	246,332,180	108,028,415	3,631,689,804	0.100407	0	0.000000
2006-07	2,555,244,643	340,195,932	914,602,309	131,711,210	297,894,005	114,934,801	4,124,713,298	0.100407	4,421,445,173	1.071940
2007-08	2,937,940,729	389,234,065	1,083,916,707	148,789,131	262,133,301	119,500,205	4,702,513,728	0.100407	5,276,032,302	1.121960
2008-09	3,102,909,374	413,825,971	1,167,459,325	176,316,235	289,902,048	120,065,358	5,030,347,595	0.100407	5,417,362,418	1.076936

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 02800.

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.

*Public Utility values are excluded from these figures.

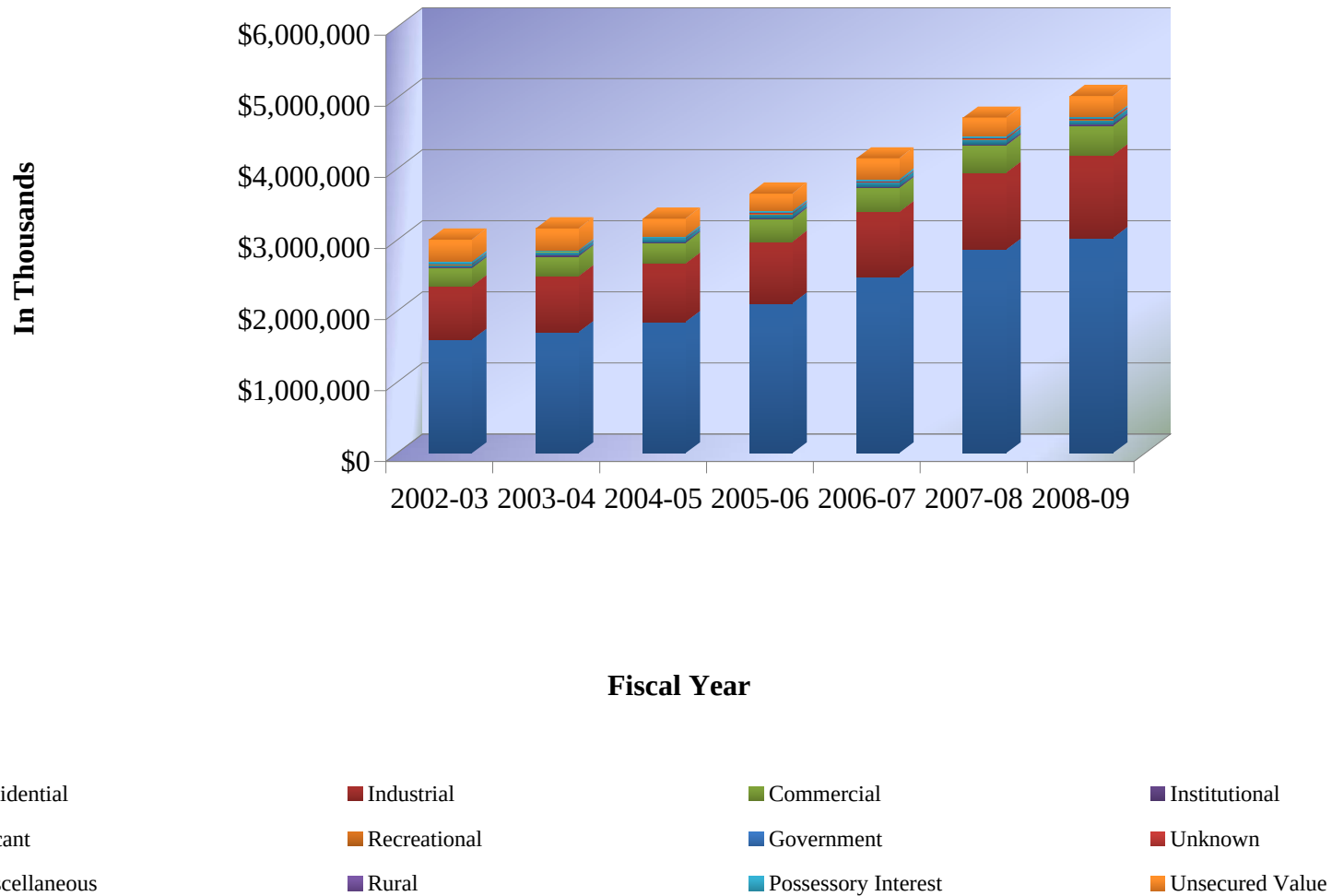
City of Compton

Net Assessed Value of Property by Use Code Last Seven Fiscal Years

Category	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Residential	\$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	\$3,029,124,163
Industrial	0	0	0	754,529,726	788,104,749	823,223,745	868,834,383	914,160,400	1,083,459,243	1,166,993,133
Commercial	0	0	0	250,661,939	276,414,335	287,955,272	314,761,914	335,735,179	383,207,137	408,498,994
Institutional	0	0	0	16,610,030	17,304,247	18,406,517	21,687,604	20,709,463	20,984,072	25,975,815
Vacant	0	0	0	34,236,838	41,278,219	40,597,698	54,205,782	57,586,889	62,393,943	62,156,315
Recreational	0	0	0	4,472,794	2,966,861	3,012,876	4,004,512	4,084,594	6,621,726	6,754,152
Government	0	0	0	2,746,296	0	0	910,000	928,200	1,775,000	0
Unknown	0	0	0	3,344,225	6,761,625	7,884,728	10,446,301	10,944,017	17,366,732	17,930,429
Miscellaneous	0	0	0	2,960,915	539,513	395,653	403,557	411,618	588,142	428,228
Rural	0	0	0	0	27,024	6,868	7,004	7,143	7,285	7,429
Possessory Interest	0	0	0	26,843,118	18,318,509	19,942,585	24,109,115	27,615,264	22,132,471	23,558,944
Net Secured Value	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	4,741,427,602
Unsecured Value	0	0	0	313,820,622	307,260,095	254,519,644	245,928,980	297,439,805	261,228,601	288,919,993
Net Taxable Value	\$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	\$5,030,347,595

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

Assessed Value By Land Use Code



City of Compton

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Basic City and County Levy										
CITY OF COMPTON	0.000000	0.000000	0.000000	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407
COUNTY OF LOS ANGELES	0.000000	0.000000	0.000000	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593
TOTAL	0.000000	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
CITY - COMPTON	0.000000	0.000000	0.000000	0.451632	0.451632	0.451632	0.000000	0.451632	0.451632	0.451632
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000663	0.000000	0.000000
UNIFIED SCHOOLS	0.000000	0.000000	0.000000	0.000000	0.055700	0.062613	0.000000	0.033825	0.059759	0.062375
COMMNTY COLLEGE	0.000000	0.000000	0.000000	0.000000	0.027143	0.003963	0.000000	0.019747	0.017629	0.023940
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000881	0.000462	0.000245	0.000000	0.000052	0.000000	0.000000
METRO WATER DIST	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.004700	0.004500	0.004300
DETENTION FAC	0.000000	0.000000	0.000000	0.001033	0.000992	0.000923	0.000000	0.000000	0.000000	0.000000
COMPTON AREA 1110	0.000000	0.000000	0.000000	0.006700	0.006100	0.005800	0.000000	0.000000	0.000000	0.000000
TOTAL	0.000000	0.000000	0.000000	0.460246	0.542029	0.525176	0.000000	0.510619	0.533520	0.542247
TOTAL TAX RATE	0.000000	0.000000	0.000000	1.460246	1.542029	1.525176	1.000000	1.510619	1.533520	1.542247

Source: Los Angeles County Auditor/Controller data, MuniServices, LLC
 TRA 02800 is represented for this report
 Rates are not adjusted for ERAF

City of Compton

Demographic and Economic Statistics Last Nine 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
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	-	-
2008-09	99,431	1,312,588,631	13,201	25.9	27,369	12.6%	21.2%	10,301,658	-	-

Source: 2008-09 thru 2006-07, MuniServices, LLC

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 and Total Employment Data are 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	2008-09		1999-00	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
PR I Dominguez Hills	154,480,020	3.07%	0	0.00%
AMB Property L P	151,051,860	3.00%	0	0.00%
Ralphs Grocery Co	89,178,526	1.77%	0	0.00%
South Bay Industrials Co L L C	73,727,278	1.47%	0	0.00%
Prologis California I LLC	72,857,575	1.45%	0	0.00%
Los Angeles Industrial Park LLC	43,911,000	0.87%	0	0.00%
CCL Plastic Packaging Sedaspec	28,792,293	0.57%	0	0.00%
Inland Empire Realty Holding C	27,206,460	0.54%	0	0.00%
Faec Holdings 398417 LLC	22,625,000	0.45%	0	0.00%
Walnut Industrial Park LLC	21,853,500	0.43%	0	0.00%
Owens Corning Roofing	21,196,903	0.42%	0	0.00%
Compton Commercial Dev	17,828,294	0.35%	0	0.00%
Girardi Financial LLC	16,826,388	0.33%	0	0.00%
Valassis Direct Mail Inc.	14,165,039	0.28%	0	0.00%
Kraco Enterprise Inc.	13,890,714	0.28%	0	0.00%
Lake Plaza LLC	12,630,288	0.25%	0	0.00%
Prism IQ Partners LLC	12,109,310	0.24%	0	0.00%
Entertainment Services	12,020,880	0.24%	0	0.00%
Linde Inc.	10,945,220	0.22%	0	0.00%
Rancho Way Properties LLC	10,914,000	0.22%	0	0.00%
CSME Partners LLC	10,850,000	0.22%	0	0.00%
Demunno Kerdoon	10,655,033	0.21%	0	0.00%
Knickerbocker Properties Inc X	10,432,797	0.21%	0	0.00%
GATX Tank Storage Terminals Co	10,247,134	0.20%	0	0.00%
San Ysidro Investments II LLC	10,212,566	0.20%	0	0.00%
Total Top 25 Taxpayers	880,608,078	17.51%	0	0.00%
Total Taxable Value	5,030,347,595	100.00%	0	100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

City of Compton

Principal Sales Tax Producers Current Fiscal Year and Nine Years Ago

2008-09		1999-00	
Taxpayer	Business Type	Taxpayer	Business Type
4 Wheel Parts	Auto Parts/Repair	Air Compressor Service & Mfg.	Heavy Industry
American Dawn	Apparel Stores	American Dawn	Apparel Stores
Ampak Chemicals	Chemical Products	Arco Am/Pm Mini Marts	Service Stations
Arco Am/Pm Mini Marts	Service Stations	California Dolly & Supply	Heavy Industry
Auto Zone 5368	Auto Parts/Repair	Charmac Manufacturing	Light Industry
Aveda Services Inc	Chemical Products	Circuit City	Furniture/Appliance
Baltic Linen Company Inc.	Heavy Industry	City Concrete Products	Bldg.Matls-Whsle
Best Buy Stores	Furniture/Appliance	Concrete Tie Mfg.Co.	Heavy Industry
Chevron Service Stations	Service Stations	Cort Furniture Rental	Furniture/Appliance
Concrete Tie Mfg.Co.	Heavy Industry	Effective Graphics	Light Industry
Cvs/Pharmacy #9594	Drug Stores	Elite Optical	Miscellaneous Retail
DD's Discounts Store #5039	Apparel Stores	Global Computer Supplies	Office Equipment
Home Depot	Bldg. Matls-Retail	Gordon Sand Company	Bldg.Matls-Whsle
John B. Rudy Company Inc.	Electronic Equipment	John B.Rudy Company Inc	Electronic Equipment
Mc Donald's Restaurants	Restaurants	K Mart Stores	Department Stores
Mobil Service Stations	Service Stations	Komori West Inc.	Light Industry
Optical One	Miscellaneous Retail	Lepers Woodturning Company	Bldg.Matls-Whsle
Ralphs Grocery Company	Food Markets	Owens Corning Fiberglass	Bldg.Matls-Whsle
Rite-Aid #6313	Drug Stores	Ralph's Grocery Company	Food Markets
Superior Super Warehouse	Food Markets	S.Y. Texma	Furniture/Appliance
Target Store T-2275	Department Stores	Sav-On Drug Stores	Drug Stores
Toro Aire Inc	Office Equipment	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	Bldg.Matls-Whsle
Wilson Supply Co	Heavy Industry	Wesco Distribution Inc	Bldg.Matls-Whsle

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