

**CITY OF COMPTON  
STATE OF CALIFORNIA**

**Annual Financial Report**

**Year Ended June 30, 2010**

**CITY OF COMPTON**  
**Annual Financial Report**  
**Year Ended June 30, 2010**

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City Council  
City of Compton  
Compton, California

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Compton, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Compton. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Compton, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in note 15, the City has suffered substantial recurring losses in its General Fund, has a deficit in its General Fund, a deficit in unrestricted net assets of the governmental funds and deficits in its Equipment Rental and Self-Insurance internal service funds, and those funds have a lack of liquidity to meet obligations as they become due from unrestricted funds that raise substantial doubt about the City's ability to continue as a going concern. Management's plans in regards to those matters are also described in note 15. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or amounts and classifications of liabilities that might result should the City become unable to continue as a going concern.

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

City Council  
City of Compton  
Compton, California

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2011 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
April 28, 2011

## **Management's Discussion and Analysis**

### **June 30, 2010**

This section of the City's Comprehensive Annual Financial Report provides an overview and analysis of the City's financial activities for the year ended June 30, 2010. 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 \$85,067,960 which was comprised of capital assets, net of related debt of \$4,584,750, restricted investments for debt service of \$78,674,427, restricted net assets for low and moderate income housing of \$12,479,647 and unrestricted net assets (deficit) of \$74,384,848.
- As of June 30, 2010, the City's governmental funds reported combined fund balance of \$170,513,716. Of this amount, \$97,843,713 or 57% of total fund balances are reserved and are not available for the City's general operations while \$72,670,003 was unreserved and undesignated.
- At the end of the current fiscal year, fund balance for the General Fund was a deficit amount of \$14,607,702.

#### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basis financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basis 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, 2010**

The *governmental activities* of the City include general government, professional services, public safety, public works, management services, environmental and human services, and interest on long-term debt. 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 20 through 22 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of this fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decision. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

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

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

fund data for each of these non-major governmental funds is provided in the form of combining statements in the non-major governmental funds section of this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund, the Federal Grants Fund, the Retirement Fund, are located in the supplementary information to the financial statements. Budgetary comparison schedules for the remaining funds are located in the supplementary information to the financial statements. The governmental fund financial statements can be found on pages 23 through 29 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, central duplicating and central purchasing.

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

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

The basic proprietary fund financial statements can be found on page 31 through page 38 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 39 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 40 through 81 of this report.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

**Other information:** In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as schedules that show actual fund transactions compared to the City's Budgets. *Required supplementary information* can be found on pages 83 through 86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds, together with information on capital assets used in the operation of the governmental funds (those not included in internal service funds), are presented immediately following the *required supplementary information* on pensions.

Combining and individual fund statements and schedules can be found on pages 95 through 106 of this report.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

**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, 2010.

	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Amount Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>Governmental Activities</b>				
<b>Assets:</b>				
Current and other assets	\$ 216,575,047	\$ 130,719,984	\$ 85,855,063	65.7%
Capital assets	143,258,211	132,577,493	10,680,718	8.1%
Total assets	<u>359,833,258</u>	<u>263,297,477</u>	<u>96,535,781</u>	<u>36.7%</u>
<b>Liabilities:</b>				
Current and other liabilities	51,622,881	27,905,453	23,717,428	85.0%
Long-term liabilities	227,224,783	127,446,926	99,777,857	78.3%
Total liabilities	<u>278,847,664</u>	<u>155,352,379</u>	<u>123,495,285</u>	<u>79.5%</u>
<b>Net assets (deficit):</b>				
Invested in capital assets, net of related debt	55,244,196	74,084,054	(18,839,858)	-25.4%
Restricted	72,697,762	71,161,894	1,535,868	2.2%
Unrestricted (deficit)	(46,956,364)	(37,300,850)	(9,655,514)	-25.9%
Total net assets	<u>\$ 80,985,594</u>	<u>\$ 107,945,098</u>	<u>\$ (26,959,504)</u>	<u>-25.0%</u>
<b>Summary of Net Assets</b>				
	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Amount Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>Business Activities</b>				
<b>Assets:</b>				
Current and other assets	\$ 70,741,321	\$ 76,815,337	\$ (6,074,016)	-7.9%
Capital assets	7,552,183	4,364,525	3,187,658	73.0%
Total assets	<u>78,293,504</u>	<u>81,179,862</u>	<u>(2,886,358)</u>	<u>-3.6%</u>
<b>Liabilities:</b>				
Current and other liabilities	3,889,221	2,957,566	931,655	31.5%
Long-term liabilities	70,321,917	70,612,631	(290,714)	-0.4%
Total liabilities	<u>74,211,138</u>	<u>73,570,197</u>	<u>640,941</u>	<u>0.9%</u>
<b>Net assets (deficit):</b>				
Invested in capital assets, net of related debt	(659,446)	2,828,928	(3,488,374)	-123.3%
Unrestricted (deficit)	4,741,812	4,459,695	282,117	6.3%
Total net assets	<u>\$ 4,082,366</u>	<u>\$ 7,288,623</u>	<u>\$ (3,206,257)</u>	<u>-44.0%</u>

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

Below is a summary schedule of the City's statements of activities for the year ended June 30, 2010.

	Statements of Activities			
	Governmental Activities			
	June 30, 2010	June 30, 2009	Amount Increase (Decrease)	% Increase (Decrease)
Revenues:				
Program revenues:				
Charges for services	\$ 33,895,371	28,649,770	5,245,601	18.3%
Operating grants and contributions	17,357,886	16,842,297	515,589	3.1%
Capital grants and contributions	5,987,487	3,448,042	2,539,445	73.6%
General revenues:				
Taxes:				
Property tax	45,603,080	38,725,002	6,878,078	17.8%
Sales and use tax	6,094,649	6,727,145	(632,496)	-9.4%
Utility user tax	12,881,546	14,934,144	(2,052,598)	-13.7%
Franchise tax	960,115	1,011,967	(51,852)	-5.1%
Transient occupancy taxes	156,781	194,220	(37,439)	-19.3%
Motor vehicle in-lieu of taxes	8,575,827	8,680,210	(104,383)	-1.2%
Investment earnings	234,906	332,863	(97,957)	-29.4%
Gain on sale of land	-	119,651	(119,651)	-100.0%
Other	6,448,368	13,243,388	(6,795,020)	-51.3%
Transfers	-	433,316	(433,316)	-100.0%
Total revenue	<u>138,196,016</u>	<u>133,342,015</u>	<u>4,854,001</u>	<u>3.6%</u>
Expenses:				
General Government	32,964,055	38,272,613	(5,308,558)	-13.9%
Professional Services	178,156	7,022,038	(6,843,882)	-97.5%
Public Safety	25,197,695	22,303,016	2,894,679	13.0%
Public Works	7,589,084	8,599,347	(1,010,263)	-11.7%
Management Services	44,256,023	39,865,098	4,390,925	11.0%
Environmental and Human Services	41,697,032	20,382,744	21,314,288	104.6%
Interest on long-term debt	7,924,073	6,524,030	1,400,043	21.5%
Pass Through Payments	321,108	302,709	18,399	6.1%
Total expenditures	<u>160,127,226</u>	<u>143,271,595</u>	<u>16,855,631</u>	<u>11.8%</u>
Increase (decrease) in net assets	(21,931,208)	(9,929,580)	(12,001,630)	120.9%
Net assets, Beginning of Year	102,916,802	112,846,382	(9,929,580)	-8.8%
Net assets, End of Year	<u>\$ 80,985,594</u>	<u>102,916,802</u>	<u>(21,931,210)</u>	<u>-21.3%</u>

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

	<b>Business Activities</b>			
	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Amount Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Revenues:				
Program revenues:				
Charges for services	\$ 23,551,264	20,087,048	3,464,216	17.2%
General revenues	11,587	(382,402)	393,989	103.0%
Total revenues	<u>23,562,850</u>	<u>19,704,646</u>	<u>3,858,204</u>	<u>19.6%</u>
Expenses:				
Water	13,942,055	8,676,520	5,265,535	60.7%
Rubbish	9,622,973	10,108,895	(485,922)	-4.8%
Sewer	3,149,364	1,634,419	1,514,945	92.7%
Golf course	42,055	49,014	(6,959)	-14.2%
Recreational	12,659	10,363	2,296	22.2%
Total expenditures	<u>26,769,104</u>	<u>20,479,211</u>	<u>6,289,893</u>	<u>30.7%</u>
Increase (decrease) in net assets	(3,206,254)	(774,565)	(2,431,689)	313.9%
Net assets, Beginning of Year	7,288,620	8,063,184	(774,564)	-9.6%
Net assets, End of Year	<u>\$ 4,082,366</u>	<u>7,288,619</u>	<u>(3,206,253)</u>	<u>-44.0%</u>

In the case of the City, assets exceeded liability by \$85,067,960 at June 30, 2010.

The largest portion of the City's assets \$54,584,750 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.

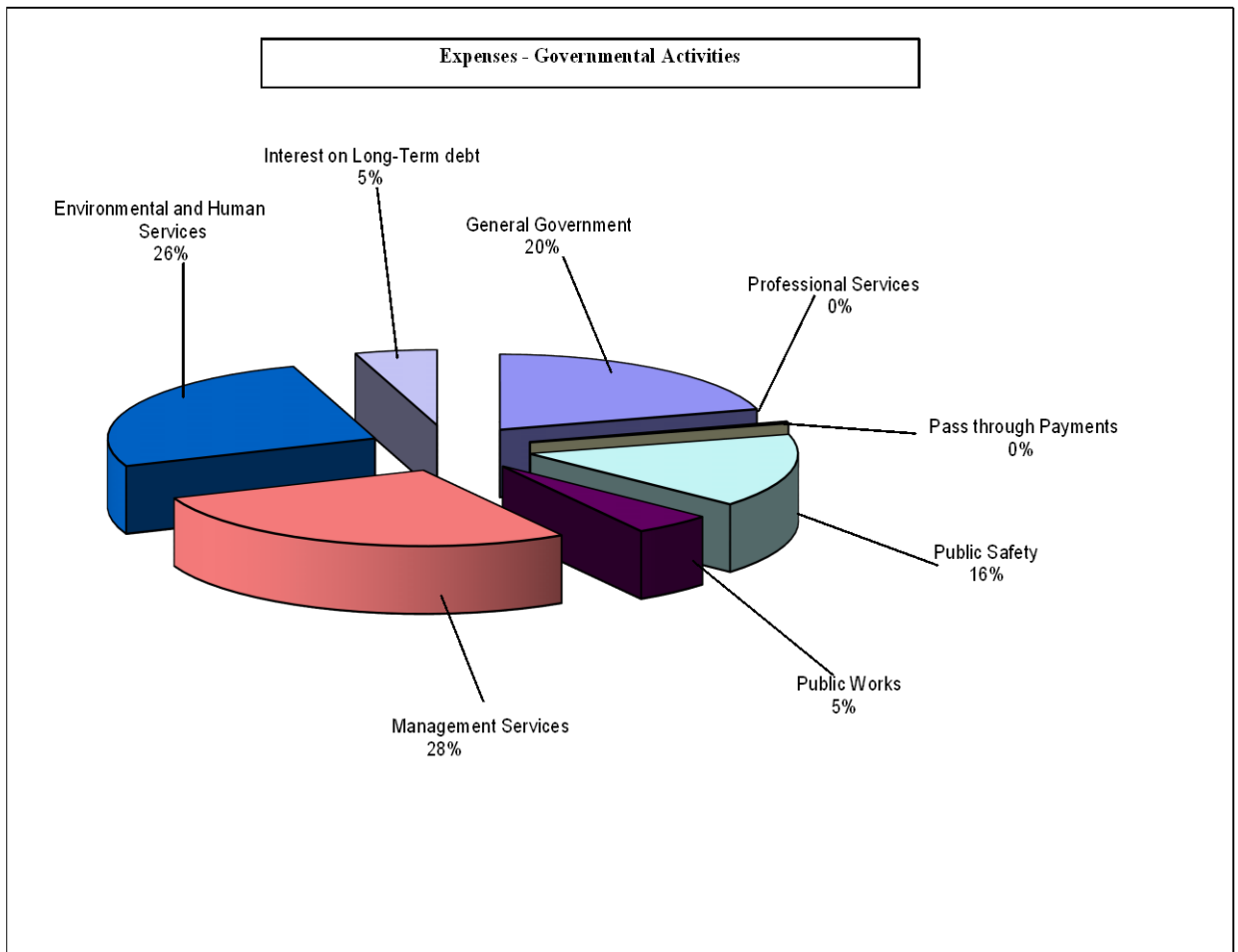
The second largest portion of the City's net assets represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$78,674,427 is for repayment of long-term debt and \$12,479,647 is for low/moderate income.

The Current and Other Liabilities of the governmental activities increased by 74% due mainly to accruals and account payable 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; increase in accrual for self insurance claims and increase in bond obligation during the year. The increase in accrued liabilities and account payable reflects the general increase in total expenditures during the year compared to the previous year. Total assets grew by 37% because of the increase in cash and investments due to the bond issuance.

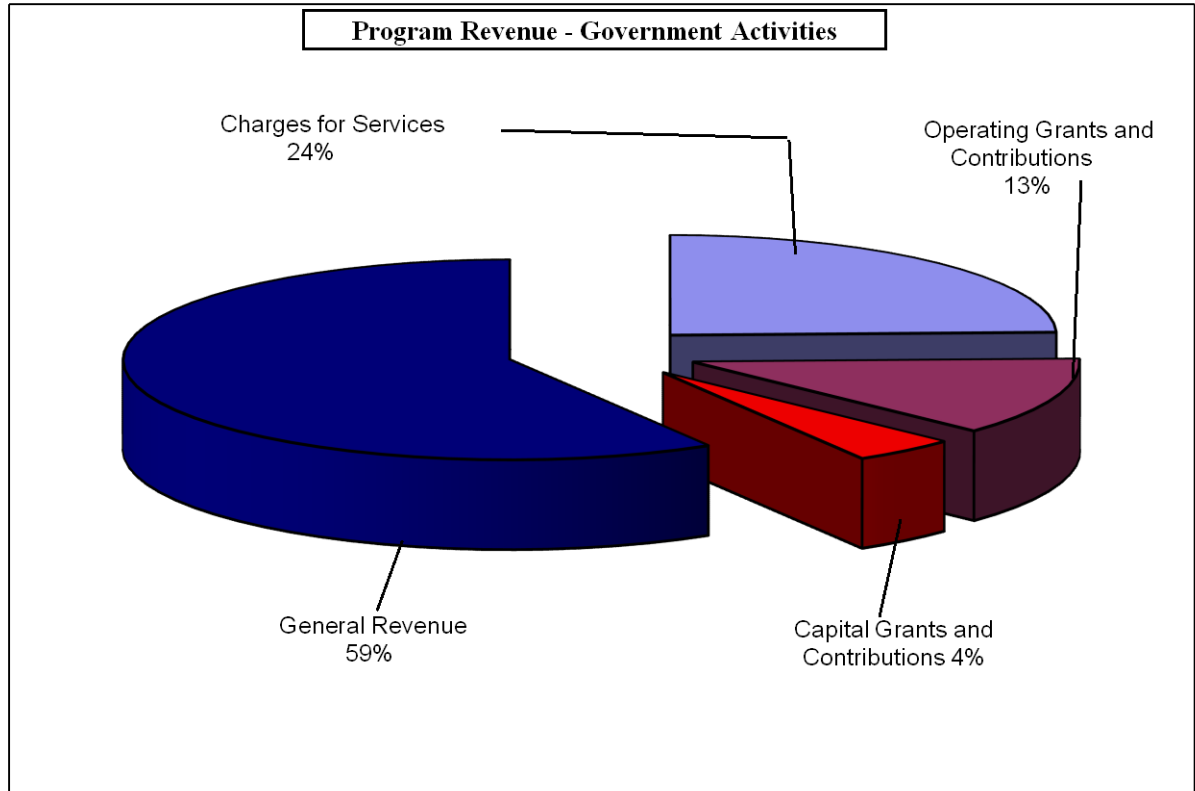
**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

**Governmental Activities:** Governmental activities decreased the City's net assets by \$21,931,208, (21%) from prior year net assets. Key elements of this increase are as follows:

- As of the close of the fiscal year, overall revenues increased by \$4,854,003 (4%). Charges for services increased by 18% because of increased collections for licenses and permits, rents and concessions, emergency medical services and other charges the City collected during the year. The operating grants / contributions increased slightly by 3% while the capital grants / contributions had 74% growth due to increase in grants received from other agencies. There was also an increase in property taxes which further contributed to the overall revenues growth.
- Overall expenses increased by \$16,855,629, 11% as compared to last year due mainly to increase in expenditures relating to public safety (13%); cost of management services (11%) related to maintaining the current level of City operations and infrastructures; interest expenses (21%) related to the City's bond obligations; and expenditures relating to environmental and human services (105%).



**Management's Discussion and Analysis (Continued)**  
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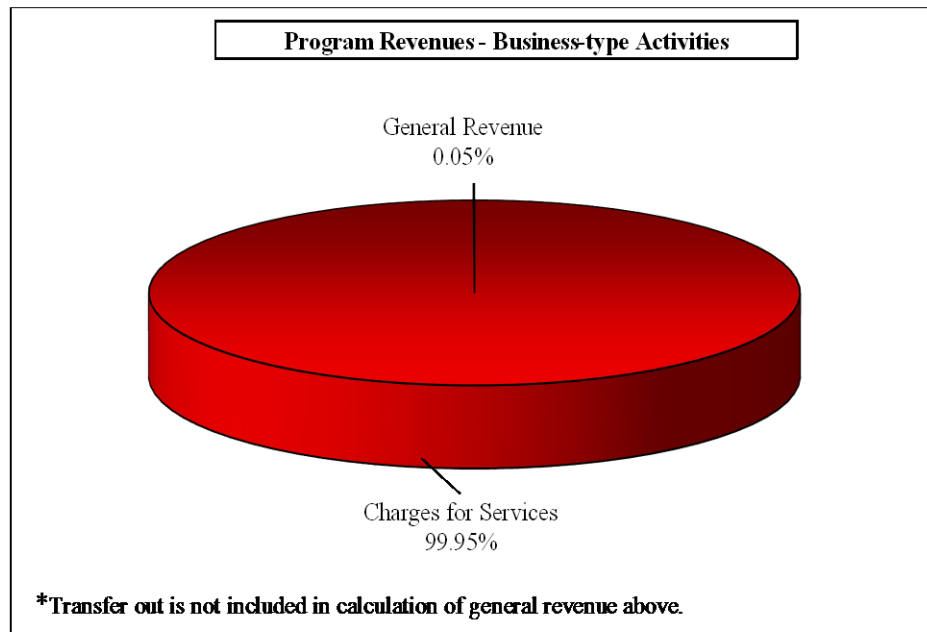
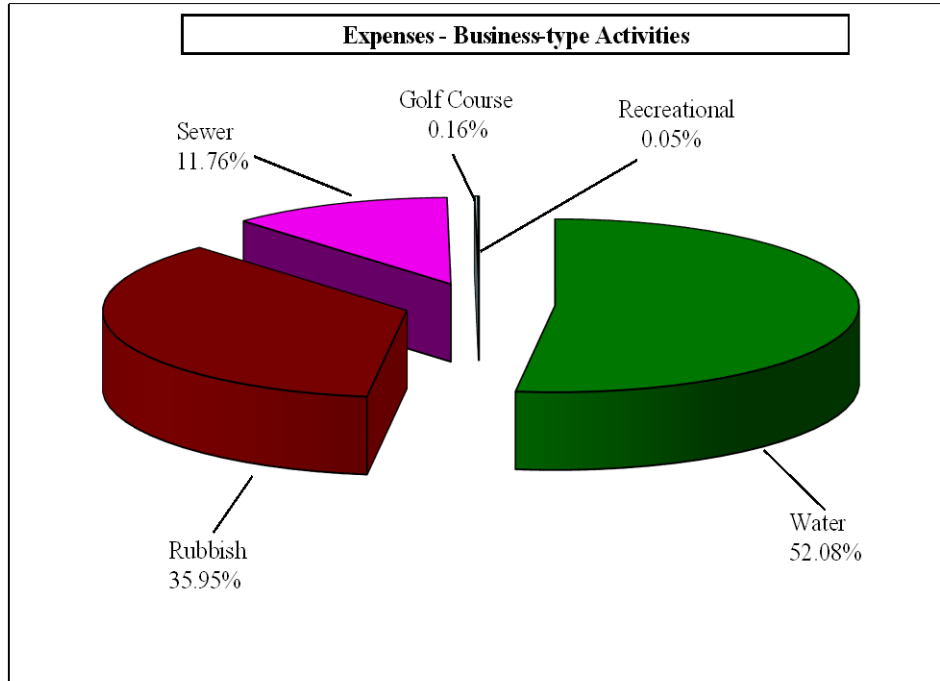


**Business-type Activities:** Business-type activities decreased the City's net assets overall by \$3,206,254. Key elements of this decrease are as follows:

- Water Fund's net assets decreased by \$1,637,577 due to increase in total expenses. The water rate was increased in prior year to offset the increase in maintenance cost of the City's relatively old water wells and pipelines. However, revenue from the rate increase was not adequate to cover the total expenses.
- Sewer Fund's net assets decreased by \$1,258,914 due to the fact that the Fund's total expenses exceeded the revenue from taxes and special assessment. The Fund had a 98% increase in revenue during the year due to sewer rate increase. However, the increase in revenue was inadequate to cover maintenance costs of the old sewer lines.
- Rubbish Fund's net assets decreased by \$334,821 also due to increase in operating expenses.
- Golf Fund's net assets increase by \$31,075 as a result of 54% increase in operating revenues during the year.
- Recreational Fund's net assets decreased by \$6,016 due mainly to increase in operating expenses.

The overall Current and Other Liabilities of business-type activities represent a very slight increase of 1%.

Management's Discussion and Analysis (Continued)  
June 30, 2010



**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

**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, 2010, the City's governmental funds reported combined fund balance of \$170,513,713. Of this amount, \$57,492,422 or 34% 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 \$8,061,261; 2) to pay debt service \$78,674,428; 3) for land held for resale \$22,300,956; 4) for regional park maintenance \$2,500,000 and 5) for a variety of other restricted purposes \$1,484,646.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was a deficit of \$14,607,702 and the unreserved fund balance of the General Fund was deficit \$17,814,481. The City Council has designated \$2,500,244 for various projects and programs and \$706,535 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 wipe out the deficit in the General Fund. The City has commenced to critically review its contract costs to cut down on services that are not critical and to renegotiate the contract terms of critical services to reduce costs. The City has strengthened its service procurement policies to ensure that all contract services undergo competitive bidding process which will drive down the contract costs. Further, the City has identified and is considering other measures including reduction of employees' costs to further reduce General Fund expenditure.

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 \$46,504,130. The net increase in fund balance was \$29,645,112. The increase in the fund balance arose mainly from portion of the proceeds of bonds issuance amounting to \$11,967,207 held in the debt service fund as a reserve and which was not available immediately for capital projects. Also property tax revenues were deposited in the debt service fund in an amount over and above the fund required to meet the immediate debts obligation under the bonds in accordance with the bond indenture requirements.

**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 \$4,735,242 and total decrease in net assets for these funds was \$3,206,254. 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 \$3,877,391, while total net assets were \$3,419,719 at the end of the current year. The unrestricted net assets represent 112% of total Water Fund operating expenses of \$3,419,719. The net assets of Water Fund decreased by \$1,637,577 during the current fiscal year.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

The accumulated unrestricted net assets in the Water Fund are needed to finance future capital projects and to maintain sufficient reserves in the event of a major catastrophe.

The Rubbish Fund's unrestricted net assets were \$531,027 at the end of the current fiscal year, while total net assets were negative \$303,988. The net assets of the Rubbish Fund decreased by \$334,821 during the fiscal year. This decrease is attributable mainly to total expenditures exceeding operating revenues.

The Sewer Fund's unrestricted net assets were \$330,822 while total net assets were \$964,062 at the end of the fiscal year. The unrestricted net assets represent 20% of total Sewer Fund operating expenses of \$1,641,286 while total net assets represent 59% of the same amount. The net assets of the Sewer Fund decreased by \$1,258,914 during the fiscal year. The accumulated unrestricted net assets in the Sewer Fund are needed to fund future sewer and storm drainage capital projects and to maintain sufficient reserves in the event of a major catastrophe.

**Internal Service Funds:** The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance and workers' compensation insurance, equipment rental, central duplicating and central purchasing. As of June 30, 2010 net assets of the internal service funds were a deficit \$22,413,064 and total increase in net assets for these funds were \$2,844,155. The services provided by the internal service funds have been allocated to governmental functions, in the government-wide financial statements. The Enterprise Funds were charged for services provided to the funds by the Internal Service Funds.

The Self-Insurance Fund possesses the largest deficit in this fund group totaling \$22,488,610. 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 \$2,362,412 for revenue and \$2,369,784 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 \$15,480,861. Contributing to the shortfall is the fact that actual revenues from Taxes and Special Assessments decreased compared to budget by \$5,103,091 due to decline in the assessed value of the property on which the tax assessment was based; revenues from Charges for Services recorded a shortfall of \$4,042,866 compared to budget mainly due to reduction in receipts from the medical services provided by the city, reduction in plan checking fees and non-recurrent one-time inspection fees which did not materialize in the year under review. Further, there were other revenues amounting to \$4,789,116 anticipated from advertisement fees and other non-recurrent revenues which did not materialize. The total General Fund actual expenditures as compared to budget recorded an increase of \$5,546,399. This increase is mainly due to higher expenditures for general government and public safety which together recorded \$6.9 million excess expenditures. Although, there was reduction of \$2.3million in management services expenditures, this reduction did not offset the increase in the general government and public safety expenditures.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

**Capital Asset and Debt Administration**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities amounts to \$150,810,394 (net of accumulated depreciation of \$175,426,777) as of June 30, 2010. This investment in capital assets includes land, construction in progress, buildings and structures, machinery and equipment, land improvements and infrastructure. The City's capital assets in the current year increased by \$13,868,379 as a result of \$23,077,495 of capital additions and \$9,209,116 of depreciation expenses for governmental activities and for business-type activities.

<b>Capital Assets</b>				
<b>(Net of Accumulated Depreciation)</b>				
<b>Governmental Activities</b>	<b>June 30,</b>	<b>June 30,</b>	<b>Amount Increase</b>	<b>% Increase</b>
	<b>2010</b>	<b>2009</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
Land	\$ 30,305,521	23,525,645	6,779,876	28.8%
Construction in Progress	12,878,113	9,934,305	2,943,808	29.6%
Buildings and Structures	19,595,975	20,144,033	(548,058)	-2.7%
Land Improvements	716,447	772,410	(55,963)	-7.2%
Equipment	3,556,515	3,103,877	452,638	14.6%
Infrastructure	76,205,640	75,097,221	1,108,419	1.5%
Total	<u>\$ 143,258,211</u>	<u>132,577,491</u>	<u>10,680,720</u>	<u>8.1%</u>
<b>(Net of Accumulated Depreciation)</b>				
<b>Business Activities</b>	<b>June 30,</b>	<b>June 30,</b>	<b>Amount Increase</b>	<b>% Increase</b>
	<b>2010</b>	<b>2009</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
Land	\$ 162,097	162,097	-	0.0%
Construction in Progress	4,633,607	413,590	4,220,017	1020.3%
Buildings and Structures	303,795	335,169	(31,374)	-9.4%
Land Improvements	9,599	10,399	(800)	-7.7%
Machinery and Equipment	1,899,115	3,039,378	(1,140,263)	-37.5%
Infrastructure	543,970	403,891	140,079	34.7%
Total	<u>\$ 7,552,183</u>	<u>4,364,524</u>	<u>3,187,659</u>	<u>73.0%</u>

Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 57 through 59 of this report.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

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

**Governmental Activities :**

Construction in progress relating to the City's infrastructure improvement	16,182,768
Purchase of motor vehicles and fire fighting and other equipment	1,869,296
Building structures and land improvement expenditures	479,925
Depreciation charge for the fiscal year	(7,851,269)
Total	\$ 10,680,720

**Business-type activities:**

Construction in progress relating to the City's infrastructure improvement	\$ 4,384,309
Purchase of equipment	161,198
Depreciation charge for the fiscal year	(1,357,848)
Total	\$ 3,187,659

**Debt Administration:** As at the end of the fiscal year, the City had total debt outstanding of \$296,582,713. Out of this, \$281,788,043 represents bonds issued for redevelopment and various capital improvements, \$1,676,476 represents tax sharing obligation of the Community Redevelopment Agency, \$1,032,516 relates to capital lease obligations utilized for capital assets of the City and \$8,886,748 represents compensated absences. Deductions include repayments of bonds and other debt facilities totaling \$9,762,116.

During the year, the City issued \$100,725,000 of 2010 Community Redevelopment Project Second Lien Tax Allocation Bonds Series "A", "B" and "C" with interest rates of between 3.00% and 7.74% to finance various redevelopment projects. Principal repayment of the Series "A" and Series "B" bonds will commence in 2011 and 2025 respectively and both will end in 2042. Payments for the Series "C" bonds will start in 2011 and end in 2024.

**Management's Discussion and Analysis (Continued)**  
**June 30, 2010**

<b>Outstanding Debt</b>				
<b>Governmental Activities</b>	<b>July 1, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2010</b>
Bonded indebtedness:				
Tax allocation and refunding bonds	\$ 113,265,877	\$ 102,359,523	\$ (6,837,936)	\$ 208,787,464
Other long-term debt:				
Tax sharing obligation	1,676,476	-	-	1,676,476
Compensated Absences	8,827,725	1,382,425	(2,106,524)	8,103,626
Capital leases	591,256	769,731	(406,727)	954,260
Notes and loans payable	4,799,834	-	(295,807)	4,504,027
Mortgage loan	3,314,052	-	(115,122)	3,198,930
	<u>\$ 132,475,220</u>	<u>\$ 104,511,679</u>	<u>\$ (9,762,116)</u>	<u>\$ 227,224,783</u>
<b>Business Activities</b>	<b>July 1, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2010</b>
Bonded indebtedness:				
Water revenue bonds	\$ 43,001,179	\$ 33,510	\$ -	\$ 43,034,689
Sewer revenue bonds	24,472,629	-	(270,730)	24,201,899
Solid waste revenue bonds	1,820,000	-	(715,000)	1,105,000
Other long-term debt:				
Capital leases	114,300	-	(36,044)	78,256
Notes and loans payable	223,678	-	(68,714)	154,964
Compensated absences	807,144	119,787	(143,809)	783,122
Total	<u>\$ 70,438,930</u>	<u>\$ 153,297</u>	<u>\$ (1,234,297)</u>	<u>\$ 69,357,930</u>

**Budget for Fiscal Year 2010 - 2011**

The budget for fiscal year 2010-2011 grew 9.96% from previous year. In the development of this budget, the City produced a budget to meet all anticipated contractual obligations and maintain current City services. Areas of concern in formulating the fiscal year 2011 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 health and safety. The management's plans to improve financial condition of the City are discussed in Note 15 on page 80 of this report.

**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, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 18,137,082	\$ 1,239,637	\$ 19,376,719
Restricted investments	135,859,303	54,806,089	190,665,392
Receivables	43,576,273	3,115,383	46,691,656
Internal balances	(9,918,255)	9,918,255	-
Inventories, at cost	11,389	303,782	315,171
Prepaid expenses	1,156,430	-	1,156,430
Land held for resale	22,300,956	-	22,300,956
Capital assets :			
Nondepreciable	43,183,634	4,795,704	47,979,338
Depreciable	100,074,577	2,756,479	102,831,056
Deferred bond issuance costs	3,351,465	1,358,175	4,709,640
Total Assets	<u>357,732,854</u>	<u>78,293,504</u>	<u>436,026,358</u>
<b>Liabilities:</b>			
Accounts payable	12,099,671	56,713	12,156,384
Accrued liabilities	9,966,160	1,180,207	11,146,367
Accrued interest payable	1,806,467	1,514,381	3,320,848
Deposit	423,246	1,137,921	1,561,167
Self-insurance claims	8,052,209	-	8,052,209
Due to external parties	479,689	-	479,689
Due to other governmental agencies	231,466	-	231,466
Unearned revenue	28,303	-	28,303
Other	35,252	-	35,252
Long-term liabilities:			
Postemployment benefit obligation	16,400,013	963,987	17,364,000
Due within one year	10,130,232	603,622	10,733,854
Due in more than one year	217,094,551	68,754,308	285,848,859
Total Liabilities	<u>276,747,259</u>	<u>74,211,139</u>	<u>350,958,398</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	55,244,196	(659,446)	54,584,750
Restricted for:			
Federal grants	4,071,721	-	4,071,721
Retirement	9,642,263	-	9,642,263
Debt service	78,674,427	-	78,674,427
Low/Moderate income housing	12,479,647	-	12,479,647
Unrestricted	(79,126,660)	4,741,811	(74,384,848)
Total net assets	<u>\$ 80,985,594</u>	<u>\$ 4,082,365</u>	<u>\$ 85,067,960</u>

See Accompanying Notes to Financial Statements.

**CITY OF COMPTON**  
**Statement of Activities**  
**Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
<b>Governmental Activities:</b>				
General government	\$ 32,964,055	\$ 23,179,585	\$ -	\$ -
Professional services	178,156	-	-	-
Pass-through payments	321,108	-	-	-
Public safety	25,197,695	-	175,746	-
Public works	7,589,084	4,320,927	1,748,468	5,987,487
Management services	44,256,023	3,635,824	1,203,227	-
Environmental and human services	41,697,032	2,759,035	14,230,445	-
Interest on long-term debt	7,924,073	-	-	-
Total governmental activities	160,127,226	33,895,371	17,357,886	5,987,487
<b>Business-type Activities:</b>				
Water	13,942,054	12,298,064	-	-
Rubbish	9,622,973	9,288,034	-	-
Sewer	3,149,364	1,885,393	-	-
Golf Course	42,055	73,130	-	-
Recreational	12,659	6,643	-	-
Total business-type activities	26,769,105	23,551,264	-	-
Total	186,896,331	57,446,635	17,357,886	5,987,487
<b>General revenues:</b>				
Taxes:				
Property taxes				
Sales and use tax				
Utility user tax				
Franchise tax				
Transient occupancy taxes				
Motor vehicle in-lieu of taxes				
Investment earnings				
Other				
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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (9,784,470)	\$ -	\$ (9,784,470)
(178,156)	-	(178,156)
(321,108)	-	(321,108)
(25,021,949)	-	(25,021,949)
4,467,798	-	4,467,798
(39,416,972)	-	(39,416,972)
(24,707,552)	-	(24,707,552)
(7,924,073)	-	(7,924,073)
<u>(102,886,482)</u>	<u>-</u>	<u>(102,886,482)</u>
-	(1,643,990)	(1,643,990)
-	(334,939)	(334,939)
-	(1,263,971)	(1,263,971)
-	31,075	31,075
-	(6,016)	(6,016)
<u>-</u>	<u>(3,217,841)</u>	<u>(3,217,841)</u>
<u>(102,886,482)</u>	<u>(3,217,841)</u>	<u>(106,104,323)</u>
37,500,000	-	37,500,000
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
234,906	11,587	246,493
11,672,682	-	11,672,682
<u>80,955,274</u>	<u>11,587</u>	<u>80,966,861</u>
(21,931,208)	(3,206,254)	(25,137,462)
102,916,802	7,288,620	110,205,422
<u>\$ 80,985,594</u>	<u>\$ 4,082,366</u>	<u>\$ 85,067,960</u>

**CITY OF COMPTON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	General	Special Revenue	
		Federal Grants	Retirement
<b>Assets</b>			
Cash and investments	\$ -	\$ 2,733,966	\$ -
Restricted investments	-	-	-
Property taxes receivable	2,245,747	-	1,117,295
Accounts receivable	2,922,056	1,359,288	-
Grants receivable	-	92,843	-
Due from other funds	-	-	8,884,751
Prepaid expenses	-	789,058	367,372
Inventories	244	-	-
Notes receivable, net	-	-	-
Loans Receivable	-	4,503,434	-
Land held for resale	-	-	-
Total Assets	<u>\$ 5,168,047</u>	<u>\$ 9,478,589</u>	<u>\$ 10,369,418</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 11,600,351	\$ 130,013	\$ -
Accrued liabilities	4,982,759	686,291	727,154
Due to other funds	3,107,517	-	-
Due to other governmental agencies	5,126	51,997	-
Deposits	51,574	-	-
Deferred revenue	-	4,531,737	-
Other	28,422	6,830	-
Total Liabilities	<u>19,775,749</u>	<u>5,406,868</u>	<u>727,154</u>
<b>Fund balances (deficit):</b>			
Reserved:			
Prepaid items	-	789,058	367,372
Inventories	244	-	-
Notes receivable	-	-	-
Land held for resale	-	-	-
Debt service	-	-	-
Regional park	2,500,000	-	-
Encumbrances	706,535	2,657,667	-
Unreserved-undesignated, reported in:			
General Fund	(17,814,481)	-	-
Special revenue funds	-	624,996	9,274,892
Capital projects funds	-	-	-
Total fund balances (deficit)	<u>(14,607,702)</u>	<u>4,071,721</u>	<u>9,642,264</u>
Total liabilities and fund balances	<u>\$ 5,168,047</u>	<u>\$ 9,478,589</u>	<u>\$ 10,369,418</u>

See Accompanying Notes to Financial Statements.

<b>Debt Service</b>		<b>Capital Projects</b>		<b>NonMajor</b>	<b>Total</b>
<b>Redevelopment</b>	<b>Public Finance</b>	<b>Redevelopment</b>	<b>Low/Moderate</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Debt Service</b>	<b>Authority</b>	<b>Capital Projects</b>	<b>Income</b>	<b>Funds</b>	<b>Funds</b>
	<b>Debt Service</b>		<b>Housing</b>		
\$ -	\$ -	\$ 1,807,203	\$ 12,495,312	\$ 1,100,601	\$ 18,137,082
14,503,895	32,437,392	88,918,017	-	-	135,859,304
2,410,137	-	-	-	286,431	6,059,610
1,067,226	1,433	825,099	2,929	660,238	6,838,269
-	-	-	-	966,583	1,059,426
14,857,971	734,251	-	-	946,926	25,423,899
-	-	-	-	-	1,156,430
-	-	-	-	-	244
-	-	327,972	-	-	327,972
-	-	6,000,000	18,787,563	-	29,290,997
-	-	22,300,956	-	-	22,300,956
<b>\$ 32,839,229</b>	<b>\$ 33,173,076</b>	<b>\$ 120,179,247</b>	<b>\$ 31,285,804</b>	<b>\$ 3,960,779</b>	<b>\$ 246,454,189</b>
\$ -	\$ 2,744	\$ 154,333	\$ -	\$ 225,183	\$ 12,112,624
782,080	671,709	1,256,068	18,594	727,493	9,852,148
9,570	-	14,781,251	-	3,657,964	21,556,300
-	-	-	-	174,343	231,466
-	-	371,672	-	-	423,246
2,410,137	-	6,000,000	18,787,563	-	31,729,437
-	-	-	-	-	35,252
<b>3,201,787</b>	<b>674,453</b>	<b>22,563,324</b>	<b>18,806,157</b>	<b>4,784,983</b>	<b>75,940,473</b>
-	-	-	-	-	1,156,430
-	-	-	-	-	244
-	-	327,972	-	-	327,972
-	-	22,300,956	-	-	22,300,956
29,637,442	32,170,298	-	-	-	61,807,740
-	-	-	-	-	2,500,000
-	328,325	4,261,309	50,718	1,745,817	9,750,371
-	-	-	-	-	(17,814,481)
-	-	-	-	(2,570,019)	7,329,869
-	-	70,725,688	12,428,929	-	83,154,617
<b>29,637,442</b>	<b>32,498,623</b>	<b>97,615,923</b>	<b>12,479,647</b>	<b>(824,204)</b>	<b>170,513,716</b>
<b>\$ 32,839,229</b>	<b>\$ 33,173,076</b>	<b>\$ 120,179,247</b>	<b>\$ 31,285,804</b>	<b>\$ 3,960,779</b>	<b>\$ 246,454,189</b>

**CITY OF COMPTON**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2010**

Fund balances for governmental funds	\$	170,513,716
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.		142,880,844
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds		(239,890,568)
Accrued interest payable that are not due and payable are not reported in governmental funds.		(1,806,467)
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		(22,413,065)
Loans receivable balance which was reported as an expenditure in governmental fund (also treated as receivable and deferred revenue) was treated as loan receivable only in governmental activities financial statement. Contra entries made in the governmental funds to report the loan as both loans receivable and deferred revenue was eliminated in the governmental activities.		29,290,997
Property tax receivable after 60 days are not available to pay current period expenditures are shown as deferred revenue in the governmental funds.		2,410,137
		80,985,594
Net Assets of Governmental Activities	\$	80,985,594

See Accompanying Notes to Financial Statements.

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**CITY OF COMPTON**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**Year Ended June 30, 2010**

	General	Special Revenue		Debt Service	
		Federal Grants	Retirement	Redevelopment Debt Service	Public Finance Authority Debt Service
<b>Revenue:</b>					
Taxes and special assessments	\$ 24,378,801	\$ -	\$ 14,395,840	\$ 27,136,930	\$ -
Licenses and permits	3,150,629	-	-	-	-
Intergovernmental revenues	8,657,535	12,052,478	264,838	-	-
Fines, forfeitures, and penalties	1,605,833	-	-	-	-
Use of money and property	4,299,824	2,790,989	2,465	2,041	4,049
Charges for services	19,059,834	1,090,644	-	-	2,319,888
Other	-	129,347	25	-	-
Total Revenue	<u>61,152,456</u>	<u>16,063,458</u>	<u>14,663,168</u>	<u>27,138,971</u>	<u>2,323,937</u>
<b>Expenditures:</b>					
Current:					
General government	12,921,631	190,077	741,571	451,333	1,143,789
Professional services	-	-	-	-	-
Pass-through payments	-	-	-	321,108	-
Public safety	19,120,740	168,482	5,363,485	-	-
Public works	1,240,249	1,045,706	62,897	-	-
Management services	30,952,977	-	7,668,010	-	23,565
Environmental and human services	5,491,752	16,677,155	1,281,740	-	-
Debt service:					
Principal	172,137	200,000	-	6,935,000	-
Interest	103,506	276,820	-	1,753,625	2,319,888
SERAF payment	-	-	-	8,253,971	-
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>70,002,992</u>	<u>18,558,240</u>	<u>15,117,703</u>	<u>17,715,037</u>	<u>3,487,242</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>(8,850,536)</u>	<u>(2,494,782)</u>	<u>(454,535)</u>	<u>9,423,934</u>	<u>(1,163,305)</u>
<b>Other Financing Sources (Uses):</b>					
Bonds proceeds	-	-	-	11,976,207	-
Notes proceeds (short-term notes)	-	-	-	-	-
Discount on bonds	-	-	-	-	-
Transfers in	231,986	1,059,697	-	-	-
Transfers out	(3,402,642)	(231,894)	-	(8,621,717)	-
Total Other Financing Sources (Uses)	<u>(3,170,656)</u>	<u>827,803</u>	<u>-</u>	<u>3,354,490</u>	<u>-</u>
Net Change in Fund Balance	(12,021,192)	(1,666,979)	(454,535)	12,778,424	(1,163,305)
Fund Balances (Deficit), Beginning	(2,586,510)	5,738,700	10,096,799	16,859,018	33,661,928
Fund Balances (Deficit), Ending	<u>\$ (14,607,702)</u>	<u>\$ 4,071,721</u>	<u>\$ 9,642,264</u>	<u>\$ 29,637,442</u>	<u>\$ 32,498,623</u>

See Accompanying Notes to Financial Statements.

<b>Capital Projects</b>			
<b>Redevelopment Capital Projects</b>	<b>Low/Moderate Income Housing</b>	<b>NonMajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 4,320,927	\$ 70,232,498
-	-	-	3,150,629
-	-	11,039,978	32,014,829
-	-	-	1,605,833
268,548	5,802	154,635	7,528,353
-	-	7,288	22,477,654
21,569	22,834	-	173,775
<u>290,117</u>	<u>28,636</u>	<u>15,522,828</u>	<u>137,183,571</u>
20,901,678	976,157	-	37,326,236
-	-	132,527	132,527
-	-	-	321,108
184,649	-	360,341	25,197,695
2,386,243	-	12,256,880	16,991,975
-	-	678,409	39,322,961
8,581,462	-	1,410,952	33,443,061
9,207,561	-	95,806	16,610,504
119,687	-	11,164	4,584,690
-	-	-	8,253,971
2,454,369	-	-	2,454,369
<u>43,835,649</u>	<u>976,157</u>	<u>14,946,079</u>	<u>184,639,097</u>
<u>(43,545,532)</u>	<u>(947,521)</u>	<u>576,749</u>	<u>(47,455,526)</u>
88,748,793	-	-	88,748,793
9,150,000	-	-	21,126,207
(1,052,892)	-	-	(1,052,893)
10,534,664	8,621,717	616,632	21,064,696
<u>(10,534,664)</u>	<u>-</u>	<u>(168,092)</u>	<u>(22,959,009)</u>
<u>96,845,901</u>	<u>8,621,717</u>	<u>448,540</u>	<u>106,927,794</u>
53,300,369	7,674,196	1,025,289	59,472,268
44,315,555	4,805,451	(1,849,493)	111,041,448
<u>\$ 97,615,924</u>	<u>\$ 12,479,647</u>	<u>\$ (824,204)</u>	<u>\$ 170,513,716</u>

**CITY OF COMPTON**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2010**

Net change in fund balances - total governmental funds	\$	59,472,268
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.		10,771,646
The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect 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.		(93,264,496)
Some expenses and revenues reported in the Statement of Activities do not require the use or inflow of financial resources and, therefore, are not accrued in governmental funds.		(9,177,693)
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:		5,012,777
Incremental property taxes not collectible 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.		2,410,137
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.		2,844,155
Change in net assets of governmental activities	\$	(21,931,205)

See Accompanying Notes to Financial Statements.

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**CITY OF COMPTON**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

**Business-Type Activities - Enterprise Funds**

	<u>Water</u>	<u>Rubbish</u>	<u>Sewer</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 200	\$ -	\$ 1,239,436
Restricted investments	37,600,073	85,363	17,120,653
Property taxes receivable	-	-	104,425
Accounts receivable	1,870,856	1,000,705	139,396
Due from other funds	6,589,684	-	3,611,198
Inventories, at cost	303,783	-	-
Prepaid PERS	-	-	-
Total current assets	<u>46,364,596</u>	<u>1,086,068</u>	<u>22,215,108</u>
Noncurrent Assets:			
Capital assets :			
Nondepreciable	3,445,498	-	147,400
Depreciable, net	1,043,253	184,622	2,731,411
Deferred bond issuance costs	643,157	-	715,018
Total noncurrent assets	<u>5,131,908</u>	<u>184,622</u>	<u>3,593,829</u>
Total assets	<u>51,496,504</u>	<u>1,270,690</u>	<u>25,808,937</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	54,325	-	2,388
Due to other funds	-	350,928	-
Accrued liabilities	1,131,561	15,312	29,920
Accrued interest payable	1,037,346	22,100	454,935
Deposits	1,077,014	-	-
Self-insurance claims	-	-	-
Notes payable	70,763	-	-
Bond payable	-	80,000	295,000
Capital lease	-	-	38,062
Compensated absences	119,797	-	-
Total current liabilities	<u>3,490,806</u>	<u>468,340</u>	<u>820,305</u>
Non-current liabilities:			
Postemployment benefit obligation	803,766	81,338	77,479
Notes payable	84,201	-	-
Bonds payable	43,034,689	1,025,000	23,906,899
Capital lease	-	-	40,194
Compensated absences	663,325	-	-
Total noncurrent liabilities	<u>44,585,981</u>	<u>1,106,338</u>	<u>24,024,572</u>
Total liabilities	<u>48,076,787</u>	<u>1,574,678</u>	<u>24,844,877</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	(457,672)	(835,015)	(589,105)
Unrestricted	3,877,389	531,027	1,553,165
Total net assets (deficit)	<u>\$ 3,419,717</u>	<u>\$ (303,988)</u>	<u>\$ 964,060</u>

See Accompanying Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ -	\$ 1,239,636	\$ -
-	54,806,089	-
-	104,425	-
-	3,010,957	12,948
68,298	10,269,180	210,527
-	303,782	11,145
-	-	-
<u>68,298</u>	<u>69,734,069</u>	<u>234,620</u>
-	4,795,705	44,109
-	2,756,480	333,252
-	1,358,175	-
-	8,910,360	377,361
<u>68,298</u>	<u>78,644,429</u>	<u>611,981</u>
-	56,713	-
-	350,928	14,476,065
3,414	1,180,207	114,006
-	1,514,381	-
60,907	1,137,921	-
-	-	8,052,209
-	70,763	-
-	375,000	-
-	38,062	93,437
-	119,797	-
<u>64,321</u>	<u>4,843,772</u>	<u>22,735,717</u>
1,404	963,987	-
-	84,201	-
-	67,966,588	-
-	40,194	289,327
-	663,325	-
<u>1,404</u>	<u>69,718,295</u>	<u>289,327</u>
<u>65,725</u>	<u>74,562,067</u>	<u>23,025,044</u>
-	(652,876)	68,114
2,573	4,735,238	(22,481,178)
<u>\$ 2,573</u>	<u>\$ 4,082,362</u>	<u>\$ (22,413,064)</u>

**CITY OF COMPTON**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Rubbish</b>	<b>Sewer</b>
<b>Operating revenues:</b>			
Charges for services	\$ 12,246,086	\$ 9,288,034	\$ -
Charges to other funds	-	-	-
Other	-	-	922,847
Total operating revenues	12,246,086	9,288,034	922,847
<b>Operating expenses:</b>			
Public works	-	-	384,704
Administration and personnel services	374,754	371,654	374,228
Environmental and human services	10,791,191	8,685,936	-
Basin maintenance and services	-	-	116,060
Self-insurance services	-	-	-
Depreciation	85,675	505,877	766,294
Total operating expenses	11,251,620	9,563,468	1,641,286
Operating income (loss)	994,466	(275,433)	(718,439)
<b>Nonoperating revenues (expenses):</b>			
Investment income	6,413	117	5,056
Interest expense	(2,690,434)	(59,505)	(1,462,147)
Bond issuance cost (amortization)	-	-	(45,930)
Taxes and special assessments	51,978	-	962,546
Total nonoperating revenues (expenses)	(2,632,043)	(59,388)	(540,475)
Income (loss) before transfers	(1,637,577)	(334,821)	(1,258,914)
Transfers in	-	-	-
Change in net assets	(1,637,577)	(334,821)	(1,258,914)
Net assets (deficit), beginning	5,057,296	30,833	2,222,976
Net assets (deficit), ending	\$ 3,419,719	\$ (303,988)	\$ 964,060

See Accompanying Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 78,535	\$ 21,612,655	\$ -
-	-	11,549,059
1,238	924,085	-
<u>79,773</u>	<u>22,536,740</u>	<u>11,549,059</u>
42,055	426,759	-
-	1,120,637	4,933,060
12,659	19,489,786	-
-	116,060	-
-	-	5,575,231
-	1,357,846	90,926
<u>54,714</u>	<u>22,511,088</u>	<u>10,599,217</u>
<u>25,059</u>	<u>25,652</u>	<u>949,842</u>
-	11,586	-
-	(4,212,086)	-
-	(45,930)	-
-	1,014,524	-
<u>-</u>	<u>(3,231,906)</u>	<u>-</u>
25,059	(3,206,254)	949,842
-	-	1,894,313
25,059	(3,206,254)	2,844,155
(22,485)	7,288,620	(25,257,219)
<u>\$ 2,574</u>	<u>\$ 4,082,366</u>	<u>\$ (22,413,064)</u>

**CITY OF COMPTON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Rubbish</b>	<b>Sewer</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 12,246,086	\$ 9,288,034	\$ 922,847
Cash payments to suppliers for goods and services	(7,814,693)	(10,029,364)	(460,027)
Cash payment to employees for services	(1,676,443)	(197,060)	(159,487)
Net cash provided by (used in) operating activities	<u>2,754,950</u>	<u>(938,390)</u>	<u>303,333</u>
<b>Cash flows from non-capital financing activities:</b>			
Loan repayment from other funds	(1,544,818)	766,312	(104,732)
Loan to other funds	82,735	350,928	-
Transfers to other funds	-	-	-
Taxes and special assessments	51,978	-	962,546
Net cash provided by (used in) non-capital financing Activities	<u>(1,410,105)</u>	<u>1,117,240</u>	<u>857,814</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(3,328,619)	(14,079)	(1,202,808)
Net capital lease financing (payment)	-	-	(36,044)
Principal paid on bonds and notes payable	(68,714)	(715,000)	(285,000)
Interest paid on long-term debt	(2,690,434)	(59,505)	(1,462,147)
Net cash used in capital and related financing activities	<u>(6,087,767)</u>	<u>(788,584)</u>	<u>(2,985,999)</u>
<b>Cash flows from investing activities:</b>			
Decrease (increase) in restricted investment	4,736,510	609,619	1,404,782
Interest received on investments	6,413	117	5,056
Net cash provided by (used in) investing activities	<u>4,742,923</u>	<u>609,736</u>	<u>1,409,837</u>
Net increase (decrease) in cash and cash equivalents	-	-	(415,105)
Cash and cash equivalents, beginning	<u>200</u>	<u>-</u>	<u>506,089</u>
Cash and cash equivalents, ending	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 90,984</u>

See Accompanying Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 79,773	\$ 22,536,740	\$ 11,549,059
(43,725)	(18,347,809)	(6,814,536)
-	(2,032,990)	(1,577,204)
<u>36,048</u>	<u>2,155,941</u>	<u>3,157,325</u>
-	(905,199)	(2,750,416)
(36,048)	835,885	(1,555,968)
-	-	31,943,135
-	1,014,524	-
<u>(36,048)</u>	<u>945,210</u>	<u>27,636,751</u>
-	(4,545,506)	-
-	(36,044)	(106,390)
-	(1,068,714)	-
-	(4,212,086)	-
<u>-</u>	<u>(9,862,350)</u>	<u>(106,390)</u>
-	6,750,911	-
-	11,586	-
-	6,762,497	-
-	1,297	30,687,686
-	506,289	509,590
<u>\$ -</u>	<u>\$ 507,582</u>	<u>\$ 1,148,452</u>

**CITY OF COMPTON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Rubbish</b>	<b>Sewer</b>
Reconciliation of operating income (loss) to net			
Cash provided by (used in) operating activities:			
Operating income (loss)	\$ 994,466	\$ (275,433)	\$ (718,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	85,675	505,877	766,294
Amortization of deferred bond issuance costs	21,440	-	45,930
Amortization of discount on bond issue	33,510	-	14,270
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Taxes receivable	-	-	(57,876)
Accounts receivable	(305,913)	(192,156)	(139,197)
Inventories	(21,033)	-	-
Increase (decrease) in:			
Accounts payable	52,324	-	2
Accrued liabilities	452,111	(1,006,868)	1,608
Accrued interest payable	1,012,631	(14,300)	340,566
Compensated absences	(24,022)	-	-
Increase in post employment benefit liability	374,577	44,490	50,175
Deposits payable	79,184	-	-
Self-insurance claims	-	-	-
Net cash provided by (used in) operating activities	\$ 2,754,950	\$ (938,390)	\$ 303,333

See Accompanying Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 23,655	\$ 24,249	\$ 949,842
-	1,357,846	90,926
-	67,370	-
-	47,780	-
-	(57,876)	-
-	(637,266)	(12,948)
-	(21,033)	4,183
-	52,327	-
(128)	(553,278)	(780,958)
-	1,338,897	-
-	(24,022)	-
1,404	470,646	-
11,117	90,301	-
-	-	2,906,280
\$ 36,048	2,155,941	\$ 3,157,325

**CITY OF COMPTON**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2010**

**Assets:**

Cash and cash equivalents	\$ 381,492
Account receivables	96,712
Due from other funds	<u>479,689</u>

Total assets \$ 957,893

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**Liabilities:**

Accrued liabilities	\$ 10,698
Deposits	709,926
Agency obligations	<u>237,269</u>

Total liabilities \$ 957,893

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See Accompanying Notes to Financial Statements.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

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

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

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

***(b) Government-Wide and Fund Financial Statements***

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

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

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

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

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

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

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

Additionally, the City reports the following fund types:

**Governmental Funds:**

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

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

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

**Proprietary Funds:**

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

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

**Fiduciary Funds:**

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

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

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

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges for sale and services. Operating expenses for enterprise and internal service funds included cost of sales and service, operations and maintenance of systems and facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

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

**1. Investments**

Investments are stated at market value. 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 to 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 investment and recorded at the lower of cost or estimated realizable value. Estimated realizable value is determined upon the execution of a disposition and development agreement. If resale of the land is not anticipated in the near future, a corresponding portion of the fund balance, which is not available for current expenditure, is reserved in the governmental fund financial statements.

**4. Capital Assets**

Capital Assets, which include land, land improvements, buildings, structures, equipment (including furniture), and infrastructure assets are reported in the applicable activity columns in the accompanying government-wide statement of net assets and the proprietary fund statement of net assets. 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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

The cost of normal maintenance and repairs that do not add to the value of the assets 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 within the City is computed on a straight-line method using these estimated useful lives.

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

**5. *Compensated Absences***

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

**6. *Claims and Judgments***

Material claims and judgments are recorded as a liability when it is probable that a claim has been incurred and the amount of the loss can be reasonably estimated. The City records the estimated loss including those incurred but not reported, net of any insurance coverage, in an internal service fund under its self-insurance program. In the opinion of the City Attorney, at June 30, 2010 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 <sup>th</sup> 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.

**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.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

- *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.
- *Unrestricted Net Assets* – this category represents net assets of the City, not restricted for any project or other purpose.

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

**9. Use of Estimates**

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation states that, “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.” The capital assets reported in the *Statement of Net Assets* for governmental funds (excludes internal service funds) are as follows:

Land	\$	30,305,521
Construction in progress		12,878,113
Depreciable building and structures, net		19,595,975
Depreciable land improvement, net		716,447
Depreciable equipment, net		3,179,155
Depreciable infrastructure, net		76,205,640
		76,205,640
	\$	142,880,851

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

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 \$238,459,704 adjustment are as follows:

Bond payable	\$	(210,270,219)
Mortgage loan payable		(3,198,930)
Notes payable		(4,504,027)
Tax sharing obligation		(1,676,476)
Capital lease obligation		(571,497)
Compensated absences		(8,103,626)
Deferred charge on refunding (amortized as interest expense)		1,408,274
Deferred bond issuance costs (amortized over life of debt)		3,351,465
Unamortized bonds discount		909,177
Unamortized bonds premium		(834,696)
Postemployment benefit obligation		(16,400,013)
	<u>\$</u>	<u>(239,890,568)</u>

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statements of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statements 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	\$	18,531,988
Depreciation expenses		(7,760,343)
	<u>\$</u>	<u>10,771,645</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

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

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	\$ 6,935,000
Mortgage loan payable	115,122
Capital lease obligation	114,575
Notes payable	295,807
Debt issuance:	
2010 Series "A", "B" & "C" Community Redevelopment Second Lien Tax Allocation Bonds	(100,725,000)
	<u>\$ (93,264,496)</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	\$ (120,390)
Current year interest accretion	(2,412,916)
Bond issuance costs incurred during the year	2,454,369
Amortization of bond premium	278,233
Amortization of bond discount	(30,300)
Amortization of deferred on refunding of bonds	(344,997)
Amortization of bond issuance cost	(235,376)
Change in compensated absences	724,099
Change in post employment benefit obligation	(8,890,415)
	<u>\$ (9,177,693)</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	6,635,680
Loan repayments received	(93,926)
Loans written-off	(1,528,977)
Change in loans receivable	<u>5,012,777</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(3) Stewardship, Compliance and Accountability**

*Individual Department and Fund Disclosures*

For the year ended June 30, 2010, the following departments of the City had expenditures in the General Fund that exceeded the budget appropriations by the indicated amounts:

City Manager	\$ 4,797,769
Fire Department	2,439,758
Municipal Law Enforcement Services (MLES)	358,850
City Council	191,880
Public Works (Street Maintenance)	112,292
Nondepartmental	3,678,241

At June 30, 2010, the following funds had accumulated deficits:

General Fund	\$ 14,607,702
Department of Health Service Grant	68
California Department of Parks and Recreation Grant	310,170
Special Assessment Special Revenue Fund	2,553,157
Gasoline Tax Fund	326,319
Public Finance Authority Capital Fund	5,874
Nonmajor Enterprise Funds:	
Golf Course	\$ 44,901
Internal Service Funds:	
Equipment Rental	\$ 55,005
Self-Insurance	22,488,611

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 City's Management expects to reduce the deficit in the General Fund within the next 5 years by ensuring that total expenditures are budgeted to be about \$3million below revenues during the 5-year period. Management is currently reviewing some contracts and expenditures to ensure that expenditures that are not critically needed are eliminated. Also, management will ensure that contracts follow competitive bidding process and that the lowest most responsible bids are accepted. This will cut out inflated contract costs and ensure the City curtail expenditures and stay within the budget appropriations.

The self-Insurance Fund possesses the largest deficit in this group totaling \$22,488,611. This amount represents an improvement of \$1,326,515 over the previous year deficit of \$23,815,126 due mainly to reduction in self-insurance expenditures and reduction in general liability estimate resulting from a more efficient management of the general liability and workers compensation operations during the year.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(4) Cash and Investments**

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

**Statement of Net Assets:**

Cash and investments	\$ 19,376,719
Cash and investments held by bond trustee	190,665,392

**Fiduciary Funds:**

Cash and investments	381,492
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Total Cash and Investments	\$ 210,423,603
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Cash overdraft represents negative equity in the City's pooled cash.

Cash and investments at June 30, 2010 are classified as follows:

Cash on hand	\$ 16,150
Deposits with financial institutions	4,543,522
Investments	205,863,931

Total Cash and Investments	\$ 210,423,603
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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**  
**Year Ended June 30, 2010**

**(4) Cash and Investment, (Continued)**

Investments are limited to:

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
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.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

█ **(4) Cash and Investments, (Continued)**

Investments are limited to:

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(4) Cash and Investments, (Continued)**

<u>Investment Type</u>	<u>Amounts</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Money Market Mutual Funds Held by Fiscal Agent:	\$ 1,607,695	\$ 1,607,695
Money Market Mutual Funds	196,682,806	196,682,806
State Investment Pool (LAIF)	<u>7,573,430</u>	<u>7,573,430</u>
	<u>\$ 205,863,931</u>	<u>\$ 205,863,931</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>Amount</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
Money Market Mutual Funds Held by Fiscal Agent:	\$ 1,607,695	AAA	\$ 177,984	\$ 1,429,711
Money Market Mutual Funds	196,682,806	AAA	196,682,806	-
State Investment Pool	<u>7,573,430</u>	N/A	<u>-</u>	<u>7,573,430</u>
	<u>\$ 205,863,931</u>		<u>\$ 196,860,790</u>	<u>\$ 9,003,141</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(4) Cash and Investments, (Continued)**

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal 100% 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 California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2010 was \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010 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, 2010.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(5) Receivables**

Receivables as of June, 30, 2010 are as follows:

Investment Type	Property			Notes, net	Loans	Total
	Taxes	Accounts	Grants			
Governmental Activities:						
General Fund	\$ 2,245,747	\$ 2,922,056	\$ -	\$ -	\$ -	\$ 5,167,803
Federal grants	-	1,359,286	92,843	-	4,503,434	5,955,563
Retirement	1,117,295	-	-	-	-	1,117,295
Redevelopment debt service	2,410,137	1,067,226	-	-	-	3,477,363
PFA debt service	-	1,433	-	-	-	1,433
Redevelopment capital projects	-	825,100	-	327,972	6,000,000	7,153,072
Low/moderate income housing	-	2,929	-	-	18,787,563	18,790,492
Nonmajor governmental funds	286,431	660,238	966,583	-	-	1,913,252
	<u>\$ 6,059,610</u>	<u>\$ 6,838,268</u>	<u>\$ 1,059,426</u>	<u>\$ 327,972</u>	<u>\$ 29,290,997</u>	<u>\$ 43,576,273</u>

Internal Service Funds: Accounts Receivable

	Property			Total
	Taxes	Accounts	Allowance	
				12,948
Business-Type Activities:				
Water	\$ -	\$ 2,677,548	\$ (806,691)	\$ 1,870,856
Rubbish	-	1,504,050	(503,344)	1,000,705
Sewer	104,425	139,396	-	243,822
	<u>\$ 104,425</u>	<u>\$ 4,320,994</u>	<u>\$ (1,310,036)</u>	<u>\$ 3,115,383</u>
Net Total Receivables				<u>\$ 46,704,604</u>

**Notes Receivable**

The City's notes receivable in the Redevelopment Capital Projects Fund as of June 30, 2010 are composed of the following:

Borrower	Balance	Allowance	Net Balance
Bakewell and Bunkley Investment Company	\$ 3,500,000	\$ (3,172,028)	\$ 327,972
Steve Levaton	2,572	(2,572)	-
William and Carolyn German	46,250	(46,250)	-
Rolando and Elida Martinez	32,063	(32,063)	-
Total notes receivable	<u>\$ 3,580,885</u>	<u>\$ (3,252,913)</u>	<u>\$ 327,972</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(5) Receivables, (Continued)**

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

*Loans Receivable*

Loans receivable at June 30, 2010 are as follows:	<b>Balance</b>
Loans receivable, July 1, 2009	\$ 24,278,220
First Time Home Buyers Loans	635,680
Developer loan	6,000,000
Repayment during the year	(93,926)
Reduction of FTHB Loans	(927,004)
Write-off of uncollectable loans	(601,973)
Loans receivable, June 30, 2010	\$ <u>29,290,997</u>

**Community Redevelopment Agency's First Time Home Buyers Assistance, Residential Rehabilitation Assistance Programs 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.

**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 by the City during the year was \$635,680, the amount collected as loans repayment was \$93,926 and the amount treated as grant (reduction) was \$1,145,352. The loans receivable balance as of the year end was \$21,701,595.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**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, 2010, the loans receivable balance was \$1,589,403 for Federal Grants.

**Loan to a Developer**

In line with its objective of promoting economic and physical development within the City, the City provided a loan of \$6,000,000 to a property developer – Gateway Opportunity Fund, LLC (with Prism Realty Corporation acting as the borrower’s Manager in California). The developer acquired an undeveloped land for the development of phase II shopping Center in the City. The Phase I section of the shopping center has been completed while Prism Realty Corporation was in the preparation stage to commence development work on the phase II project. Repayment of loan principal to the City is spread over a 5-year period commencing on February 1, 2012 to end on April 15, 2017. The loan has an interest rate of 6.5% from the date of commence of the loan to January 24, 2012. Thereafter the interest rate will increase to 7% until the principal of the loan is fully repaid to the City.

**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 10 years, the loan is forgiven and treated as a grant. The total amount of the residential rehabilitation assistance granted during the year was \$271,264. This amount has been reported as expenditure in these financial statements as it is improbable that any of the grants or the deferred equity loan will become receivable.

**Planning Department’s Commercial Revolving Loan:**

The City carried amount of \$383,625 as receivable for commercial revolving loans provided by the Planning and Economic Development Unit of the City to companies to finance their operations and enhance their capability to contribute to the economic development of the City. The said loans (funded through the US Department of Commerce, Economic Development Administration) became delinquent and were written off during the year.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(6) Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

**Governmental Activities:**

	<b>Balance July 1, 2009</b>	<b>Addition</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 23,525,645	\$ 6,779,876	\$ -	\$ 30,305,521
Construction in progress	9,934,305	9,402,892	(6,459,084)	12,878,113
Total Capital Assets, not Being Depreciated	<u>33,459,950</u>	<u>16,182,768</u>	<u>(6,459,084)</u>	<u>43,183,634</u>
<b>Capital Assets, Being Depreciated:</b>				
Building and structures	36,049,346	342,083	-	36,391,429
Land improvements	6,918,615	249,373	-	7,167,988
Equipment	43,917,457	1,869,296	-	45,786,753
Infrastructure	159,780,850	6,347,553	-	166,128,403
Total Capital Assets, Being Depreciated	<u>246,666,268</u>	<u>8,808,304</u>	<u>-</u>	<u>255,474,572</u>
<b>Less Accumulated Depreciation for:</b>				
Building and structures	(15,905,313)	(890,141)	-	(16,795,454)
Land improvements	(6,146,205)	(305,336)	-	(6,451,541)
Equipment	(40,813,580)	(1,416,658)	-	(42,230,238)
Infrastructure	(84,683,629)	(5,239,134)	-	(89,922,763)
Total Accumulated Depreciation	<u>(147,548,727)</u>	<u>(7,851,268)</u>	<u>-</u>	<u>(155,399,995)</u>
Total Capital Assets, Being Depreciated, Net	<u>99,117,541</u>	<u>957,036</u>	<u>-</u>	<u>100,074,577</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,577,491</u>	<u>\$ 17,139,804</u>	<u>\$(6,459,084)</u>	<u>\$ 143,258,211</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(6) Capital Assets, (Continued)**

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

General government	\$ 2,440,509
Public safety	515,990
Public works	<u>4,632,863</u>
Total Depreciation	<u>\$ 7,589,362</u>

**Business-Type Activities:**

	<b>Balance July 1, 2009</b>	<b>Addition</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
Capital Assets, Not Being Depreciated:				
Land	\$ 162,097	\$ -	\$ -	\$ 162,097
Construction in progress	<u>413,590</u>	<u>4,384,309</u>	<u>(164,291)</u>	<u>4,633,608</u>
	<u>575,687</u>	<u>4,384,309</u>	<u>(164,291)</u>	<u>4,795,705</u>
Capital Assets, Being Depreciated:				
Building and structures	1,254,963	-	-	1,254,963
Land improvements	157,044	-	-	157,044
Equipment	20,604,753	161,198	-	20,765,951
Infrastructure	<u>441,011</u>	<u>164,291</u>	<u>-</u>	<u>605,302</u>
Total Capital Assets, Being Depreciated	<u>22,457,771</u>	<u>325,489</u>	<u>-</u>	<u>22,783,260</u>
Less Accumulated Depreciation for:				
Building and structures	(919,794)	(31,374)	-	(951,168)
Land improvements	(146,645)	(800)	-	(147,445)
Equipment	(17,565,375)	(1,301,462)	-	(18,866,837)
Infrastructure	<u>(37,120)</u>	<u>(24,212)</u>	<u>-</u>	<u>(61,332)</u>
Total Accumulated Depreciation	<u>(18,668,934)</u>	<u>(1,357,848)</u>	<u>-</u>	<u>(20,026,782)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,788,837</u>	<u>(1,032,359)</u>	<u>-</u>	<u>2,756,478</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,364,524</u>	<u>\$ 3,351,950</u>	<u>\$ (164,291)</u>	<u>\$ 7,552,183</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(6) Capital Assets, (Continued)**

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

Water	\$	85,675
Rubbish		505,877
Sewer		<u>766,294</u>
 Total Depreciation	 \$	 <u><u>1,357,846</u></u>

**(7) Interfund Transactions**

The following table summarizes interfund receivables and payables at June 30, 2010.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Governmental Funds :</b>		
General Fund	\$ -	\$ 3,107,517
Retirement Fund	8,884,751	-
Redevelopment Debt Service Fund	14,857,971	9,570
Public Finance Authority Debt Service Fund	734,251	-
Redevelopment Capital Projects Fund	-	14,781,251
Nonmajor Governmental Funds	<u>946,926</u>	<u>3,657,964</u>
	25,423,899	21,556,302
<b>Internal Service Funds</b>	<u>-</u>	<u>14,265,538</u>
	25,423,899	35,821,840
<b>Enterprise Funds :</b>		
Water	6,589,684	-
Rubbish	-	350,928
Sewer	3,611,198	-
Nonmajor Enterprise Funds	68,298	-
<b>Agency Fund</b>	<u>479,689</u>	<u>-</u>
	<u>\$ 36,172,768</u>	<u>\$ 36,172,768</u>

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(7) Interfund transactions, (Continued)**

*Transfers*

<b>Transfers Out</b>	<b>Transfers In</b>						<b>Total</b>
	<b>General</b>	<b>Federal Grants</b>	<b>Redevelopment Capital Projects</b>	<b>Low/Moderate Income Housing</b>	<b>Nonmajor Funds</b>	<b>Internal Service</b>	
<b>Governmental activities:</b>							
General Fund	\$ -	\$ 1,059,697	\$ -	\$ -	\$ 616,632	\$ 1,726,313	\$ 3,402,642
Federal Grants	231,894	-	-	-	-	-	231,894
Redevelopment Debt Service	-	-	-	8,621,717	-	-	8,621,717
Redevelopment Capital Projects	-	-	10,534,664	-	-	-	10,534,664
Nonmajor Funds	92	-	-	-	-	168,000	168,092
	<b>\$ 231,986</b>	<b>\$ 1,059,697</b>	<b>\$ 10,534,664</b>	<b>\$ 8,621,717</b>	<b>\$ 616,632</b>	<b>\$ 1,894,313</b>	<b>\$ 22,959,009</b>

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long -Term Debt**

**1. Indebtedness**

As of June 30, 2010, the City's long-term indebtedness consisted of the following:

<u>Governmental 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, 2010</u>
<b>Long-term Debt Liabilities:</b>					
<b>Bonds Payable:</b>					
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	\$ 32,210,219
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	7/6/2006	8/1/2013	5.00%	51,215,000	31,605,000
2008 Series Compton Public Finance Authority refunding and various capital projects bond	5/1/2008	9/1/2032	4.00%-5.25%	46,800,000	45,730,000
2010 Series "A", "B" and "C" Community Redevelopment Second Lien Tax Allocation Bonds	6/9/2010	8/2/2024 & 8/2/2042	3.00%-7.74%	100,725,000	<u>100,725,000</u>
					210,270,219
Less : Deferral on refunding					
2006 Series A refunding tax allocation bond					(978,999)
1997 "A" Series Certificate of Participation					(429,275)
Less: Discount on Issue of 2008 Series Compton PFA refunding and various capital projects bond					
					(154,372)
Add: Bond Premium on issue of 2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt					
					834,696
Less: Discount on issue of 2010 Series "A", "B" and "C" Community Redevelopment Second Lien Tax Allocation Bonds					
					<u>(754,805)</u>
Total bond payable					<u>208,787,464</u>
<b>Mortgage Loan Payable:</b>					
Energy Retrofit / Revenue Enhancement	7/31/2006	7/31/2022	4.52%	3,314,052	3,198,930
<b>Notes Payable:</b>					
Housing Section 108 Notes	8/9/2001	8/1/2020	6.00%	5,000,000	4,300,000
Energy Conservation Assistance Loan	10/21/2004	6/22/2012	3.95%	635,087	<u>204,027</u>
Total notes payable					<u>4,504,027</u>
<b>Tax Sharing obligations</b>					
					1,676,476
<b>Capital lease obligation</b>					
Printing and tree trimming equipment					954,260
<b>Compensated absences</b>					
					<u>8,103,626</u>
Total Governmental Activities - Long-term Liabilities					<u>\$ 227,224,783</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

<b>Business-Type Activities</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Amount of Issue</b>	<b>Outstanding June 30, 2010</b>
<b>Long-Term Debt Liabilities:</b>					
<b>Bonds payable:</b>					
1998 Sewer Revenue Refunding Bonds	6/1/1998	9/1/2023	4.200 - 5.375%	\$ 8,310,000	\$ 5,920,000
Sewer Revenue Bonds, Series 2009	5/20/2009	9/1/2039	5.625 - 6.000%	18,710,000	18,710,000
2000 Solid Waste Revenue Bonds	6/29/2000	8/1/2020	Variable	6,000,000	1,105,000
Water Revenue Bonds, Series 2009	5/20/2009	8/1/2039	5.625 - 6.000%	44,040,000	44,040,000
					<hr/>
					69,775,000
Less: Discount on issue of Water Revenue Bonds, Series 2009					(1,005,311)
Less: Discount on issue of Sewer Revenue Bonds, Series 2009					(428,101)
					<hr/>
Total Bonds Payable					68,341,588
<b>Notes payable:</b>					
Water Utility Note	12/15/1994	6/13/2013	8.10%	818,071	154,964
<b>Capital Lease obligations</b>					78,256
<b>Compensated absences</b>					783,122
					<hr/>
Total Business-type Activities - Long-term Liabilities					<u>\$ 69,357,930</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

**Community Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010A(Housing), 2010B & 2010C (Taxable)**

On June 9, 2010, the City issued \$100,725,000 of Second Lien Tax Allocation Bonds made up of Series "A" (\$31,130,000 for Housing projects), Series B (\$69,595,000 for general redevelopment projects) and Series C (\$18,260,000 Taxable – for other redevelopment projects). The bonds interest rates are between 3.00% and 5.00% for Series A, 5.00% and 5.75% for Series B and 7.29% and 7.74% for Series C. The proceeds of the bonds of \$98,113,767 after deducting bond issue costs of \$1,832,840 (for underwriter's fees, legal fees, rating agency fees, financial advisor's fee and consultants' fees) and bond discount of \$778,393 was deposited with the Bond trustee (Fiscal Agent). The City draws down from the bond money as and when bond expenditures are made on the bond projects.

The 2010 Second Lien 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 \$201,798,346. The bonds are payable as follows – Series A (August 2011 through 2042), Series B (August 2011 through 2042) and Series C (August 2011 through 2024). There were no principal and interest payments during the current year while total incremental property tax revenue for the year was \$27,136,929. The amount of principal outstanding at June 30, 2010 for all of the 2010 Series was \$100,725,000.

In May, 2008, the City issued \$46,860,000 of Lease Revenue Bonds with an interest rate of 4.0% and 5.25% to advance refund \$14,700,000 outstanding 1997 "A" Certificate 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 of 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, 2010, \$8.1 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 \$82,327,864 million payable through September 2032. The amount of the principal and interest paid for the current year which also represents the rental payments made by the City to the Authority was \$2,319,888. The amount of principal outstanding on the bonds at June 30, 2010 was \$45,730,000.

On July 6, 2006, the City issued \$51.2 million in Tax Allocation Bonds with an average interest rate of 5.0 percent 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.

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 \$34,866,625, payable through August 2013. For the current year, principal and interest paid and total incremental property tax revenues, were \$8,862,000 and \$27,136,929 respectively. The amount of principal outstanding on the bonds at June 30, 2010 was \$31,605,000.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

**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 to end in 2024. During the grace period before the loan payment commences, the interest on the bond is added as an accretion to the bond balance. The amount of the bond is \$10,137,530 while total accretion as of June 30, 2010 is \$22,072,689..

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 bond is \$66,212,927, 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 \$27,136,929. The amount of principal outstanding at June 30, 2010 was \$32,210,219.

**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 \$4,280,893, payable through July 2022. Principal and interest paid during the year was \$262,995. The amount of principal outstanding on the mortgage loan at June 30, 2010 was \$3,198,930.

**Energy Conservation Assistance Loan**

In October 2004, the City obtained \$635,078 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 \$214,198, payable through December 2012. Principal and interest paid during the year was \$106,971. The amount of principal outstanding at June 30, 2010 was \$204,027.

**Housing Section 108 Notes**

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.

The total principal and interest remaining on the Note is \$6,045,628, payable through August 2021. Principal and interest paid during the year was \$476,820. The amount of principal outstanding on the notes at June 30, 2010 was \$4,300,000.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

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

Year Ending June 30	Bonds Payable	
	Principal	Interest
2011	\$ 7,305,000	\$ 4,564,669
2012	8,495,000	9,207,567
2013	8,920,000	8,788,917
2014	9,375,000	8,348,766
2015	5,209,895	11,844,947
2016-2020	28,091,375	53,359,369
2021-2025	33,671,260	44,045,656
2026-2030	43,860,000	19,732,977
2031-2035	24,600,000	9,533,565
2036-2040	10,635,000	4,398,300
2041-2042	8,035,000	982,800
Total Debt Service Payment	188,197,530	\$ 174,807,533
Cumulative Accretion	22,072,689	*
Total Principal, June 30, 2010	\$ 210,270,219	

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

Year Ending June 30	Mortgage Loan Payable	
	Principal	Interest
2011	131,737	142,394
2012	149,587	136,143
2013	168,749	129,064
2014	189,303	121,095
2015	211,334	112,173
2016-2020	1,445,411	388,645
2021-2023	902,810	52,448
	\$ 3,198,930	\$ 1,081,962

Year Ending June 30	Notes Payable			
	Housing Section 108 Notes		Energy Conservation Asst. Loan	
	Principal	Interest	Principal	Interest
2011	200,000	265,400	99,896	7,075
2012	300,000	250,950	104,131	3,096
2013	300,000	233,250	-	-
2014	300,000	318,135	-	-
2015	300,000	268,750	-	-
2016-2020	1,500,000	261,175	-	-
2021-2023	1,400,000	148,225	-	-
	\$ 4,300,000	\$ 1,745,885	\$ 204,027	\$ 10,171

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

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

<u>Year Ending</u> <u>June 30</u>	<u>Capital Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 229,980	64,295
2012	239,455	57,595
2013	227,829	50,480
2014	154,715	32,023
	<u>\$ 851,979</u>	<u>\$ 204,393</u>

The net book value of the leased equipment as of the year-end was \$333,253.

**Property Tax Sharing Obligation**

The City's Redevelopment Agency received revenues from property taxes collected on its behalf by the Los Angeles County. A portion of the property tax revenue is required 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 the Agency and the Compton Unified School District. As at the year end the amount of the property tax share which has not been spent on a mutually agreed project and which may be payable to the trust fund was \$1,676,476.

The City's Community Redevelopment Agency has an agreement with 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 amount has not been included as indebtedness of the City in these financial statements.

**Long-Term Debt - Enterprise Funds Bonded Indebtedness:**  
**Water Revenue Bonds, Series 2009**

In May, 2009, the City issued \$44,040,000 of Water Revenue Bonds with an interest rate of 5.625.0% - 6.00% to finance part of the cost of overhauling the City's Water System.

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 \$94,992,262. Repayment of the bond principal will commence in 2014. Interest paid and total revenues of the Water operations for the current year were \$1,627,886 and \$12,246,086, respectively.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>		<u>Interest</u>	
2011	\$ -		2,472,737	
2012	-		2,472,737	
2013	-		2,472,737	
2014	765,000		2,461,263	
2015	820,000		2,435,437	
2016-2020	4,490,000		11,665,048	
2021-2025	5,820,000		10,412,105	
2026-2030	7,725,000		8,512,698	
2031-2035	10,390,000		5,842,500	
2036-2040	14,030,000		2,205,000	
Total	<u>\$ 44,040,000</u>		<u>\$ 50,952,262</u>	

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

**Sewer Revenue Bonds, Series 2009**

In May, 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 2009 Sewer Revenue Bonds are secured by all of the Sewer Service Charges excluding operation and maintenance expenses payable from the Sewer Service Charges. Total principal outstanding on the bond is \$40,317,313. Repayment of the principal loan will commence in 2014. Interest paid for the current year and Sewer Charges exclusive of the operating and maintenance expenses were \$778,606 and \$922,846, respectively.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	1,049,806
2012	-	1,049,806
2013	-	1,049,806
2014	335,000	1,044,781
2015	345,000	1,033,719
2016-2020	1,940,000	4,947,901
2021-2025	2,465,000	4,412,995
2026-2030	3,275,000	3,608,099
2031-2035	4,405,000	2,475,750
2036-2040	5,945,000	934,650
Total	<u>\$ 18,710,000</u>	<u>\$ 21,607,313</u>

**Sewer Refunding Bonds, Series 1998**

In June 1998, the City issued \$8.3 million in Sewer Revenue Refunding Bonds with an average interest rate of 5.2% to advance refund \$7.285 million of outstanding Series 1993 Sewer Revenue Bonds. The old bonds were defeased by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2010 \$1.4 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 \$8,406,582. Principal and interest paid for the current year and total taxes and special assessments revenues were \$607,303 and \$962,546, 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, 2010, the outstanding bond balance is \$5,920,000. The annual requirements to amortize all bonds outstanding, including interest payments, are listed below.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 295,000	307,441
2012	310,000	291,938
2013	330,000	275,537
2014	345,000	258,241
2015	365,000	239,591
2016-2020	2,125,000	875,184
2021-2024	2,150,000	238,650
Total	<u>\$ 5,920,000</u>	<u>\$ 2,486,582</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

**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 principal and interest remaining to be paid on the bonds is \$1,421,920. Principal and interest paid for the current year and total customer net revenues were \$785,200 and \$9,288,034, respectively.

Interest on the bonds is payable on February 1<sup>st</sup> and August 1<sup>st</sup> of each year until maturity, redemption, or purchase thereof. As of June 30, 2010 the outstanding bond balance is \$1,105,000. The annual requirements to amortize all bonds outstanding, including interest payments, are as follows

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 80,000	51,120
2012	80,000	47,280
2013	85,000	43,320
2014	90,000	39,120
2015	95,000	18,480
2016-2020	550,000	111,600
2021-2024	125,000	6,000
Total	<u>\$ 1,105,000</u>	<u>\$ 316,920</u>

**Notes Payable - Water Utility:**

The City's Water Utility Enterprise Fund borrowed \$933,393 for utility improvements under provisions of the State of California Safe Drinking Water contract. As of June 30, 2010, the outstanding note payable balance is \$154,964. Payments on the note are due semiannually. The term of the note is for 35 years at an interest rate of 7.40%.

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 70,763	12,459
2012	76,097	7,125
2013	8,104	2,563
Total	<u>\$ 154,964</u>	<u>\$ 22,147</u>

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	38,062	4,382
2012	40,194	2,251
Total	<u>\$ 78,256</u>	<u>\$ 6,633</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

**Changes in Long-Term Debt:**

The following is a summary of long-term debt transactions for the year ended June 30, 2010.

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amount due Within One Year
<b>Governmental Activities</b>					
<b>Debt Long-Term Liabilities:</b>					
<b>Bonds Payable:</b>					
1995 Series "C" refunding tax allocation bonds - taxable (The total balance of \$29,797,303 includes \$22,072,689 of accreted value)	\$ 10,137,530	\$ -	\$ -	\$ 10,137,530	\$ -
Add: Interest accretion	19,659,773	2,412,916	-	22,072,689	-
2006 Series "A" refunding tax allocation capital appreciation bonds - tax exempt	38,540,000	-	(6,935,000)	31,605,000	7,305,000
Less: Deferred on refunding	(1,305,332)	-	326,333	(978,999)	-
Add: Bond premium	1,112,929	-	(278,233)	834,696	-
2008 Series Compton Public Finance Authority refunding and various capital projects	45,730,000	-	-	45,730,000	-
Less: Discount on issue	(161,084)	-	6,712	(154,372)	-
Less: Deferred on refunding of 1997 "A" Certificate of participation	(447,939)	-	18,664	(429,275)	-
2010 Series "A", "B" and "C" Community Redevelopment Second Lien Tax Allocation Bonds	-	100,725,000	-	100,725,000	-
Less: Discount on issue	-	(778,393)	23,588	(754,805)	-
	<u>113,265,877</u>	<u>102,359,523</u>	<u>(6,837,936)</u>	<u>208,787,464</u>	<u>7,305,000</u>
<b>Mortgage Loan Payable:</b>					
Energy Retrofit / Revenue Enhancement	3,314,052	-	(115,122)	3,198,930	131,737
<b>Capital lease obligations:</b>					
Tree Trimming and Other Equipment	591,256	769,731	(406,727)	954,260	287,075
<b>Notes Payable:</b>					
Housing Section 108 notes	4,500,000	-	(200,000)	4,300,000	200,000
Energy Conservation Assistance Loan	299,834	-	(95,807)	204,027	99,896
Total notes payable	<u>4,799,834</u>	<u>-</u>	<u>(295,807)</u>	<u>4,504,027</u>	<u>299,896</u>
<b>Tax Sharing obligations</b>					
Tax sharing indebtedness	1,676,476	-	-	1,676,476	-
	<u>1,676,476</u>	<u>-</u>	<u>-</u>	<u>1,676,476</u>	<u>-</u>
<b>Other Long-term liabilities:</b>					
Compensated absences	8,827,725	1,382,425	(2,106,524)	8,103,626	2,106,524
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 132,475,220</u>	<u>\$ 104,511,679</u>	<u>\$ (9,762,116)</u>	<u>\$ 227,224,783</u>	<u>\$ 10,130,232</u>

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(8) Long-Term Debt, (Continued)**

<u>Business-type Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Amount due Within One Year</u>
<b>Debt Long-Term Liabilities:</b>					
<b>Bonds payable:</b>					
1998 Sewer Revenue Refunding Bonds	\$ 6,205,000	\$ -	\$ (285,000)	\$ 5,920,000	\$ 295,000
2000 Solid Waste Revenue Bonds	1,820,000	-	(715,000)	1,105,000	80,000
Water Revenue Bonds, Series 2009	44,040,000	-	-	44,040,000	-
Less: Discount on issue of Water Revenue Bonds, Series 2009	(1,038,821)	-	33,510	(1,005,311)	-
Sewer Revenue Bonds, Series 2009	18,710,000	-	-	18,710,000	-
Less: Discount on issue of Sewer Revenue Bonds, Series 2009	(442,371)	-	14,270	(428,101)	-
	<u>69,293,808</u>	<u>-</u>	<u>(952,220)</u>	<u>68,341,588</u>	<u>375,000</u>
<b>Loan payable:</b>					
Water Utility Note	223,678	-	(68,714)	154,964	70,763
<b>Capital Lease obligations</b>	114,300	-	(36,044)	78,256	38,062
<b>Other Long-term liabilities:</b>					
Compensated absences	807,144	119,787	(143,809)	783,122	119,797
Total Business-type Activities - Long-term liabilities	<u>\$ 70,438,930</u>	<u>\$ 119,787</u>	<u>\$ (1,200,787)</u>	<u>\$ 69,357,930</u>	<u>\$ 603,622</u>

**(9) 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.

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, 2010 is as follows:

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(9) Risk Management – Claims and Judgments, (Continued)**

	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</u>
Claims liabilities, July 1, 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 change in the provision for events of prior fiscal years	1,620,734	295,641	1,916,375
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(1,652,913)	(792,474)	(2,445,387)
Claims liabilities, June 30, 2009	3,755,011	1,390,917	5,145,928
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	4,674,317	900,915	5,575,232
Payments on claims attributable to events of both the current fiscal year and prior fiscal year	(1,625,166)	(1,043,786)	(2,668,952)
Claims liabilities, June 30, 2010	<u>\$ 6,804,162</u>	<u>\$ 1,248,046</u>	<u>\$ 8,052,208</u>

**(10) Other information**

***Pension Plan Description***

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

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(10) Other information, (Continued)**

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

**Funding Policy**

Active plan members are required to contribute 7% for miscellaneous employees and 9% for safety-fire employees for their annual covered salary. The City makes such employees contributions on their behalf up to 7% for miscellaneous employees, 9% for safety-fire employees. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010 was 8% for miscellaneous employees and 9% for firefighters. The contribution requirements of the Plan members are established by State status and the employer contribution rate is established and may be amended by CalPERS.

**Plan Funding Status**

The funded status of the miscellaneous plan based on the June 30, 2008 actuarial valuation is as follows:

<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
\$136,746,394	\$115,068,267	\$21,678,127	84%	\$15,453,499	140%

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

**Annual pension cost:** For fiscal year 2009-2010, the City's annual pension costs of \$3,311,771 for miscellaneous, \$2,543,457 for safety-police, and \$3,245,429 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 is shown as follows for the miscellaneous plan:

Valuation date	June 30, 2008.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level percent of payroll.
Average remaining period	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**  
**Year Ended June 30, 2010**

**(10) Other information, (Continued)**

**Three-Year Trend Information for the Miscellaneous Plan**

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2010	\$ 3,311,771	100%	\$ -
2009	\$ 3,370,048	100%	\$ -
2008	\$ 2,895,656	100%	\$ -

**Three-Year Trend Information for the Safety Police Plan**

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2010	\$ 2,543,457	100%	\$ -
2009	\$ 2,452,688	100%	\$ -
2008	\$ 2,474,283	100%	\$ -

**Three-Year Trend Information for the Safety Fire Plan**

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2010	\$ 3,245,429	100%	\$ -
2009	\$ 2,912,263	100%	\$ -
2008	\$ 2,740,432	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**  
**Year Ended June 30, 2010**

**(10) Other information, (Continued)**

*Post Employment Benefits*

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

**2. Eligibility**

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and have put in 5 years of CalPERS services (unless disabled). The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2010:

	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 \$617.14 per month for each retiree. For the year ended June 30, 2010, the City contributed \$3,251,101 to the plan.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the **annual required contribution of the employer (ARC)**, an amount actuarially determined in accordance with the parameters of GASB Statement 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 estimated OPEB obligation as of June 30, 2010, based on the 2010 actuarial valuation (the most recent actuarial valuation), was \$17,364,000. Summary of the OPEB obligation is provided below.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(10) Other information, (Continued)**

<u>OPEB Cost and Obligation</u>	
Annual Service Cost	\$ 10,645,364
Interest on net OPEB obligation	150,000
Adjustment to service cost	-
Required Contribution during the year (if plan is prefunded)	10,795,364
Contribution paid (based on Pay-As-You-Go basis)	(3,251,101)
Increase in net OPEB obligation	7,544,263
Net OPEB obligation - beginning	9,819,737
Net OPEB obligation - ending	<u>\$ 17,364,000</u>

The City's OPEB obligation as of June 30, 2010, the most recent valuation, was \$5,746,438. The City's annual OPEB cost, the percentage of annual OPEB cost paid and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual</u>	<u>Percentage of</u>	<u>Net OPEB</u>
<u>Ended</u>	<u>OPEB Cost</u>	<u>Annual OPEB</u>	<u>Obligation</u>
		<u>Cost Contributed</u>	
6/30/2010	\$ 10,795,364	30%	\$ 17,364,000
6/30/2009	\$ 10,625,321	31%	\$ 9,819,737
6/30/2008	\$ 5,668,000	56%	\$ 2,491,708

The City of Compton implemented GASB 45 for the fiscal year ended June 30, 2008. Information prior to fiscal year 2008 is not available. The City's annual OPEB contribution paid is significantly lower than the actuarially determined required contribution because the City operates the Pay-As-You-Go plan. The City does not prefund the OPEB plan but makes payment on 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 is no Plan Asset. The City does not intend to prefund the OPEB plan.

**4. Funding Status and Progress**

The funded status based on the June 30, 2010 actuarial valuation is as follows:

<u>Accrued</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Annual</u>	<u>UAAL as</u>
<u>Liability</u>	<u>Value of</u>	<u>Liability</u>	<u>Ratio</u>	<u>Covered</u>	<u>a % of</u>
\$125,693,000	<u>Assets</u>	<u>(UAAL)</u>	<u>N/A</u>	<u>Payroll</u>	<u>Covered</u>
	\$0	\$125,693,000		\$23,920,000	<u>Payroll</u>
					525.47%

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(10) Other Information, (Continued)**

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**5. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 7.75 percent 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 percent. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25 % per year.

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(10) Other Information, (Continued)**

**PERS - Miscellaneous Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability (A)</b>	<b>Actuarial Value of Assets (B)</b>	<b>Unfunded Liability (UAAL) (A-B)</b>	<b>Funded Ratio (B/A)</b>	<b>Annual Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll [(A-B)/C]</b>
6/30/2006	\$ 122,975,578	\$ 108,980,095	\$ 13,995,483	89%	\$ 12,174,711	114.96%
6/30/2007	\$ 130,255,772	\$ 109,385,522	\$ 20,870,250	84%	\$ 13,975,341	149.34%
6/30/2008	\$ 136,746,394	\$ 115,068,267	\$ 21,678,127	84%	\$ 15,453,499	140.28%

**OPEB**

<b>Valuation Date</b>	<b>Accrued Liability (A)</b>	<b>Actuarial Value of Assets (B)</b>	<b>Unfunded Liability (UAAL) (A-B)</b>	<b>Funded Ratio (B/A)</b>	<b>Annual Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll [(A-B)/C]</b>
6/30/2010	\$ 125,693,000	\$ -	\$ 125,693,000	-	\$ 23,920,000	525.47%

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(11) Contingent Liability**

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. At this time, the amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined.

**(12) 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 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 for the 2009-2010 was made on the due date. The Agency will fund the 2010-2011 SERAF payment from its property tax revenues.

The Governor of the State of California is exploring various plans by which to balance the budget of the State of California for the fiscal year ending June 30, 2012. One of the plans being considered would involve re-directing redevelopment funding to other units of state and local government. At this stage, the Governor’s consideration of these various budget solutions is too preliminary to ascertain what actions, if any, will be taking by the State with respect to this issue.

**(13) Budget Compliance**

Funds where expenditures exceeded appropriations are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$64,456,591	\$70,002,992	\$5,546,399
Redevelopment Capital Projects Fund	\$29,947,509	\$39,239,938	\$9,292,429

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(14) Pledged Revenues**

The City and its component units have a number of debt issuance outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Tax Increment Revenues	\$ 27,136,929	\$9,549,781	35%
Lease Revenues	\$2,319,888	\$2,319,888	100%
Water Operation Revenue	\$12,246,086	\$1,627,886	13%
Sewer Revenues	\$1,885,393	\$1,652,247	88%

**(15) City's Financial Condition and Management Plans**

General Fund of the City of Compton

The General Fund is typically the focal point in analyzing the financial health of the City because the General Fund is expected to be able to cover both its costs and to act as a financial backstop for other funds in the event of an insufficiency with respect to the other funds. During the fiscal year ended June 30, 2010, the City had a decrease in general fund balance of \$12,021,192 with an ending general fund deficit of \$14,607,702. Additionally, the General Fund has a net interfund liability of \$3,107,520 and \$0 cash balance. Furthermore, the General Fund has accounts payable of \$11,600,398 and accrued liabilities of \$4,982,759 indicating significant liquidity problems at June 30, 2010. The City had the following other governmental funds with significant fund deficits as of June 30, 2010:

California Department of Parks and Recreation Grant	\$ 310,170
Special Assessment Special Revenue Fund	2,553,157
Gasoline Tax Fund	326,320

**CITY OF COMPTON**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**(15) City's Financial Condition and Management Plans, (Continued)**

These deficits will need to be eliminated through acquiring additional revenues or through subsidy of the General Fund.

Additionally, the Self-Insurance Internal Service Fund had a net asset deficit of \$22,488,610. The General Fund is largely responsible for the foregoing deficit and will be required to cover this deficit with future charges to the General Fund.

Governmental Funds Net Deficit

At the Government-Wide level, the accompanying financial statements reflect that unrestricted net assets of the governmental funds were a deficit of \$79,126,660 further indicating that the City has exhausted its unrestricted net assets.

Management's Plans to Improve Operations and Limit City Obligations

The following are management's plans to reduce expenditures and increase revenue in future periods relating to the City's General Fund:

- Reduce employee costs through lay-off and / or furlough.
- Implement competitive bidding process for all contracts to cut down on contract costs.
- Review existing contracts and renegotiate the contract prices where possible.
- Review the City's operations and expenditure drivers to cut out activities that are not critical and that are at variance with the strategic plan of the City.
- Perform audit of business license and other fees collected from businesses operating within the City to ensure that the appropriate revenues due to the City are collected. The City has not performed such audit for several years.
- Review the City's Codes / Ordinances and update the various fees therein. Some of the fees and charges are low and would be increased to generate more revenues for the City.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF COMPTON**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes and special assessments	\$ 29,481,892	\$ 29,481,892	\$ 24,378,801	\$ (5,103,091)
Licenses and permits	3,640,112	3,640,112	3,150,629	(489,483)
Intergovernmental revenues	8,927,727	8,927,727	8,657,535	(270,192)
Fines, forfeitures, and penalties	2,261,030	2,261,030	1,605,833	(655,197)
Use of money and property	4,430,741	4,430,740	4,299,824	(130,916)
Charges for services	11,553,017	11,553,017	19,059,834	7,506,817
Other	2,426,703	4,789,116	-	(4,789,116)
	<u>62,721,222</u>	<u>65,083,634</u>	<u>61,152,456</u>	<u>(3,931,178)</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Current:				
General government	8,350,790	8,957,575	12,921,631	(3,964,056)
Public safety	16,319,069	16,089,518	19,120,740	(3,031,222)
Public works	1,331,289	1,329,830	1,240,249	89,581
Management services	28,127,441	30,053,133	30,952,977	(899,844)
Environmental and human services	7,705,292	7,771,184	5,491,752	2,279,432
Debt Service:				
Principal	252,926	182,571	172,137	10,434
Interest	-	72,780	103,506	(30,726)
	<u>62,086,807</u>	<u>64,456,591</u>	<u>70,002,992</u>	<u>(5,546,401)</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues under expenditures	<u>634,415</u>	<u>627,043</u>	<u>(8,850,536)</u>	<u>(9,477,579)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	231,986	231,986
Transfers out	-	-	(3,402,642)	(3,402,642)
	<u>634,415</u>	<u>627,043</u>	<u>(12,021,192)</u>	<u>(12,648,235)</u>
<b>Net change in fund balance</b>				
Fund (deficit), beginning	<u>(2,586,510)</u>	<u>(2,586,510)</u>	<u>(2,586,510)</u>	<u>-</u>
Fund (deficit), ending	<u>\$ (1,952,095)</u>	<u>\$ (1,959,467)</u>	<u>\$ (14,607,702)</u>	<u>\$ (12,648,235)</u>

See Accompanying Note to Required Supplementary Information.

**CITY OF COMPTON**  
**Federal Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 12,815,380	\$ 24,952,887	\$ 12,052,478	\$ (12,900,409)
Use of money and property	1,771,710	1,771,710	2,790,989	1,019,279
Charges for services	826,140	826,140	1,090,644	264,504
Other	369,892	2,057,546	129,347	(1,928,199)
	<u>15,783,122</u>	<u>29,608,283</u>	<u>16,063,458</u>	<u>(13,544,825)</u>
<b>Expenditures:</b>				
Current:				
General government	57,714	205,150	190,077	15,073
Public safety	117,325	1,264,619	168,482	1,096,137
Public works	-	2,904,000	1,045,706	1,858,294
Management services	22,113	-	-	-
Environmental and human services	14,044,789	24,447,516	16,677,155	7,770,361
Debt service:				
Principal	200,000	200,000	200,000	-
Interest	276,820	276,820	276,820	-
	<u>14,718,761</u>	<u>29,298,105</u>	<u>18,558,240</u>	<u>10,739,865</u>
Excess (deficiency) of revenues over expenditures				
Net change in fund balance	<u>1,064,361</u>	<u>310,178</u>	<u>(2,494,782)</u>	<u>(2,804,960)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	1,059,697	1,059,697
Transfers out	-	-	(231,894)	(231,894)
Net change in fund balance	1,064,361	310,178	(1,666,979)	(1,977,157)
Fund balance, beginning	<u>5,738,700</u>	<u>5,738,700</u>	<u>5,738,700</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,803,061</u>	<u>\$ 6,048,878</u>	<u>\$ 4,071,721</u>	<u>\$ (1,977,157)</u>

**CITY OF COMPTON**  
**Retirement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 13,672,997	\$ 13,672,997	\$ 14,395,840	\$ 722,843
Intergovernmental revenues	269,000	269,000	264,838	(4,162)
Use of money	-	-	2,465	2,465
Other	3,433,741	2,746,269	25	(2,746,244)
	<u>17,375,738</u>	<u>16,688,266</u>	<u>14,663,168</u>	<u>(2,025,098)</u>
<b>Expenditures:</b>				
Current:				
General government	977,953	977,953	741,572	236,381
Public safety	4,948,835	5,062,894	5,363,485	(300,591)
Public works	64,596	-	62,897	(62,897)
Management services	8,500,587	8,673,040	7,668,010	1,005,030
Environmental and human services	1,909,783	1,909,783	1,281,740	628,043
	<u>16,401,754</u>	<u>16,623,670</u>	<u>15,117,704</u>	<u>1,505,966</u>
Net change in fund balance	973,984	64,596	(454,536)	(519,132)
Fund balance, beginning	<u>10,096,799</u>	<u>10,096,799</u>	<u>10,096,799</u>	<u>-</u>
Fund balance, ending	<u>\$ 11,070,783</u>	<u>\$ 10,161,395</u>	<u>\$ 9,642,263</u>	<u>\$ (519,132)</u>

**CITY OF COMPTON**  
**Note to Required Supplementary Information**  
**Year Ended June 30, 2010**

**Budgetary Information**

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

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

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

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

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

**Budgetary Controls**

Each Department Director is responsible for monitoring actual versus budget appropriation for every line expenditure item. The City's financial accounting system generates actual expenditures alongside the budgeted amounts for review by the City Manager and Department Directors. Also, on a monthly basis, the City Controller prepares and submits financial reports to the City Manager, the Honorable Mayor and the City Council Members. The City Management utilizes the monthly financial report for decision making, expenditure control and cash flow management.

**SUPPLEMENTARY INFORMATION**

**CITY OF COMPTON**  
**Redevelopment Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes and special assessment	31,825,654	27,136,930	(4,688,724)
Use of money and property	400,000	2,041	(397,959)
Total revenues	32,225,654	27,138,971	(5,086,682)
<b>Expenditures:</b>			
Current:			
Redevelopment	436,370	451,333	(14,963)
Debt service:			
Principal	6,935,000	6,935,000	-
Interest	3,421,304	1,753,625	1,667,679
Pass-through payments	-	321,108	(321,108)
SERAF payment	8,253,971.00	8,253,971	-
Total expenditures	19,046,645	17,715,037	1,331,607
Deficiency of revenues under expenditures	13,179,009	9,423,934	(3,755,075)
<b>Other financing source (uses):</b>			
Bond proceeds	-	11,976,207	11,976,207
Transfer out	-	(8,621,717)	(8,621,717)
Net change in fund balance	13,179,009	12,778,424	(400,585)
Fund balance, beginning	16,859,018	16,859,018	-
Fund balance, ending	30,038,027	29,637,442	(400,585)

**CITY OF COMPTON**  
**Public Financing Authority Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 4,049	\$ 4,049
Other	2,252,391	2,319,888	67,497
	<u>2,252,391</u>	<u>2,323,937</u>	<u>71,546</u>
<b>Expenditures:</b>			
General government	2,157,916	1,143,789	1,014,127
Management services	50,423	23,565	26,858
Debt service:			
Interest	2,319,889	2,319,888	1
	<u>4,528,228</u>	<u>3,487,242</u>	<u>1,040,986</u>
Net change in fund balance	(2,275,837)	(1,163,305)	1,112,532
Fund deficit, beginning	<u>33,661,928</u>	<u>33,661,928</u>	<u>-</u>
Fund balance, ending	<u>\$ 31,386,091</u>	<u>\$ 32,498,623</u>	<u>\$ 1,112,532</u>

**CITY OF COMPTON**  
**Redevelopment Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	4,846,648	268,548	(4,578,100)
Other	208,306	21,569	(186,736)
Total Revenues	5,054,954	290,117	(4,764,836)
<b>Expenditures:</b>			
Current:			
General Government	9,590,581	20,901,678	(11,311,097)
Professional services	-	2,386,243	(2,386,243)
Public safety	299,998	184,649	115,349
Environmental and Human Services	11,420,101	8,581,462	2,838,639
Debt service:			
Principal	234,986	9,207,561	(8,972,575)
Interest	147,872	119,687	28,185
Bond issuance costs	-	2,454,369	(2,454,369)
Total expenditures	21,693,538	43,835,649	(22,142,111)
Deficiency of revenues under expenditures	(16,638,584)	(43,545,532)	(26,906,948)
<b>Other financing sources (uses):</b>			
Bond proceeds	-	88,748,793	88,748,793
Loan proceeds	-	9,150,000	9,150,000
Discount on loan	-	(1,052,892)	(1,052,892)
Transfers in	1,193,914	10,534,664	9,340,750
Transfers out	-	(10,534,664)	(10,534,664)
Total other financing sources (uses)	1,193,914	96,845,901	95,651,987
Net change in fund balance	(15,444,670)	53,300,369	68,745,039
Fund balance, beginning	44,315,555	44,315,555	-
Fund balance, ending	\$ 28,870,885	\$ 97,615,924	\$ 68,745,039

**CITY OF COMPTON**  
**Low/Moderate Income Housing Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ 165,000	\$ 5,802	\$ (159,198)
Other	<u>51,411</u>	<u>22,834</u>	<u>(28,577)</u>
Total revenues	<u>216,411</u>	<u>28,636</u>	<u>(187,775)</u>
<b>Expenditures:</b>			
Current:			
General government	<u>4,588,367</u>	<u>976,157</u>	<u>3,612,210</u>
Total expenditures	<u>4,588,367</u>	<u>976,157</u>	<u>3,612,210</u>
Deficiency of revenues under expenditures	(4,371,956)	(947,521)	3,424,435
<b>Other financing sources:</b>			
Transfers in	<u>4,371,956</u>	<u>8,621,717</u>	<u>4,249,761</u>
Net change in fund balance	-	7,674,196	7,674,196
Fund balance, beginning	<u>4,805,451</u>	<u>4,805,451</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,805,451</u>	<u>\$ 12,479,647</u>	<u>\$ 7,674,196</u>

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**CITY OF COMPTON**  
**Description of Nonmajor Governmental Funds**

**SPECIAL REVENUE FUNDS**

**County Transportation Funds**

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

**Gasoline Tax Funds**

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

**California Department of Transportation Grant Funds**

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

**Department of Health Service Grant Fund**

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

**California Department of Parks and Recreation Grant Funds**

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

**Special Assessments Fund**

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

**Other Special Revenue Fund**

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

**CITY OF COMPTON**  
**Description of Nonmajor Governmental Funds**

**CAPITAL PROJECT FUNDS**

**Public Finance Authority Fund**

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

**CITY OF COMPTON**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	<b>Special Revenue Funds</b>			
	<b>County Transportation</b>	<b>Gasoline Tax</b>	<b>California Department of Transportation Grant</b>	<b>Department of Health Service Grant</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,100,601	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Accounts receivable, net	374,266	282,396	-	-
Grants receivable	-	-	790,770	-
Due from other funds	-	-	946,926	-
Total assets	<u>1,474,867</u>	<u>282,396</u>	<u>1,737,696</u>	<u>-</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	78,959	-	115,020	-
Accrued liabilities	73,713	64,206	398,376	-
Due to other funds	-	544,509	-	68
Due to other governmental agencies	-	-	174,343	-
Total liabilities	<u>152,672</u>	<u>608,715</u>	<u>687,739</u>	<u>68</u>
<b>Fund balances (deficit):</b>				
Reserved:				
Encumbrances	368,995	23,000	391,673	-
Unreserved:				
Undesignated	953,200	(349,319)	658,284	(68)
Total fund balances (deficit)	<u>1,322,195</u>	<u>(326,319)</u>	<u>1,049,958</u>	<u>(68)</u>
Total liabilities and fund balances	<u>\$ 1,474,867</u>	<u>\$ 282,397</u>	<u>\$ 1,737,696</u>	<u>\$ -</u>

Special Revenue Funds			Capital Projects Fund	
California Department of Parks and Recreation	Special Assessments	Other	Public Financing Authority Capital Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,100,601
-	286,431	-	-	286,431
69	-	-	3,508	660,239
-	-	175,813	-	966,583
-	-	-	-	946,926
<u>69</u>	<u>286,431</u>	<u>175,813</u>	<u>3,508</u>	<u>3,960,779</u>
31,204	\$ -	\$ -	\$ -	\$ 225,183
-	105,037	86,161	-	727,493
279,035	2,734,551	90,419	9,382	3,657,964
-	-	-	-	174,343
<u>310,239</u>	<u>2,839,588</u>	<u>176,580</u>	<u>9,382</u>	<u>4,784,983</u>
-	65,058	897,091	-	1,745,817
<u>(310,169)</u>	<u>(2,618,215)</u>	<u>(897,858)</u>	<u>(5,874)</u>	<u>(2,570,019)</u>
<u>(310,170)</u>	<u>(2,553,157)</u>	<u>(767)</u>	<u>(5,874)</u>	<u>(824,204)</u>
\$ <u>69</u>	\$ <u>286,431</u>	\$ <u>175,813</u>	\$ <u>3,508</u>	\$ <u>3,960,779</u>

**CITY OF COMPTON**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**

	<u>Special Revenue Funds</u>			
	<u>County Transportation</u>	<u>Gasoline Tax</u>	<u>California Department of Transportation Grant</u>	<u>Department of Health Service Grant</u>
<b>Revenues:</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	2,556,925	1,719,937	5,987,487	28,530
Use of money and property	151,916	37	312	-
Charges for current services	-	-	-	-
Total revenues	<u>2,708,841</u>	<u>1,719,974</u>	<u>5,987,799</u>	<u>28,529</u>
<b>Expenditures:</b>				
Current:				
Professional services	-	-	-	-
Public safety	-	-	-	-
Public works	1,804,386	2,370,142	4,493,257	-
Management services	449,985	-	-	128,569
Environmental and human services	802,971	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,057,342</u>	<u>2,370,142</u>	<u>4,493,257</u>	<u>128,569</u>
Excess (deficiency) of revenue over expenditures	(348,501)	(650,168)	1,494,542	(100,040)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	425,439
Transfers out	(168,000)	-	-	-
Net change in fund balance	(516,501)	(650,168)	1,494,542	325,399
Fund balances (deficit), beginning,	<u>1,838,695</u>	<u>323,849</u>	<u>(444,584)</u>	<u>(325,468)</u>
Fund balances (deficit), ending	<u>\$ 1,322,194</u>	<u>\$ (326,320)</u>	<u>\$ 1,049,958</u>	<u>\$ (69)</u>

<b>Special Revenue Funds</b>			<b>Capital Projects Fund</b>	
<b>California Department of Parks and Recreation</b>	<b>Special Assessments</b>	<b>Other</b>	<b>Public Financing Authority Capital Fund</b>	<b>Total</b>
\$ -	\$ 4,320,927	\$ -	\$ -	\$ 4,320,927
31,500	-	715,599	-	11,039,978
156	-	182	2,032	154,635
-	-	7,288	-	7,288
<u>31,656</u>	<u>4,320,927</u>	<u>723,068</u>	<u>2,032</u>	<u>15,522,828</u>
-	-	132,524	-	132,524
-	-	360,341	-	360,341
-	3,589,095	-	-	12,256,880
-	-	-	99,856	678,410
-	-	607,980	-	1,410,951
-	95,806	-	-	95,806
-	11,164	-	-	11,164
<u>-</u>	<u>3,696,065</u>	<u>1,100,845</u>	<u>99,856</u>	<u>14,946,076</u>
31,656	624,862	(377,777)	(97,824)	576,752
33,345	-	88,620	69,228	616,632
-	-	(92)	-	(168,092)
<u>65,001</u>	<u>624,862</u>	<u>(289,248)</u>	<u>(28,596)</u>	<u>1,025,292</u>
<u>(375,171)</u>	<u>(3,178,017)</u>	<u>288,481</u>	<u>22,722</u>	<u>(1,849,493)</u>
<u>\$ (310,170)</u>	<u>\$ (2,553,155)</u>	<u>\$ (767)</u>	<u>\$ (5,874)</u>	<u>\$ (824,204)</u>

**CITY OF COMPTON**  
**Nonmajor County Transportation Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 3,336,487	\$ 2,556,925	\$ (779,562)
Use of money and property	1,079,076	151,916	(927,160)
	<u>4,415,563</u>	<u>2,708,841</u>	<u>(1,706,722)</u>
<b>Expenditures:</b>			
Current:			
Public works	4,277,047	1,804,386	2,472,661
Management services	736,086	449,985	286,101
Environmental and human services	885,172	802,971	82,201
	<u>5,898,305</u>	<u>3,057,341</u>	<u>2,840,964</u>
Deficiency of revenues under expenditures	(1,482,742)	(348,500)	1,134,242
<b>Other financing uses:</b>			
Transfers out	-	(168,000)	(168,000)
Net change in fund balance	(1,482,742)	(516,500)	966,242
Fund balance, beginning	<u>1,838,695</u>	<u>1,838,695</u>	<u>-</u>
Fund balance, ending	<u>\$ 355,953</u>	<u>\$ 1,322,195</u>	<u>\$ 966,242</u>

**CITY OF COMPTON**  
**Nonmajor Gasoline Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 2,169,554	\$ 1,719,937	\$ (449,617)
Use of money and property	2,700	37	(2,663)
Others	193,368	-	(193,368)
	<u>2,365,622</u>	<u>1,719,974</u>	<u>(645,648)</u>
<b>Expenditures:</b>			
Current:			
Public works	<u>2,365,622</u>	<u>2,370,142</u>	<u>(4,520)</u>
Net change in fund balance	-	(650,168)	(650,168)
Fund balance, beginning	<u>323,849</u>	<u>323,849</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 323,849</u>	<u>\$ (326,319)</u>	<u>\$ (650,168)</u>

**CITY OF COMPTON**  
**Nonmajor California Department of Transportation Grant Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 13,266,665	\$ 5,987,487	\$ (7,279,178)
Use of money and property	-	312	312
	<u>13,266,665</u>	<u>5,987,799</u>	<u>(7,278,866)</u>
<b>Expenditures:</b>			
Current:			
Public works	<u>12,878,665</u>	<u>4,493,257</u>	<u>8,385,408</u>
Net change in fund balance	388,000	1,494,542	1,106,542
Fund balance (deficit), beginning	<u>(444,584)</u>	<u>(444,584)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>(56,584)</u></u>	<u><u>\$ 1,049,958</u></u>	<u><u>\$ 1,106,542</u></u>

**CITY OF COMPTON**  
**Nonmajor Department of Health Service Grant Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 65,521	\$ 28,530	\$ (36,991)
Charges for current services	8,624	-	(8,624)
Total Revenues	74,145	28,530	(45,615)
<b>Expenditures:</b>			
Current:			
Management services	74,145	128,569	(54,424)
Deficiency of revenues under expenditures	-	(100,039)	(100,039)
<b>Other financing uses:</b>			
Transfers in	-	425,439	425,439
Net change in fund balance	-	325,400	325,400
Fund (deficit), beginning	(325,468)	(325,468)	-
Fund (deficit), ending	\$ (325,468)	\$ (68)	\$ 325,400

**CITY OF COMPTON**  
**Nonmajor California Department of Parks and Recreation Service Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 1,284,836	\$ 31,500	\$ (1,253,336)
Use of money and property	-	156	156
	<u>1,284,836</u>	<u>31,656</u>	<u>(1,253,180)</u>
<b>Expenditures:</b>			
Current:			
Public works	1,284,836	-	1,284,836
	<u>-</u>	<u>31,656</u>	<u>31,656</u>
Deficiency of revenues under expenditures			
<b>Other financing sources (uses):</b>			
Transfers in	-	33,345	33,345
	<u>-</u>	<u>65,001</u>	<u>65,001</u>
Net change in fund balance			
Fund (deficit), beginning	<u>(375,171)</u>	<u>(375,171)</u>	<u>-</u>
Fund (deficit), ending	<u>\$ (375,171)</u>	<u>\$ (310,170)</u>	<u>\$ 65,001</u>

**CITY OF COMPTON**  
**Nonmajor Special Assessments Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes and special assessments	\$ 4,230,000	\$ 4,320,927	\$ 90,927
<b>Expenditures:</b>			
Current:			
Public works	4,813,347	3,589,095	1,224,252
Debt Service:			
Principal	-	95,806	(95,806)
Interest	-	11,164	(11,164)
Total expenditures	<u>4,813,347</u>	<u>3,696,066</u>	<u>1,117,281</u>
Net change in fund balance	(583,347)	624,861	1,026,354
Fund (deficit), beginning	<u>(3,178,017)</u>	<u>(3,178,017)</u>	<u>-</u>
Fund (deficit), ending	<u><u>\$ (3,761,364)</u></u>	<u><u>\$ (2,553,157)</u></u>	<u><u>\$ 1,208,207</u></u>

**CITY OF COMPTON**  
**Nonmajor Other Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 2,088,664	\$ 715,599	\$ (1,373,065)
Use of money and property	-	182	182
Charges for current services	25,548	7,288	(18,260)
Others	501,035	-	(501,035)
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	2,615,247	723,069	(1,892,178)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures:</b>			
Current:			
Professional services	251,706	132,524	119,182
Public safety	810,325	360,341	449,984
Environmental and human services	3,901,619	607,980	3,293,639
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	4,963,650	1,100,845	3,862,805
	<u>          </u>	<u>          </u>	<u>          </u>
Deficiency of revenues under expenditures	(2,348,403)	(377,776)	1,970,627
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other financing sources (uses):</b>			
Transfers in	-	88,620	88,620
Transfers out	-	(92)	(92)
	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balance	(2,348,403)	(289,248)	2,059,155
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance, beginning	288,481	288,481	-
	<u>          </u>	<u>          </u>	<u>          </u>
Fund (deficit), ending	\$ (2,059,922)	\$ (767)	\$ 2,059,155
	<u>          </u>	<u>          </u>	<u>          </u>

**CITY OF COMPTON**  
**Nonmajor Public Financing Authority Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 2,032	\$ 2,032
<b>Expenditures:</b>			
Management services	50,423	99,856	(\$49,433)
Deficiency of revenues over expenditures	(50,423)	(97,824)	(47,401)
<b>Other financing sources:</b>			
Transfers in	(55,228)	69,228	124,456
Net change in fund balance	(105,651)	(\$28,596)	77,055
Fund balance, beginning	22,722	22,722	-
Fund (deficit), ending	<u>\$ (82,929)</u>	<u>\$ (5,874)</u>	<u>\$ 77,055</u>

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**CITY OF COMPTON  
Description of Nonmajor  
Enterprise Funds**

**ENTERPRISE FUNDS**

**Golf Course Fund**

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

**Recreation Fund**

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

**CITY OF COMPTON**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2010**

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Due from other funds	\$ -	\$ 111,795	\$ 111,795
<b>Liabilities:</b>			
Current liabilities:			
Accrued liabilities	-	3,413	3,413
Due to other funds	43,497	-	43,497
Deposits	-	60,907	60,907
Postemployment benefit liability	1,404	-	1,404
Total liabilities	<u>44,901</u>	<u>64,320</u>	<u>109,221</u>
<b>Net Assets:</b>			
Unrestricted	<u>(44,901)</u>	<u>47,475</u>	<u>2,574</u>
Total net assets (deficit)	<u><u>\$ (44,901)</u></u>	<u><u>\$ 47,475</u></u>	<u><u>\$ 2,574</u></u>

**CITY OF COMPTON**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2010**

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 73,130	\$ 5,405	\$ 78,535
Other	-	1,238	1,238
Total operating revenue	<u>73,130</u>	<u>6,643</u>	<u>79,773</u>
<b>Operating expenses:</b>			
Public works	42,055	-	42,055
Environmental and human services	-	12,659	12,659
Total operating expenses	<u>42,055</u>	<u>12,659</u>	<u>54,714</u>
Change in net assets	31,075	(6,016)	25,059
Net assets (deficit), beginning	<u>(75,976)</u>	<u>53,491</u>	<u>(22,485)</u>
Net assets (deficit), ending	<u>\$ (44,901)</u>	<u>\$ 47,475</u>	<u>\$ 2,574</u>

**CITY OF COMPTON**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2010**

	<u>Golf Course</u>	<u>Recreational</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 73,130	\$ 6,643	\$ 79,773
Cash payment to suppliers for goods and services	<u>(42,183)</u>	<u>(1,542)</u>	<u>(43,725)</u>
Net cash provided by (used in) operating activities	<u>30,947</u>	<u>5,101</u>	<u>36,048</u>
<b>Cash flows from non-capital financing activities:</b>			
Loan to other funds	<u>(30,947)</u>	<u>(5,101)</u>	<u>(36,048)</u>
Net cash provided by (used in) financial activities	<u>(30,947)</u>	<u>(5,101)</u>	<u>(36,048)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	-	-
Cash and cash equivalents, beginning as restated	-	-	-
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 31,075	\$ (6,016)	\$ 25,059
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Changes in operating liabilities:			
Increase (decrease) in:			
Accrued liabilities	(128)	-	(128)
Deposits payable	-	11,117	11,117
Postemployment benefit liability	<u>1,404</u>	<u>-</u>	<u>1,404</u>
Net cash provided by operating activities	<u>\$ 32,351</u>	<u>\$ 5,101</u>	<u>\$ 37,452</u>

**CITY OF COMPTON**  
**Description of Nonmajor Internal Service Funds**

**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 cost.

**Central Duplicating Fund**

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

**Self-Insurance Funds**

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

**Central Purchasing Fund**

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

**CITY OF COMPTON**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2010**

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	210,527	-	210,527
Accounts receivable	9,220	-	3,728	12,948
Inventories, at cost	11,145	-	-	11,145
Total current assets	<u>20,365</u>	<u>210,527</u>	<u>3,728</u>	<u>234,620</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	44,109	-	-	44,109
Depreciated	96,763	236,489	-	333,252
Total assets	<u>161,237</u>	<u>447,016</u>	<u>3,728</u>	<u>611,981</u>
<b>Liabilities:</b>				
Current liabilities:				
Due to other funds	97,923	-	14,378,142	14,476,065
Accrued liabilities	45,561	6,459	61,986	114,006
Self-insurance claim	-	-	8,052,209	8,052,209
Capital Lease	23,221	70,216	-	93,437
Non-current liabilities:				
Capital Lease	49,537	239,790	-	289,327
Total liabilities	<u>216,242</u>	<u>316,465</u>	<u>22,492,337</u>	<u>23,025,045</u>
<b>Net Assets (deficit):</b>				
Invested in capital assets	68,114	-	-	68,114
Unrestricted	(123,120)	130,551	(22,488,609)	(22,481,177)
<b>Net Assets (deficit)</b>	<u><u>\$ (55,005)</u></u>	<u><u>\$ 130,551</u></u>	<u><u>\$ (22,488,609)</u></u>	<u><u>\$ (22,413,064)</u></u>

**CITY OF COMPTON**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2010**

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Revenues:</b>				
Charges to other funds	\$ 3,635,824	\$ 615,049	\$ 7,298,186	\$ 11,549,059
	<u>3,635,824</u>	<u>615,049</u>	<u>7,298,186</u>	<u>11,549,059</u>
<b>Operating expenses:</b>				
Administration and personnel service	2,009,237	633,071	2,290,752	4,933,060
Self-insurance service	-	-	5,575,231	5,575,231
Depreciation	12,096	78,830	-	90,926
Total operating expenses	<u>2,021,333</u>	<u>711,901</u>	<u>7,865,983</u>	<u>10,599,217</u>
Operating income (loss)	<u>1,614,491</u>	<u>(96,852)</u>	<u>(567,796)</u>	<u>949,842</u>
Transfers in	<u>-</u>	<u>-</u>	<u>1,894,313</u>	<u>1,894,313</u>
Change in net assets	1,614,491	(96,852)	1,326,517	2,844,155
Net assets (deficit), beginning	<u>(1,669,496)</u>	<u>227,403</u>	<u>(23,815,126)</u>	<u>(25,257,219)</u>
Net assets (deficit), ending	<u>\$ (55,005)</u>	<u>\$ 130,551</u>	<u>\$ (22,488,609)</u>	<u>\$ (22,413,064)</u>

**CITY OF COMPTON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2010**

	<b>Equipment Rental</b>	<b>Central Duplication</b>	<b>Self Insurance</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 3,635,824	\$ 615,049	\$ 7,298,186	\$ 11,549,059
Cash payments to suppliers for goods and services	(1,812,778)	(402,187)	(4,599,568)	(6,814,533)
Cash payments to employees for services	(252,920)	(244,549)	(1,079,735)	(1,577,204)
Net cash provided by (used in) operating activities	<u>1,570,126</u>	<u>(31,687)</u>	<u>1,618,883</u>	<u>3,157,325</u>
<b>Cash flows from non-capital financing activities:</b>				
Loan from other funds	-	115,830	(2,866,245)	(2,750,415)
Loan repayment from other funds	(1,547,880)	-	(8,088)	(1,555,968)
Transfers from other funds (net)	-	-	3,194,313	3,194,313
Net cash provided by (used in) non-capital financing activities	<u>(1,547,880)</u>	<u>115,830</u>	<u>319,980</u>	<u>(1,112,070)</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital lease payment	(22,246)	(84,143)	-	(106,389)
Net increase in cash and cash equivalents	<u>(22,246)</u>	<u>(84,143)</u>	<u>-</u>	<u>(106,389)</u>
Cash and cash equivalents, beginning	-	-	509,590	509,590
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148,452</u>	<u>\$ 1,148,452</u>
Reconciliation of operating income to net cash provided by (used in) Operating activities:				
Operating income (loss)	1,614,491	(96,856)	(567,796)	949,841
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:				
Account receivable	(9,220)		(3,728)	(12,948)
Inventories, at cost	4,183	-	-	4,183
Increase (decrease) in:				
Accrued liabilities	(51,424)	(13,661)	(715,872)	(780,957)
Self-insurance claims	-	-	2,906,280	2,906,280
Net cash provided by (used in) operating activities	<u>\$ 1,570,126</u>	<u>\$ (31,687)</u>	<u>\$ 1,618,883</u>	<u>\$ 3,157,325</u>

**STATISTICAL SECTION**

**CITY OF COMPTON**  
**Net Assets by Component** <sup>2</sup>  
**Last Eight Fiscal Years Ended June 30, 2010** <sup>1</sup>  
**(accrual basis of accounting)**

	FISCAL YEAR							
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
<b>Governmental Activities</b>								
Investment in capital assets net of related debt	55,244,196	105,434,915	103,263,431	71,626,813	57,921,902	59,473,801	45,837,995	(47,958,950)
<b>Restricted for:</b>								
Debt Service	78,674,427	50,520,946	3,923,370	27,815,354	21,052,832	25,736,997	2,683,317	735,191
Federal Grants	4,071,721	5,738,700	6,073,469	-	-	-	-	-
Retirement	9,642,263	10,096,799	7,004,049	-	-	-	-	-
Low/Moderate Income Housing	12,479,647	4,805,451	8,707,378	15,649,307	15,751,889	12,812,433	-	-
Capital projects	-	-	-	-	-	-	23,710,484	25,254,528
Total Restricted:	104,868,058	71,161,896	25,708,266	43,464,661	36,804,721	38,549,430	26,393,801	25,989,719
Unrestricted (deficit)	(79,126,660)	(73,680,009)	(16,125,315)	(20,998,398)	(8,900,776)	(12,652,051)	10,153,621	12,364,306
<b>Total governmental activities net assets</b>	<b>80,985,594</b>	<b>102,916,802</b>	<b>112,846,382</b>	<b>94,093,076</b>	<b>85,825,847</b>	<b>85,371,180</b>	<b>82,385,417</b>	<b>(9,604,925)</b>
<b>Business-type Activities</b>								
Investment in capital assets net of related debt	(659,446)	(3,303,471)	(2,452,431)	(2,754,364)	(2,578,276)	(2,359,618)	(2,047,298)	(1,823,701)
<b>Restricted:</b>								
Debt Service	-	-	-	1,313,475	1,280,791	1,139,033	1,170,893	1,115,422
Unrestricted	4,741,812	10,592,091	10,515,615	10,245,907	10,372,581	10,601,733	8,916,470	6,628,731
<b>Total business-type activities net assets</b>	<b>4,082,366</b>	<b>7,288,620</b>	<b>8,063,184</b>	<b>8,805,018</b>	<b>9,075,096</b>	<b>9,381,148</b>	<b>8,040,065</b>	<b>5,920,452</b>
<b>Primary Government</b>								
Investment in capital assets, net of related debt	54,584,750	102,131,444	100,811,000	68,872,449	55,343,626	57,114,183	43,790,697	(49,782,651)
Restricted	104,868,058	71,161,896	25,708,266	44,778,136	38,085,512	39,688,463	27,564,694	27,105,141
Unrestricted	(74,384,848)	(63,087,918)	(5,609,700)	(10,752,491)	1,471,805	(2,050,318)	19,070,091	18,993,037
<b>Total Primary Government Net Assets</b>	<b>85,067,960</b>	<b>110,205,422</b>	<b>120,909,566</b>	<b>102,898,094</b>	<b>94,900,943</b>	<b>94,752,328</b>	<b>90,425,482</b>	<b>(3,684,473)</b>

Notes: (1) - City of Compton implemented GASB 34 reporting module for the fiscal year ended June 30, 2003. Information prior to implementation of GASB 34 is not available.

(2) - Accounting standards require that net assets be reported in three components in the financial statements invested in capital assets, net of related debt, restricted, and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of California or the federal government places a restriction on how the revenues may be used, or (2) enabling legislations is enacted by the City.

Source: City of Compton Controller's Office

**CITY OF COMPTON**      ( )  
**Changes in Net Assets**  
**Last Eight Fiscal Years Ended June 30, 2010** <sup>1</sup>  
**(accrual basis of accounting)**

	FISCAL YEAR							
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
<b>Expenses</b>								
<b>Governmental Activities</b>								
General Government	32,964,055	38,272,613	23,443,830	21,258,818	17,908,134	17,630,345	10,961,007	8,359,056
Professional services	178,156	7,022,038	2,949,881	2,553,340	1,383,772	858,816	5,346,830	6,071,423
Pass-through payments	321,108	302,709	291,514	545,917	2,225,609	-	-	-
Public safety	25,197,695	22,303,016	35,581,399	32,003,284	31,059,430	31,610,851	27,220,907	25,967,325
Public works	7,589,084	8,599,347	11,441,949	14,192,804	12,524,711	11,464,775	11,832,845	15,965,961
Management services	44,256,023	39,865,098	18,243,546	15,739,993	18,478,034	17,291,518	19,409,698	16,100,386
Environmental and human services	41,697,032	20,382,744	23,928,671	18,943,357	17,075,184	13,615,454	9,644,101	17,050,856
Interest on long-term debt	7,924,073	6,524,030	4,639,493	5,466,006	6,427,757	6,706,308	8,078,054	5,877,020
<b>Total governmental activities expenses:</b>	<b>160,127,226</b>	<b>143,271,595</b>	<b>120,520,283</b>	<b>110,703,519</b>	<b>107,082,631</b>	<b>99,178,067</b>	<b>92,493,442</b>	<b>95,392,027</b>
<b>Business-type Activities</b>								
Water	13,942,054	8,676,522	7,728,075	8,099,664	7,329,123	6,443,559	7,109,337	7,903,027
Rubbish	9,622,973	10,108,895	9,860,413	9,472,482	9,492,470	7,281,675	7,990,263	8,005,912
Sewer	3,149,364	1,634,418	1,635,760	1,004,222	1,023,605	1,044,660	1,980,332	1,720,910
Golf course	42,055	49,014	25,255	59,579	85,173	91,912	144,613	180,792
Recreational	12,659	10,363	7,625	19,656	20,158	2,524	24,678	41,290
<b>Total business-type activities expenses:</b>	<b>26,769,105</b>	<b>20,479,212</b>	<b>19,257,128</b>	<b>18,655,603</b>	<b>17,950,529</b>	<b>14,864,330</b>	<b>17,249,223</b>	<b>17,851,931</b>
<b>Total primary government expenses</b>	<b>186,896,331</b>	<b>163,750,807</b>	<b>139,777,411</b>	<b>129,359,122</b>	<b>125,033,160</b>	<b>114,042,397</b>	<b>109,742,665</b>	<b>113,243,958</b>

**CITY OF COMPTON**  
**Changes in Net Assets**  
**Last Eight Fiscal Years Ended June 30, 2010 <sup>1</sup>**  
**(accrual basis of accounting)**

**Program Revenues**

Governmental Activities

Charges for services								
General government	23,179,585	19,934,692	14,606,335	12,366,980	14,367,164	12,197,681	11,862,176	702,319
Public safety	-	-	-	-	-	-	-	6,514,029
Public works	4,320,927	4,315,571	4,221,867	157,604	5,219,948	4,263,331	-	5,144,429
Management services	3,635,824	1,828,782	1,309,141	-	155,998	147,483	5,769,659	1,999,190
Environmental and human services	2,759,035	2,570,725	2,618,262	4,372,691	142,643	220,391	7,650	491,838
Operating grants and contributions	17,357,886	16,842,297	21,258,234	17,167,255	15,722,409	19,569,316	20,200,376	10,779,291
Capital grants and contribution	5,987,487	3,448,042	6,181,629	67,595	5,636,679	7,755,703	2,740,692	19,886,726
Total governmental activities program revenues	<u>57,240,744</u>	<u>48,940,109</u>	<u>50,195,468</u>	<u>34,132,125</u>	<u>41,244,841</u>	<u>44,153,905</u>	<u>40,580,553</u>	<u>45,517,822</u>

Business-type Activities

Charges for services								
Water	12,298,064	9,085,575	8,636,019	7,884,511	7,182,483	6,685,082	7,475,443	7,021,389
Rubbish	9,288,034	9,988,931	9,820,752	9,386,424	9,534,623	8,946,338	8,588,602	7,935,514
Sewer	1,885,393	949,914	904,138	913,448	1,055,009	965,557	978,013	945,071
Golf course	73,130	47,488	44,160	60,130	66,038	68,469	90,491	89,728
Recreational	6,643	15,139	16,374	17,002	18,608	11,085	48,429	38,356
Total business-type activities program revenues	<u>23,551,264</u>	<u>20,087,047</u>	<u>19,421,443</u>	<u>18,261,515</u>	<u>17,856,761</u>	<u>16,676,531</u>	<u>17,180,978</u>	<u>16,030,058</u>
Total primary government revenues	80,792,008	69,027,156	69,616,911	52,393,640	59,101,602	60,830,436	57,761,531	61,547,880

Governmental activities	(102,886,482)	(94,331,486)	(70,324,815)	(76,571,394)	(65,837,790)	(55,024,162)	(51,912,889)	(49,874,205)
Business-type activities	(3,217,841)	(392,165)	164,315	(394,088)	(93,768)	1,812,201	(68,245)	(1,821,873)
Total net revenue (expenses):	(106,104,323)	(94,723,651)	(70,160,500)	(76,965,482)	(65,931,558)	(53,211,961)	(51,981,134)	(51,696,078)

**General Revenue and Other Changes in Net Assets**

**Governmental activities**

<b>Taxes:</b>								
Property taxes	37,500,000	38,725,002	26,763,000	39,853,831	22,249,690	22,800,645	32,881,538	14,787,278
Sales and use taxes	6,727,145	6,727,145	6,243,608	5,470,861	5,645,469	5,752,515	4,840,903	9,263,450
Utility user taxes	14,934,144	14,934,144	14,244,579	14,145,842	12,499,366	11,465,263	11,170,344	11,042,705
Franchise taxes	1,011,967	1,011,967	1,106,504	1,139,939	1,179,642	1,102,012	613,578	676,632
Transient occupancy taxes	194,220	194,220	256,218	235,970	226,103	198,822	202,596	194,398
Motor vehicle in-lieu of taxes	8,680,210	8,680,210	8,352,461	7,592,743	8,748,874	6,254,453	4,325,538	11,354,920
Other taxes	11,672,682	-	-	-	-	-	-	35,440
Investment earnings	234,906	332,863	2,584,664	3,166,628	1,825,529	1,332,859	1,680,459	923,015
Gain on sale of land	-	119,651	3,764,243	8,893,428	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	35,380
Other	-	13,243,388	13,668,511	3,925,740	8,247,109	8,278,788	2,898	101,651
Transfers	-	433,316	(170,353)	-	-	-	-	-
Total governmental activities	80,955,274	84,401,906	76,813,435	84,424,982	60,621,782	57,185,357	55,717,854	48,414,869
<b>Business-type activities</b>								
Investment earnings	11,587	48,382	172,204	123,009	112,764	57,285	35,437	-
Franchise tax	-	-	-	-	-	-	-	126,117
Other	-	2,535	1,150	1,000	214,279	60,132	21,984	82,989
Transfers	-	(433,316)	170,353	-	-	-	-	-
Total business-type activities	11,587	(382,399)	343,707	124,009	327,043	117,417	57,421	209,106
Total primary government	80,966,861	84,019,507	77,157,142	84,548,991	60,948,825	57,302,774	55,775,275	48,623,975
<b>Change in Net Assets</b>								
Governmental activities	(21,931,208)	(9,929,580)	6,488,620	7,853,588	(5,216,008)	2,161,195	3,804,965	(1,459,336)
Business-type activities	(3,206,254)	(774,564)	508,022	(270,079)	233,275	1,929,618	(10,824)	(1,612,767)
Total primary government	(25,137,462)	(10,704,144)	6,996,642	7,583,509	(4,982,733)	4,090,813	3,794,141	(3,072,103)

**Notes:**

(1)- City of Compton implemented GASB 34 reporting module for the fiscal year ended June 30, 2003. Information prior to implementation of GASB 34 is not available.

(2)- Net(expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.

-A number in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

-Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

Source: City of Compton Controller's Office

**CITY OF COMPTON**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years Ended June 30, 2010**  
**(modified accrual basis of accounting)**

	FISCAL YEAR									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
General Fund										
Reserved	3,206,779	8,608,577	5,601,360	2,511,091	2,500,000	2,535,215	2,541,249	2,596,029	6,282,362	7,898,933
Unreserved	(17,814,481)	(11,195,087)	6,178,682	19,907,495	19,455,370	15,505,624	9,996,492	11,305,108	6,772,846	5,897,465
Total general fund:	(14,607,702)	(2,586,510)	11,780,042	22,418,586	21,955,370	18,040,839	12,537,741	13,901,137	13,055,208	13,796,398
All Other Governmental Funds										
Reserved	109,814,512	96,315,162	100,811,541	50,358,495	48,293,510	48,181,225	47,322,807	40,131,997	46,655,666	56,470,849
Unreserved, reported in:										
Special revenue funds	9,075,683	2,767,032	12,213,269	11,817,140	13,933,813	12,758,134	13,634,150	10,608,556	12,505,547	7,983,852
Debt service funds	-	-	(2,317,258)	429,514	428,911	-	-	468,554	-	-
Capital project funds	66,287,928	14,545,764	714,484	15,996,675	3,378,386	2,100,289	2,111,656	10,614,766	2,963,787	2,889,889
Total all other governmental funds:	185,178,123	113,627,958	111,422,036	78,601,824	66,034,620	63,039,648	63,068,613	61,823,873	62,125,000	67,344,590

**CITY OF COMPTON**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years Ended June 30, 2010**  
**(modified accrual basis of accounting)**

	FISCAL YEAR									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
<b>Revenues:</b>										
Taxes and special assessments	70,232,498	74,439,900	67,124,846	65,371,374	55,807,864	52,602,002	49,506,362	49,162,534	44,094,687	46,418,608
Licenses and permits	3,150,629	3,817,856	3,548,748	3,482,928	3,150,367	3,138,631	2,758,078	2,521,777	1,958,388	2,456,730
Intergovernmental revenues	32,014,829	28,264,383	31,948,463	25,806,606	27,465,192	27,342,176	23,623,557	24,524,784	27,373,390	27,977,317
Fines, forfeitures, and penalties	1,605,833	1,983,459	1,798,654	1,976,981	1,878,404	2,431,216	2,186,091	1,591,161	1,165,044	1,074,654
Contribution from other funds	-	-	-	-	-	-	3,058,652	-	-	-
Use of money and property	7,528,353	7,615,832	6,683,778	7,569,133	6,561,871	7,009,774	7,008,726	5,717,939	9,606,157	9,016,049
Charges for services	10,927,971	6,346,840	4,884,573	3,785,729	5,891,979	6,892,785	8,137,103	6,509,276	5,858,855	6,075,281
Land sale proceeds	-	-	-	-	-	-	-	-	247,476	2,443,048
Gain on sale of land held for resale	-	-	-	8,893,428	-	-	-	-	-	-
Sale of real and personal property	-	119,651	-	-	-	-	-	48,457	3,491	40,000
Other	173,775	822,725	262,283	1,392,695	1,110,946	1,922,729	17,769	3,855,863	7,058,548	509,212
<b>Total Revenues:</b>	<b>125,633,888</b>	<b>123,410,646</b>	<b>116,251,345</b>	<b>118,278,874</b>	<b>101,866,623</b>	<b>101,339,313</b>	<b>96,296,338</b>	<b>93,931,791</b>	<b>97,366,036</b>	<b>96,010,899</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	37,326,236	21,887,570	20,447,449	14,113,243	11,219,427	9,823,805	5,767,788	6,044,924	3,339,619	2,988,976
Professional services	132,527	3,751,879	4,050,867	2,509,660	1,316,869	868,138	5,231,347	6,071,423	-	-
Pass-through payments	321,108	302,709	291,514	545,917	2,225,609	-	-	-	-	-
Public safety	25,197,697	22,582,351	35,246,925	30,655,374	28,798,469	31,153,908	25,878,652	23,210,880	22,888,004	24,527,520
Public works	16,991,975	13,560,409	14,097,104	11,794,549	10,421,054	9,075,805	8,957,845	13,381,195	13,524,487	12,328,545
Management services	39,322,961	37,245,660	16,446,085	15,470,728	17,584,655	17,481,826	18,990,478	15,825,298	16,668,370	17,711,041
Environmental and human services	33,443,061	22,084,439	24,018,373	18,619,292	16,249,630	17,052,612	15,713,145	16,150,490	16,810,949	19,570,090
Capital Outlay	-	-	53,833	67,766	772,271	1,258,777	558,250	1,432,026	11,036,977	8,421,597
	<b>152,735,565</b>	<b>121,415,017</b>	<b>114,652,150</b>	<b>93,776,529</b>	<b>88,587,984</b>	<b>86,714,871</b>	<b>81,097,505</b>	<b>82,116,236</b>	<b>84,268,406</b>	<b>85,547,769</b>
<b>Debt service:</b>										
Principal	16,610,504	8,210,741	7,957,693	1,861,909	6,478,648	6,010,000	5,635,000	5,290,000	11,525,263	11,580,313
Interest	4,584,690	4,429,060	3,699,389	2,387,271	4,867,316	5,264,877	5,639,090	5,993,044	-	-
SERAF Payment	8,253,971	-	-	-	-	-	-	-	-	-
Bond issuance cost <sup>(1)</sup>	2,454,369	23,461	1,077,732	1,012,230	-	-	-	-	-	-
Payment to bond escrow agent	-	-	2,769,730	8,961,611	-	-	-	-	-	-
	<b>31,903,534</b>	<b>12,663,262</b>	<b>15,504,544</b>	<b>14,223,021</b>	<b>11,345,964</b>	<b>11,274,877</b>	<b>11,274,090</b>	<b>11,283,044</b>	<b>11,525,263</b>	<b>11,580,313</b>
<b>Total Expenditures</b>	<b>184,639,099</b>	<b>134,078,279</b>	<b>130,156,694</b>	<b>107,999,550</b>	<b>99,933,948</b>	<b>97,989,748</b>	<b>92,371,595</b>	<b>93,399,280</b>	<b>95,793,669</b>	<b>97,128,082</b>

**CITY OF COMPTON**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years Ended June 30, 2010**  
**(modified accrual basis of accounting)**

Excess of Revenues over (under) Expenditures	(46,155,530)	(10,667,633)	(13,905,349)	10,279,324	1,932,675	3,349,565	3,924,743	532,511	1,572,367	(1,117,183)
Other Financing Sources (Uses):										
Loan Proceeds	88,757,793	-	-	-	-	-	-	-	-	-
Gain on sale of land held for resale	-	-	3,764,243	-	-	-	-	-	-	-
Bond proceeds	21,117,207	-	46,860,000	51,215,000	-	-	-	-	-	-
Premium on bonds	-	-	-	1,947,628	-	-	-	-	-	-
Discount on bonds	(1,052,893)	-	(174,508)	-	-	-	-	-	-	-
Paid to escrow agent	-	-	(12,426,721)	(49,357,720)	-	-	-	-	-	-
Capital leases	-	-	-	-	499,360	1,300,000	-	-	-	-
Transfer in	32,614,379	30,447,752	16,627,807	16,844,395	11,721,873	11,618,919	9,209,821	10,403,869	9,568,908	8,443,981
Transfer out	(35,808,692)	(31,940,749)	(18,563,804)	(18,311,848)	(13,550,108)	(11,618,919)	(9,209,821)	(10,403,869)	(9,568,908)	(9,562,677)
Recission of state subvention	-	-	-	-	-	-	-	-	(887,272)	-
Writedown of land held for resale	-	-	-	-	-	-	-	-	(6,298,894)	-
Provision for doubtful accounts	-	-	-	-	-	-	-	-	(907,070)	-
Total Other Financing Sources (Uses)	105,627,794	(1,492,997)	36,087,017	2,337,455	(1,328,875)	1,300,000	-	-	(8,093,236)	(1,118,696)
Extraordinary item-Loss on sale of hotel	-	-	-	-	-	-	-	-	-	(4,945,037)
Prior Year Adjustment, FY 2001, Note 19	-	-	-	-	-	-	-	-	-	(5,226,808)
Net change in fund balances	59,472,266	(12,160,630)	22,181,668	12,616,779	603,800	4,649,565	3,924,743	532,511	(6,520,869)	(12,407,724)
Debt service as a percentage of noncapital expenditures:	15.96%	10.43%	13.52%	15.17%	12.81%	13.00%	13.90%	13.74%	13.68%	13.54%

Note: (1) - 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. On May 1, 2008, the City issued \$46,860,000 of Lease Revenue Bonds to advance refund \$14,700,000 outstanding 1997 "A" Certificates of Participation to finance various capital projects amounting to \$29,201,947.

**CITY OF COMPTON**  
**Governmental Revenues by Sources**  
**Last Ten Fiscal Years**

	FISCAL YEAR									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
<b>Source</b>										
Taxes and special assessments	70,232,498	74,439,900	67,124,846	65,371,374	55,807,864	52,602,002	49,506,362	49,162,534	44,094,687	46,418,608
Licenses and permits	3,150,629	3,817,856	3,548,748	3,482,928	3,150,367	3,138,631	2,758,078	2,521,777	1,958,388	2,456,730
Intergovernmental revenues	32,014,829	28,264,383	31,948,463	25,806,606	27,465,192	27,342,176	23,623,557	24,524,784	27,373,390	27,977,317
Fines, forfeitures and penalties	1,605,833	1,983,459	1,798,654	1,976,981	1,878,404	2,431,216	2,186,091	1,591,161	1,165,044	1,074,654
Contribution from other funds	-	-	-	-	-	-	3,058,652	-	-	-
Use of money and property	7,528,353	7,615,832	6,683,778	7,569,133	6,561,871	7,009,774	7,008,726	5,717,939	9,606,157	9,016,049
Land sale proceeds	-	-	-	-	-	-	-	-	247,476	2,443,048
Charges for services	10,927,971	6,346,840	4,884,573	3,785,729	5,891,979	6,892,785	8,137,103	6,509,276	5,858,855	6,075,281
Gain on sale of land held for resale	-	119,651	-	8,893,428	-	-	-	-	-	-
Sale of real and personal property	-	-	-	-	-	-	-	48,457	3,491	40,000
Other	173,775	822,725	262,283	1,392,695	1,110,946	1,922,729	17,769	3,855,863	7,058,548	509,212
	<u>125,633,888</u>	<u>123,410,646</u>	<u>116,251,345</u>	<u>118,278,874</u>	<u>101,866,623</u>	<u>101,339,313</u>	<u>96,296,338</u>	<u>93,931,791</u>	<u>97,366,036</u>	<u>96,010,899</u>

Source: City of Compton, City Controller's Office

**CITY OF COMPTON**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years**

Function	FISCAL YEAR									
	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01
General government	37,326,236	21,887,570	20,447,449	14,113,243	11,219,427	9,823,805	5,767,788	6,044,924	3,339,619	2,988,976
Professional services	132,527	3,751,879	4,050,867	2,509,660	1,316,869	868,138	5,231,347	6,071,423	-	-
Pass-through payments	321,108	302,709	291,514	545,917	2,225,609	-	-	-	-	-
Public safety	25,197,697	22,582,351	35,246,925	30,655,374	28,798,469	31,153,908	25,878,652	23,210,880	22,888,004	24,527,520
Public works	16,991,975	13,560,409	14,097,104	11,794,549	10,421,054	9,075,805	8,957,845	13,381,195	13,524,487	12,328,545
Management services	39,322,961	37,245,660	16,446,085	15,470,728	17,584,655	17,481,826	18,990,478	15,825,298	16,668,370	17,711,041
Environment and human services	33,443,061	22,084,439	24,018,373	18,619,292	16,249,630	17,052,612	15,713,145	16,150,490	16,810,949	19,570,090
Debt service cost	23,649,564	12,663,262	15,504,544	14,223,021	11,345,964	11,274,877	11,274,090	11,283,044	11,525,263	11,580,313
SERAF payment	8,253,971	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	53,833	67,766	772,271	1,258,777	558,250	1,432,026	11,036,977	8,421,597
	184,639,100	134,078,279	130,156,694	107,999,550	99,933,948	97,989,748	92,371,595	93,399,280	95,793,669	97,128,082

Source: City of Compton, City Controller's Office

**CITY OF COMPTON**

**City Only Assessed Value and Estimated Actual Value of Taxable Property**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>*Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value (1)</b>	<b>Factor of Taxable Assessed Value (1)</b>
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
2009-10	2,488,496,904	44,065,640	57,079,529	76,984,650	28,198,211	87,649,145	2,607,175,789	2,574,038,585	0.987290

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 Eight 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
2009-10	329,054,952	431,235,319	1,175,690,262	114,191,403	280,563,298	37,190,683	2,293,544,551	2,264,393,600	0.987290

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 Eight 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
2009-10	2,817,551,856	475,300,959	1,232,769,791	191,176,053	308,761,509	124,839,828	4,900,720,340	0.100407	4,838,432,184	0.987290

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.

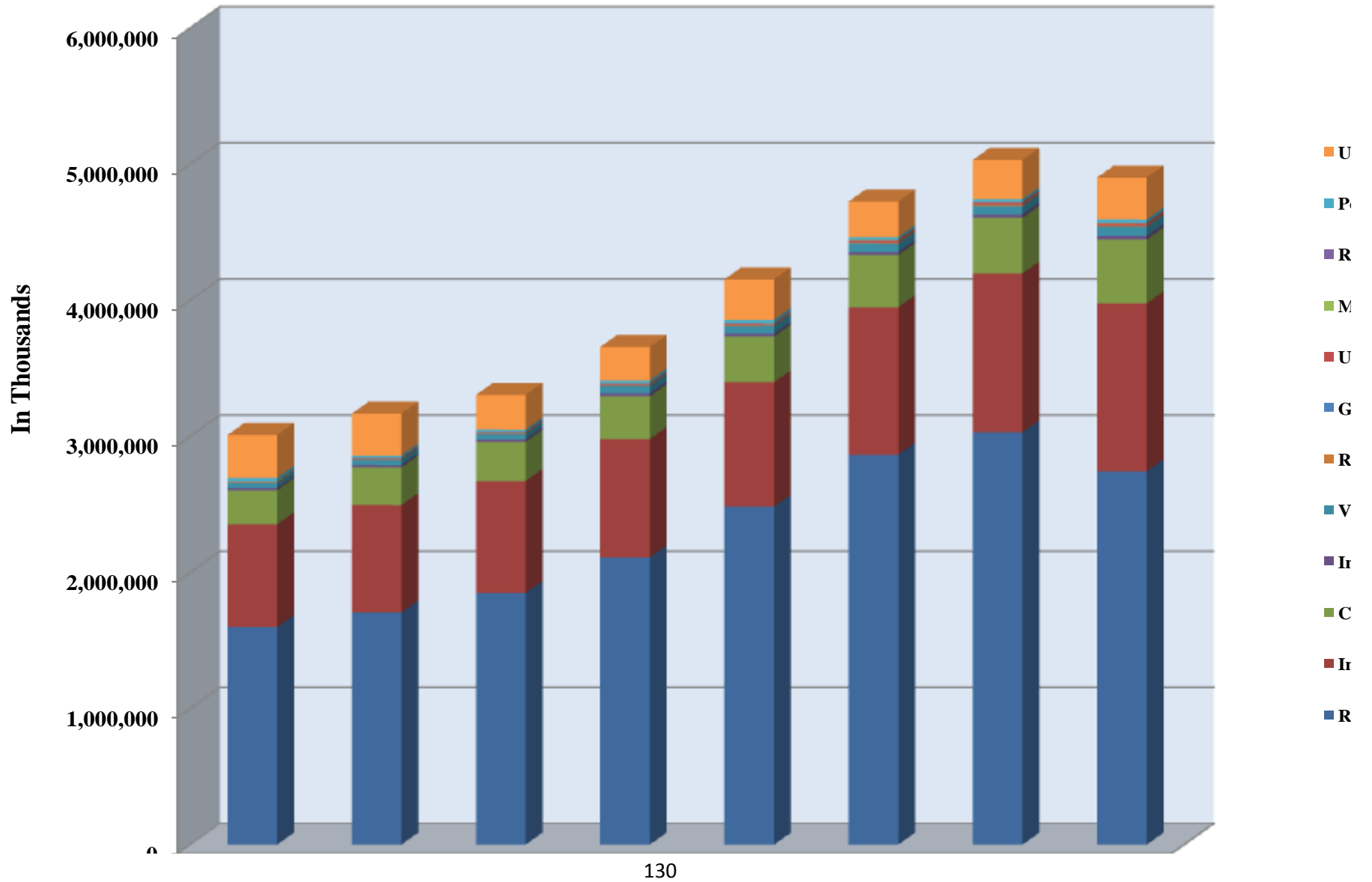
## CITY OF COMPTON

### Net Assessed Value of Property by Use Code Last Eight Fiscal Years

Category	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
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	470,203,297
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	25,540,138
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	69,361,238
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	7,252,309
Government	0	0	0	2,746,296	0	0	910,000	928,200	1,775,000	0	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	17,710,070
Miscellaneous	0	0	0	2,960,915	539,513	395,653	403,557	411,618	588,142	428,228	436,780
Rural	0	0	0	0	27,024	6,868	7,004	7,143	7,285	7,429	7,576
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	26,722,379
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	308,173,021
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

# Assesed Value by Land Use Code



## CITY OF COMPTON

### Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Basic City and County Levy										
CITY OF COMPTON	0.000000	0.000000	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407	0.100407
COUNTY OF LOS ANGELES	0.000000	0.000000	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593	0.899593
TOTAL	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
CITY - COMPTON	0.000000	0.000000	0.451632	0.451632	0.451632	0.000000	0.451632	0.451632	0.451632	0.451632
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000663	0.000000	0.000000	0.000000
UNIFIED SCHOOLS	0.000000	0.000000	0.000000	0.055700	0.062613	0.000000	0.033825	0.059759	0.062375	0.062379
COMMNTY COLLEGE	0.000000	0.000000	0.000000	0.027143	0.003963	0.000000	0.019747	0.017629	0.023940	0.012963
FLOOD CONTROL	0.000000	0.000000	0.000881	0.000462	0.000245	0.000000	0.000052	0.000000	0.000000	0.000000
METRO WATER DIST	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.004700	0.004500	0.004300	0.004300
DETENTION FAC	0.000000	0.000000	0.001033	0.000992	0.000923	0.000000	0.000000	0.000000	0.000000	0.000000
COMPTON AREA 1110	0.000000	0.000000	0.006700	0.006100	0.005800	0.000000	0.000000	0.000000	0.000000	0.000000
TOTAL	0.000000	0.000000	0.460246	0.542029	0.525176	0.000000	0.510619	0.533520	0.542247	0.531274
TOTAL TAX RATE	0.000000	0.000000	1.460246	1.542029	1.525176	1.000000	1.510619	1.533520	1.542247	1.531274

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 Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita		**Public	County	City	County	Median	Median
			Personal Income (2)	Median Age	School Enrollment	Unemployment Rate (%) (3)	Unemployment Rate (%) (3)	Population (1)	Sales Price - SFR	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	-	-
2009-10	99,064	1,303,087,856	13,154	25.9	28,648	11.6%	19.6%	10,355,053	-	-

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 Sales Tax Producers Last Fiscal Year and Ten Years Ago

2009-10		1999-00	
Taxpayer	Business Type	Taxpayer	Business Type
4 Wheel Parts	Auto Parts/Repair	4 Wheel Parts	Auto Parts/Repair
American Dawn	Apparel Stores	Air Compressor Service & Mfg.	Heavy Industry
Arco Am/Pm Mini Marts	Service Stations	American Dawn	Apparel Stores
Auto Zone	Auto Parts/Repair	Aveda Services Inc	Chemical Products
Aveda Services Inc	Chemical Products	California Dolly & Supply	Heavy Industry
Baltic Linen Company Inc.	Heavy Industry	Circuit City	Furniture/Appliance
Belkin Components	Office Equipment	City Concrete Products	Bldg.Matls-Whsle
Best Buy Stores	Furniture/Appliance	Concrete Tie Mfgco	Heavy Industry
Carbon Activated Corporation	Light Industry	Cort Furniture Rental	Home Furnishings
Concrete Tie Mfg.Co.	Govt/Religious Orgs.	Elite Optical	Specialty Stores
CVS/Pharmacy	Drug Stores	Global Computer Supplies	Office Equipment
Dd's Discounts Store	Department Stores	Gordon Sand Company	Bldg.Matls-Whsle
Home Depot	Bldg. Matls-Retail	John B.Rudy Company Inc	Electronic Equipment
John B.Rudy Company Inc.	Electronic Equipment	K Mart Stores	Department Stores
Mc Donalds Restaurants	Restaurants	Leepers Woodturning Company	Bldg.Matls-Whsle
Mobil Service Stations	Service Stations	Medtech	Light Industry
Optical One	Miscellaneous Retail	Orion Bus Industries	Auto Sales - New
Ralphs Grocery Company	Supermarkets	Owens Corning Fiberglass	Bldg Matls Whsle
Rapid Gas Service Stations	Service Stations	Ralph's Grocery Company	Food Markets
Rite-Aid	Drug Stores	Rite Aid Drug Stores	Drug Stores
Superior Super Warehouse	Food Markets	S.Y. Texma	Furniture/Appliance
Target Store	Department Stores	Sav-On Drug Stores	Drug Stores
United Fabricare Supply Co., Inc.	Chemical Products	United Fabricare Supply Co Inc	Chemical Products
Wesco Distribution, Inc	Bldg Matls Whsle	W.W. Grainger	Electronic Equipment
Wilson Supply Co	Heavy Industry	Wesco Distribution Inc	Bldg Matls Whsle

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

# *City of Compton*

## Principal Property Tax Payers Last Fiscal Year

Taxpayer	2009-10		2000-01	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
PR I Dominguez Hills Industria	157,569,612	3.22%	0	0.00%
AMB	156,162,846	3.19%	0	0.00%
Ralphs Grocery Co	92,814,609	1.89%	0	0.00%
South Bay Industrials Co LLC	75,416,011	1.54%	0	0.00%
Prologis	74,345,316	1.52%	0	0.00%
Prism IQ Partners LLC	45,153,740	0.92%	0	0.00%
Los Angeles Industrial Park LLC	44,789,217	0.91%	0	0.00%
CCL Tube Inc.	35,813,501	0.73%	0	0.00%
Inland Empire Realty Holding C	27,750,586	0.57%	0	0.00%
NL Ventures VII Euclid LLC	25,035,000	0.51%	0	0.00%
201 Manville LLC	23,077,500	0.47%	0	0.00%
Walnut Industrial Park LLC	22,290,570	0.45%	0	0.00%
Owens Corning Roofing Asph	21,934,096	0.45%	0	0.00%
FR Cal Compton LLC	20,731,500	0.42%	0	0.00%
Target Corp	19,228,271	0.39%	0	0.00%
Compton Commercial Dev	18,184,859	0.37%	0	0.00%
Girardi Financial LLC	17,162,911	0.35%	0	0.00%
Deutsche Bank Natl Trust	16,273,391	0.33%	0	0.00%
Gatx Tank Storage Terminals Co	14,663,989	0.30%	0	0.00%
Valassis Direct Mail Inc.	13,135,746	0.27%	0	0.00%
Lake Plaza LLC	12,882,890	0.26%	0	0.00%
Demunno Kerdoon	12,368,139	0.25%	0	0.00%
Rancho Way Properties LLC	11,132,280	0.23%	0	0.00%
Csme Partners LLC	11,067,000	0.23%	0	0.00%
Knickerbocker Properties Inc.	10,641,451	0.22%	0	0.00%
<b>Total Top 25 Taxpayers</b>	<b>979,625,031</b>	<b>19.99%</b>	<b>0</b>	<b>0.00%</b>
<b>Total Taxable Value</b>	<b>4,900,720,340</b>	<b>100.00%</b>	<b>0</b>	<b>100.00%</b>

Source: Los Angeles County Assessor data, MuniServices, LLC

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## *City of Compton*

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### Principal Employers Last Fiscal Year

<b>Business Name</b>	<b>2009-10</b>		<b>2000-01</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>
Compton Unified School District	3,300	8.89%	0	0.00%
Ralph's Grocery Company	1,940	5.23%	0	0.00%
City Of Compton	528	1.42%	0	0.00%
Compton Community College Dist	500	1.35%	0	0.00%
4 Wheel Parts Wholesalers Inc	329	0.89%	0	0.00%
Foster Farms*	273	0.74%	0	0.00%
Judiciary Csel Of The St Of Ca	210	0.57%	0	0.00%
Nabors Well Services Co	200	0.54%	0	0.00%
Sodexo	188	0.51%	0	0.00%
Celebrity Casinos Inc	175	0.47%	0	0.00%
<b>Total Top 25 Taxpayers</b>	<b>7,643</b>	<b>20.60%</b>	<b>0</b>	<b>0.00%</b>
<b>Total Labor Force (1)</b>	<b>37,100</b>	<b>100.00%</b>		

Source: 2009-10 SBOE data, MuniServices, LLC

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

\*The employee count is represented by last year's totals, as the current year's count was unavailable.

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